

AUDIT PANEL

Day: Thursday
Date: 14 November 2019
Time: 3.00 pm
Place: Committee Room 2 - Tameside One

| 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 meeting of the Audit Panel held on 29 July 2019 to be signed by the Chair as a correct record. | 1 - 6 |
| 4. | EXTERNAL AUDIT UPDATE REPORT To consider the attached report of the Executive Member for Finance and Economic Growth / Director of Finance. | 7 - 38 |
| 5. | CORPORATE RISK REGISTER To consider the attached report of the Executive Member for Finance and Economic Growth / Director of Finance. | 39 - 44 |
| 6. | ANNUAL GOVERNANCE STATEMENT To consider the attached report of the Executive Member for Finance and Economic Growth / Director of Finance. | 45 - 50 |
| 7. | PROCUREMENT UPDATE To consider the attached report of the Executive Member for Finance and Economic Growth / Director of Finance. | 51 - 68 |
| 8. | RISK MANAGEMENT AND AUDIT SERVICES PROGRESS REPORT - APRIL TO SEPTEMBER 2019 To consider the attached report of the Executive Member for Finance and Economic Growth / Director of Finance. | 69 - 88 |
| 9. | 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 Louis Garrick, Senior Democratic Services Officer, to whom any apologies for absence should be notified.

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AUDIT PANEL

29 July 2019

Present: Councillors Ricci (Chair), Cartey, Fairfoull, J Homer and Dickinson

In Attendance:

| | |
|-----------------|---|
| Steven Pleasant | Chief Executive |
| Kathy Roe | Director of Finance |
| Sandra Stewart | Director of Governance and Pensions |
| Tom Wilkinson | Assistant Director of Finance |
| Paddy McDowdall | Assistant Director Local Investments and Property (Greater Manchester Pension Fund) |
| Karen Murray | Mazars |
| Stephen Nixon | Mazars |

Apologies for Absence: Councillors J Fitzpatrick, Kitchen and Ryan

11. DECLARATIONS OF INTEREST

There were no declarations of interest.

12. MINUTES

Consideration was given to the minutes of the meeting of the Audit Panel held on 4 June 2019. It was noted that the attendance of Karen Murray and Stephen Nixon of Mazars were in attendance at the meeting.

RESOLVED

That with the amendment stated above the minutes of the meeting of the Audit Panel held on 4 June 2019 be approved as a correct record.

13. MAZARS - ASSURANCE FROM AUDIT PANEL CHAIR AND MANAGEMENT 2018/2019

Consideration was given to a report of the Director of Finance / Director of Governance and Pensions presenting the response to the letters and questionnaires received from Mazars in respect of Greater Manchester Pension Fund for consideration by the Panel ahead of the document being signed by the Chair of the Audit Panel, Chair of Pensions Panel and the Director of Finance.

As the Council's external Auditor, Mazars as part of their risk assessment procedures are required to obtain an understanding of management processes in relation to fraud risk assessment, laws and regulations and going concern considerations as part of their annual audit. Mazars had written to the Chair of the Audit Panel and Chair of Pensions Panel requesting responses to a number of questions as follows:

- How do you exercise oversight of management's processes in relation to:
 - undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);
 - identifying and responding to risks of fraud in the Council, including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist;

- communicating to employees its view on business practice and ethical behaviour (for example by updating, communicating and monitoring against the Council's code of conduct);
- communicating to you the processes for identifying and responding to fraud or error.
- How do you oversee management processes for identifying and responding to the risk of fraud and possible breaches of internal control? Are you aware of any breaches of internal control during 2018/19? If so, please provide details.
- How do you gain assurance that all relevant laws and regulations have been complied with? Are you aware of any instances of non-compliance during 2018/19? If so, please provide details.

A letter was also sent to the Director of Finance requesting responses to a number of questions.

- What processes are in place at the Council to:
 - undertake an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);
 - identify and respond to risks of fraud;
 - communicate to employees the Council's views on business practice and ethical behaviour (for example by updating, communicating and monitoring against relevant codes of conduct); and
 - communicate to the Audit Panel the processes for identifying and responding to fraud or error.
- How does management gain assurance that all relevant laws and regulations have been complied with? Have there been any instances of non-compliance during 2018/19?
- Are there any actual or potential litigation or claims that would affect the financial statements?
- What controls are in place to: identify, authorise, approve, account for and disclose related party transactions and relationships. For any new related parties (i.e. any not already disclosed in the previous year's audited financial statements) please provide a list of them, explain their nature, and whether there have been any transactions with these related parties during the year to 31 March 2019.

The responses to both sets of questions were contained within the submitted report and considered by the Audit Panel.

RESOLVED

That the response letters be signed by the Chair of the Audit Panel and the Director of Finance.

14. EXTERNAL AUDIT COMPLETION REPORT

Consideration was given to a report of the Executive Member for Finance and Economic Growth / Director of Finance highlighting the annual Value for Money conclusion and the key matters arising from Mazars' external audit of the year ending 31 March 2019 financial statements for both Tameside MBC and the Greater Manchester Pension Fund.

Members were reminded that under the Audit Commission's Code of Audit Practice the External Auditors were required to report whether, in their opinion, the Council's financial statements presented a true and fair view of the financial position and expenditure and income for the year and whether the statements had been prepared properly in accordance with the CIPFA Code of Practice on Local Authority Accounting.

The External Auditors were also required to consider other information published together with the audited financial statements and whether it was consistent with the financial statements and in line

with required guidance and whether the Council had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

It was reported that the Audit of the Council's accounts had been completed and Mazars had issued an unqualified audit opinion. There were three non-trivial amendments to the Council's financial statements as set out in the Audit Completion Report, two of which are prior period adjustments. The two amendments relate to prior periods and adjustments had been made to Heritage Assets and Assets under Construction in respect of previous years. An amendment had been made to the balance sheet at 31 March 2019 in respect of Investment Properties. The Audit Completion Report included three unadjusted misstatements. These items had not been amended in the financial statements due to their nature or value.

Mazars were required to provide a value for money conclusion to evaluate whether 'In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for tax payers and local people.' Mazars had focused their work on the Council's response to the OFSTED inspection of Children's Services in December 2016. The Audit Completion Report summarised the work undertaken and the conclusions reached. An unqualified Value for Money Conclusion had been issued stating that the Council had proper arrangements in place to secure value for money.

RESOLVED

- (i) That both the proposed adjustments and unadjusted items in the Tameside MBC accounts relate to accounting adjustments which do not have any impact on the Council's General Fund or Usable reserves.**
- (ii) That the adjustments and presentational changes to the accounts, as detailed in in the Audit Completion Reports (Appendix 1 – TMBC, Appendix 2 – GMPF); be approved.**
- (iii) That the unadjusted misstatements set out in the TMBC Audit Completion report (Appendix 1) are not material to the financial statements and do not require amendment be approved.**
- (iv) That the Unqualified Value for Money Conclusion included in the Tameside MBC Audit Completion report (Appendix 1) be noted.**
- (v) That the Audit Panel confirms the Council has complied with all matters set out in the Letters of Representation and a signed copy be provided to the External Auditor.**

15. STATEMENT OF ACCOUNTS 2018/19

Consideration was given to a report of the Executive Member for Finance and Economic Growth / Director of Finance that sought approval of the Council's and the Greater Manchester Pension Fund's audited statement of accounts for the year ending 31 March 2019. It was noted that once approved there was a statutory requirement for the accounts to be published by 30 September 2019.

The Statement of Accounts 2018/19 provided full details of the Council's financial position at 31 March 2019 and its income and expenditure for the year there ended. The accounts are prepared in accordance with the CIPFA Code of Practice for Local Authority Accounting which is based on International Financial Reporting Standards.

As detailed in the presentation of the external audit completion report three amendments have been made to the financial statements. Two amendments relate to prior periods and adjustments have been made to Heritage Assets and Assets under Construction in respect of previous years. An amendment has been made to the balance sheet at 31 March 2019 in respect of Investment Properties. A small number of presentational amendments have also been made but no changes have been required that fundamentally alter any assessment of the Council's financial position at 31 March 2019 or its income and expenditure for the year then ended.

RESOLVED:

- (i) That the findings of external audit, the amendments to the accounts and unadjusted misstatements as reported by the external auditor be noted.**
- (ii) That approval be given to the Statement of Accounts for 2018/19.**
- (iii) That delegated authority be approved for the Director of Finance in consultation with the Chair of the Audit Panel to agree any further presentational amendments to the financial statements arising from the conclusion of the external audit.**

16. ANNUAL GOVERNANCE STATEMENT 2018-19

Consideration was given to a report of the Executive Member for Finance and Economic Growth / Director of Finance seeking approval of the Annual Governance Statement for 2018/19. Regulation 6 of the Accounts and Audit Regulations 2015 required Authorities to conduct a review at least once in a year of the effectiveness of its system of internal control and following the review, the body must approve an Annual Governance Statement prepared in accordance with proper practices in relation to internal control'.

The Annual Governance Statement, which covered both Tameside MBC and the Greater Manchester Pension Fund, was based on the following:

- Executive Director Assurance Self-Assessments and signed Assurance Statements;
- Head of Audit's Annual Report;
- Review against the Code of Corporate Governance;
- Review of System of Internal Audit;
- Annual Audit Letter;
- Review of the Role of the Chief Financial Officer;
- Review of the Role of the Head of Internal Audit;
- Corporate Plan;
- Statutory Inspections.

RESOLVED:

- (i) That the Annual Governance Statement for 2018/19 be approved.**
- (ii) That the Director of Finance, in consultation with the Chair of the Audit Panel, be approved to amend the submitted Annual Governance Statement upon receipt of further comments from External Audit.**

17. TREASURY MANAGEMENT OUTTURN 2018/19

Consideration was given to a report of the Executive Member for Finance and Economic Growth / Assistant Director of Finance which set out the Treasury Management activities for the financial year 2018/19, in accordance with CIPFA's Code of Practice on Treasury Management, the Council's Financial Regulations and the CIPFA Prudential Code. The report was in respect of both Tameside and the Greater Manchester Metropolitan Debt Administration Fund, which is the former Greater Manchester County Council Debt of which Tameside is the responsible Authority on behalf of the ten Greater Manchester Councils.

In relation to Tameside MBC it was reported that as investment interest rates were lower than external borrowing rates throughout the year, available cash reserves were used to fund internal borrowing on a temporary basis. This resulted in lower than anticipated borrowing costs, with an overall interest saving of £1.326m, mostly due to the decision not to take up any borrowing in year. At year-end the total investment balance was £105m and total long term borrowing was £111m. Investment income was £1.721m.

At the start of the financial year the Council sets Prudential Indicators and limits in respect of Capital expenditure and borrowing. The outturn position for the Prudential Indicators were detailed within Appendix A of the submitted report.

Members were informed that the Greater Manchester Metropolitan Debt Administration Fund incurs no capital expenditure, and therefore the total debt outstanding reduces annually by the amount of debt repaid by the constituent authorities. During 2018/19 the debt outstanding reduced by £17.699m. The debt will be fully repaid by 31 March 2022.

RESOLVED

- (i) That the treasury management activities undertaken on behalf of both Tameside MBC and the Greater Manchester Metropolitan Debt Administration Fund be noted.**
- (ii) That the outturn position for the prudential indicators as detailed in Appendix A of the submitted report, be noted.**

18. PROGRESS REPORT ON RISK MANAGEMENT AND AUDIT ACTIVITIES APRIL TO JUNE 2019

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

The report set out the key priorities of the service unit for 2019/20 were highlighted and included:-

- To work with the Single Leadership Team to review the Corporate Risk Register and link it to the updated Corporate Plan Themes and Priorities.
- To facilitate the continued implementation of the Information Governance Framework, ensuring that the Council is compliant with all Data Protection legislation.
- Following the review of Business Continuity Plans across services, work will be concentrated on producing the Corporate Business Continuity Plan and determining how to introduce a testing regime for both service plans and the corporate plan in response to a major incident.
- To work with our Insurance Brokers to compile all the information needed for the Insurance Tender so that the contract can be awarded by 1 April 2020.
- To review the insurance database used to ensure it is fit for purpose and that the reporting functionality is efficient and effective.
- 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.
- To attend management team meetings quarterly to provide updates on insurance, information governance, risk management and business continuity.

Following approval of the Audit Plan at the meeting of the Audit Panel on 4 June 2019, Members were provided with a summary of the work undertaken to 30 June 2019.

RESOLVED

That the report be noted.

19. AUDIT PANEL FORWARD PLAN

Consideration was given to a report of the Executive Member for Finance and Economic Growth / Director of Finance, which set out a proposed forward plan and training programme for the Audit Panel.

The Audit Panel is the Committee of Tameside Council that undertakes the role of the Audit Committee. The Chartered Institute of Public Finance and Accountancy (CIPFA) recently issued an updated position statement on the role of the Audit Committee in Local Government. This sets out the core functions of the Audit Committee, which should include:

- To be satisfied that the authority's assurance statements, including the annual governance statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives;
- In relation to the authority's internal audit functions:
 - oversee its independence, objectivity, performance and professionalism
 - support the effectiveness of the internal audit process
 - promote the effective use of internal audit within the assurance framework;
- Consider the effectiveness of the authority's risk management arrangements and the control environment, reviewing the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships and collaborations with other organisations;
- Monitor the effectiveness of the control environment, including arrangements for ensuring value for money, supporting standards and ethics and for managing the authority's exposure to the risks of fraud and corruption;
- Consider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control;
- Support effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process;
- Review the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit.

To assist the Audit Panel with delivering its terms of reference, a proposed work plan for the year had been included at Appendix 3 of the submitted report. The work plan set out the areas that should be considered by the Audit Panel and identifies proposed training for the coming year.

RESOLVED

- (i) That the frequency and timing of Audit Panel meetings, and the proposed work programme, including training, as set out in Appendix 3 be approved.**
- (ii) That the CIPFA Statement on the role of the Audit Committee (Appendix 3) be noted.**

CHAIR

Agenda Item 4.

| | |
|--|--|
| Report to: | AUDIT PANEL |
| Date: | 14 November 2019 |
| Executive Member / Reporting Officer: | Councillor Ryan, Executive Member for Finance and Economic Growth Kathy Roe – Director of Finance Karen Murray - External Audit Partner |
| Subject: | ANNUAL AUDIT LETTER 2018/19 AND EXTERNAL AUDIT PROGRESS REPORT |
| Report Summary: | <p>The Annual Audit Letter summarises the work undertaken by External Audit as the auditor for Tameside Metropolitan Borough Council for the year ended 31 March 2019. It summarises the work undertaken and conclusions formed in respect of the annual financial statements and value for money.</p> <p>The progress report provides the Audit Panel with an update on progress in delivering responsibilities as external auditors in respect of the 2019/20 financial year. The report also seeks to highlight at Section 2 key emerging national issues and developments, which may be of interest to Members of the Panel.</p> |
| Recommendations: | To note the Annual Audit Letter and Audit Progress Report from External Audit. |
| Corporate Plan: | This links to all aspect of the Corporate Plan. |
| Policy Implications: | There are no direct policy implications. |
| Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer) | There are no direct financial implications. The work of external audit provides a source of assurance to members over the financial reporting and financial position of the Council. |
| Legal Implications: (Authorised by the Borough Solicitor) | This is the annual report/assessment prepared by our external auditors following the audit of the financial statements/accounts and consideration of the Council's financial resilience. It is a key tool is assessing how well the Council is performing in respect of its finance and governance. The forward looking section enables the Council to comply with the Accounts and Audit Regulations 2011 and understand what the external audit will be considering in making a judgement. |
| Risk Management: | The external auditor provides an opinion on the financial statements of the Council, including the Greater Manchester Pension Fund, and an assessment of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion). |
| Access to Information: | The report is to be considered in public. |

**Background
Information:**

The background papers relating to this report can be inspected by contacting Heather Green



Telephone: 0161 342 2929



e-mail: heather.green@tameside.gov.uk

1. INTRODUCTION

1.1 Mazars LLP are the Council's external auditor. Their responsibilities are defined by the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (the NAO). These responsibilities include:

- The audit of the financial statements;
- Reporting on other information published with the financial statements;
- Reporting on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources (the value for money conclusion); and
- Reporting to the NAO on the Council's Whole of Government Accounts return.

2. ANNUAL AUDIT LETTER 2018/19

2.1 The Annual Audit Letter summarises the work undertaken by Mazars LLP as the external auditor for Tameside Metropolitan Borough Council for the year ended 31 March 2019. Although this letter is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

3. AUDIT PROGRESS REPORT

3.1 This report provides the Audit Panel with an update on progress in delivering responsibilities as the Council's external auditors. The paper also seeks to highlight at Section 2 key emerging national issues and developments, which may be of interest to Members of the Panel.

4. RECOMMENDATIONS

4.1 As set out at the front of the report.

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Annual Audit Letter

Tameside Metropolitan Borough Council

Year ended 31 March 2019





CONTENTS

1. Executive summary
2. Audit of the financial statements
3. Value for Money conclusion
4. Other reporting responsibilities
5. Our fees
6. Forward look

Our reports are prepared in the context of the 'Statement of responsibilities of auditors and audited bodies' issued by Public Sector Audit Appointments Ltd. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the Council and we take no responsibility to any member or officer in their individual capacity or to any third party.

Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.

1. EXECUTIVE SUMMARY

Purpose of the Annual Audit Letter

Our Annual Audit Letter summarises the work we have undertaken as the auditor for Tameside Metropolitan Borough Council for the year ended 31 March 2019. Although this letter is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (the NAO). The detailed sections of this letter provide details on those responsibilities, the work we have done to discharge them, and the key findings arising from our work. These are summarised below.

| Area of responsibility | Summary |
|--|--|
| Audit of the financial statements | <p>Our auditor's report issued on 31 July 2019 included our opinion that the financial statements:</p> <ul style="list-style-type: none">• give a true and fair view of the Council's financial position as at 31 March 2019 and of its expenditure and income for the year then ended; and• have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 |
| Other information published alongside the audited financial statements | <p>Our auditor's report issued on 31 July 2019 included our opinion that:</p> <ul style="list-style-type: none">• The other information in the Statement of Accounts is consistent with the audited financial statements. |
| Value for Money conclusion | <p>Our auditor's report concluded that we are satisfied that in all significant respects, that the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.</p> |
| Reporting to the group auditor | <p>In line with group audit instructions issued by the NAO in June 2019, we plan to report to the group auditor in line with the requirements applicable to the Council's WGA return by the deadline of 13 September 2019.</p> |
| Statutory reporting | <p>Our auditor's report confirmed that we did not use our powers under s24 of the 2014 Act to issue a report in the public interest or to make written recommendations to the Council</p> |

2. AUDIT OF THE FINANCIAL STATEMENTS

Opinion on the financial statements

Unqualified

The scope of our audit and the results of our work

The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council's financial position as at 31 March 2019 and of its financial performance for the year then ended.

Our audit was conducted in accordance with the requirements of the Code of Audit Practice issued by the NAO, and International Standards on Auditing (ISAs). These require us to consider whether:

- the accounting policies are appropriate to the Council's circumstances and have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management in the preparation of the financial statements are reasonable; and
- the overall presentation of the financial statements provides a true and fair view.

Our auditor's report, issued to the Council on 31 July 2019, stated that, in our view, the financial statements give a true and fair view of the Council's financial position as at 31 March 2019 and of its financial performance for the year then ended.

Our approach to materiality

We apply the concept of materiality when planning and performing our audit, and when evaluating the effect of misstatements identified as part of our work. We consider the concept of materiality at numerous stages throughout the audit process, in particular when determining the nature, timing and extent of our audit procedures, and when evaluating the effect of uncorrected misstatements. An item is considered material if its misstatement or omission could reasonably be expected to influence the economic decisions of users of the financial statements.

Judgements about materiality are made in the light of surrounding circumstances and are affected by both qualitative and quantitative factors. As a result we have set materiality for the financial statements as a whole (financial statement materiality) and a lower level of materiality for specific items of account (specific materiality) due to the nature of these items or because they attract public interest. We also set a threshold for reporting identified misstatements to the Audit Committee. We call this our trivial threshold.

The table below provides details of the materiality levels applied in the audit of the financial statements for the year ended 31 March 2019:

| | | |
|---------------------------------|---|-------------|
| Financial statement materiality | Our financial statement materiality is based on 2% of Gross Revenue Expenditure at Surplus/deficit on Provision of Services level | £10,917,000 |
| Trivial threshold | Our trivial threshold is based on 3% of financial statement materiality. | £328,000 |
| Specific materiality | We have applied a lower level of materiality to the following area of the accounts: Senior officers remuneration | £1,000 |

2. AUDIT OF THE FINANCIAL STATEMENTS

Our response to significant risks

As part of our continuous planning procedures we considered whether there were risks of material misstatement in the Council's financial statements that required special audit consideration. We reported significant risks identified at the planning stage to the Audit Panel within the Audit Strategy Memorandum and provided details of how we responded to those risks in our Audit Completion Report. The table below outlines the identified significant risks, the work we carried out on those risks and our conclusions.

| Significant risk | Description of the risk |
|---------------------------------|---|
| Management override of controls | <p>In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.</p> <hr/> <p>How we addressed this risk</p> <p>We addressed this risk through performing audit work over:</p> <ul style="list-style-type: none">• Accounting estimates impacting on amounts included in the financial statements;• Consideration of identified significant transactions outside the normal course of business; and• Journals recorded in the general ledger and other adjustments made in preparation of the financial statements. <hr/> <p>Audit conclusion</p> <p>We have not identified any significant matters arising from our testing of the risk of management override of controls.</p> <hr/> |

2. AUDIT OF THE FINANCIAL STATEMENTS

Significant risk

Valuation of land and buildings

Description of the risk

The Council's accounts contain material balances and disclosures relating to its holding of property, plant and equipment (PPE), with the majority of property assets required to be carried at valuation. Due to the high degree of estimation uncertainty associated with these valuations especially within land and buildings, we have determined there is a significant risk in this area.

How we addressed this risk

We addressed this risk by performing work in the following areas:

- critically assessed the scope of the Council valuer's work, qualifications, objectivity and independence to carry out the Council's programme of revaluations;
- considered whether the overall revaluation methodology used by the Council's valuer is in line with industry practice, social housing statutory guidance, the CIPFA Code of Practice and the Council's accounting policies;
- critically assessed the appropriateness of the underlying data and the key assumptions used in the valuer's calculations;
- critically assessed the treatment of the upward and downward revaluations in the Council's financial statements with regards to the requirements of the CIPFA Code of Practice;
- critically assessed the approach that the Council adopts to ensure that assets not subject to revaluation in 2018/19 are materially correctly valued;
- tested a sample of revaluations in the fixed asset register to the valuer's report and the underlying information provided by the Council to the valuer; and
- tested a sample of items of capital expenditure in 2018/19 to confirm that the additions are appropriately valued in the financial statements.

Audit conclusion

The following matters were identified during the audit of the valuation risk relating to note 12, Property, Plant and Equipment:

- unadjusted misstatement relating to £0.473m undervaluation of a school and related property;
- unadjusted misstatement of £0.65m relating to an investment property misclassified as operational property;
- adjusted misstatement of £10.658m to reclassify donated assets liability;
- adjusted misstatement of £4.458m to increase the value of heritage assets;
- adjusted misstatement of £2.501m to reflect downward revaluation of an investment property; and
- adjusted misstatement of £5.902m to remove historic assets under construction (by prior year adjustment).

Our audit has identified a control recommendation regarding valuation data and non-material errors within note 12, Property Plant and Equipment.

As part of the audit we also gained assurance over the valuation of the Council's investment in Manchester Airport land through a review of the valuation undertaken by Jacobs, the valuer engaged by Manchester City Council.

Following the audit adjustments we are satisfied that there is no material error arising from the valuation risk to Property Plant and Equipment in the financial statements.

2. AUDIT OF THE FINANCIAL STATEMENTS

Significant risk

Valuation of defined benefit pension liability

Description of the risk

The net pension liability represents a material element of the Council's balance sheet. The Council is an admitted body of Greater Manchester Pension Fund, which had its last triennial valuation completed as at 31 March 2016.

The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Council's overall valuation.

There are financial assumptions and demographic assumptions used in the calculation of the Council's valuation, such as the discount rate, inflation rates and mortality rates. The assumptions should also reflect the profile of the Council's employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes.

There is a risk that the assumptions and methodology used in valuing the Council's pension obligation are not reasonable or appropriate to the Council's circumstances. This could have a material impact to the net pension liability in 2018/19.

How we addressed this risk

We addressed this risk by performing work in the following areas:

- critically assessed the competency, objectivity and independence of the Greater Manchester Pension Fund's Actuary, Hymans Robertson;
- liaised with the auditors of the Greater Manchester Pension Fund to gain assurance that the controls in place at the Pension Fund are operating effectively. This included the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS19 valuation is complete and accurate;
- reviewed the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This included comparing them to expected ranges, utilising information provided by PWC, consulting actuary engaged by the National Audit Office;
- Reviewed the impact of the Guaranteed Minimum Pension and McCloud legal cases on the net pension fund liability; and
- agreed the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council's financial statements.

Audit conclusion

We have not identified any material matters to report regarding the valuation of the Council's defined benefit pension liability.

Management have reviewed the basis of the estimate for the liability following the outcome of two recent court cases. These cases give rise to an additional liability of £6.3m. Management have decided not to amend the accounts on the grounds of materiality.

2. AUDIT OF THE FINANCIAL STATEMENTS

Management judgement

Valuation of the Council's shareholding in Manchester Airport Holdings Ltd.

Description of the management judgement

The Council uses an external valuation expert to determine the value of its investment in Manchester Airport Holdings Limited at 31 March 2019. The valuation is determined according to a methodology and applying assumptions. Council officers challenge the valuation assumptions and reach judgements on the valuation to include in the financial statements.

How our audit addressed this area of management judgement

Mazars' in-house valuation team reviewed the methodology and key assumptions used by management's expert, considering the appropriateness of the methodology and the reasonableness of the assumptions used.

Audit conclusion

We have not identified any significant matters from our testing of the valuation of the Council's shareholding in Manchester Airport Holdings Ltd.

Management judgement

Accounting for Tameside One Building

Description of the management judgement

The Tameside One building came into operational use during March 2019. The valuation of the building and decision to transfer out of assets under construction involves estimation and judgement by management.

How our audit addressed this area of management judgement

We have reviewed the information used by management to determine that the Tameside One building was ready to transfer out of assets under construction and the valuation process followed.

We have discussed the valuation methodology with the Council's external valuer and inspected the information used to compute the valuation.

Audit conclusion

We have not identified any significant matters from our testing of the Council's accounting for the Tameside One Building.

2. AUDIT OF THE FINANCIAL STATEMENTS

Internal control recommendations

As part of our audit we considered the internal controls in place that are relevant to the preparation of the financial statements. We did this to design audit procedures that allow us to express our opinion on the financial statements, but this did not extend to us expressing an opinion on the effectiveness of internal controls. We identified the following deficiencies in internal control as part of our audit.

| | |
|----------------------------------|---|
| Description of deficiency | There were weaknesses in the Council's arrangements for reproducing the evidence they provided to the valuer to support land, buildings and investment property valuations, which in turn identified discrepancies in the data held by both parties. |
| Potential effects | If accurate property records are not provided to the external valuer this can result in errors in the financial statements. |
| Recommendation | Maintain an audit trail of information sent to the valuer. |
| Management response | Difficulties were experienced in providing a full audit trail of the information provided to the external valuer due in part to the loss of key personnel within the Estates team. A Strategic Review of the Estates service took place in May 2019 and work is now in progress to address recommendations from this review, including the procurement of a new external valuation service. As part of this process, an external independent surveying firm is being procured to provide advice, support with specification and to provide a critical oversight of the valuation process to ensure that it is completed effectively. In addition to this, their remit shall also include a level of auditing and help produce a standard operating procedure to ensure that documentation requirements, roles and responsibilities are clearly understood with processes to follow. |

| | |
|----------------------------------|--|
| Description of deficiency | The fixed asset register is an excel spreadsheet which is updated annually. There is a historic difference between the register and the general ledger. Given the size of the asset base management should investigate if a bespoke asset register would be more suitable. |
| Potential effects | Spreadsheet formulae errors could lead to misstatement in the Council's draft accounts. |
| Recommendation | Investigate if a bespoke fixed asset register would be more appropriate to the Council's circumstances. |
| Management response | Financial Management recognise that the current spreadsheet based asset register is no longer fit for purpose, with its operation being inefficient and prone to error. Work was undertaken during 2018/19 to procure an asset register database for accounting purposes. Implementation of this new database has already commenced and will be concluded in advance of the preparation of the 2019/20 accounts. |

3. VALUE FOR MONEY CONCLUSION

Value for Money conclusion

Unqualified

Our approach to Value for Money

We are required to form a conclusion as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our conclusion, and sets out the criterion and sub-criteria that we are required to consider.

The overall criterion is that, 'in all significant respects, the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.' To assist auditors in reaching a conclusion on this overall criterion, the following sub-criteria are set out by the NAO:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

Significant Value for Money risks

The NAO's guidance requires us to carry out work to identify whether or not a risk to the Value for Money conclusion exists. Risk, in the context of our Value for Money work, is the risk that we come to an incorrect conclusion rather than the risk of the arrangements in place at the Council being inadequate. In our Audit Strategy Memorandum, we reported that we had identified two significant Value for Money risk(s). The work we carried out in relation to significant risks is outlined overleaf.

During the course of our audit we identified a further risk in respect of the Value for Money conclusion relating to the Council's governance and decision making in respect of the completion of the Tameside One building. Our findings in respect of this risk are also summarised overleaf.

Our overall Value for Money conclusion

Our auditor's report dated 31 July 2019 includes an unqualified Value for Money conclusion for the 2018/19 financial year.

3. VALUE FOR MONEY CONCLUSION

Significant Value for Money risks

The NAO’s guidance requires us to carry out work to identify whether or not a risk to the Value for Money conclusion exists. Risk, in the context of our Value for Money work, is the risk that we come to an incorrect conclusion rather than the risk of the arrangements in place at the Council being inadequate. In our Audit Completion Report, we reported that we had identified two significant Value for Money risk. The work we carried out in relation to significant risks is outlined below.

| Risk | Work undertaken | Conclusion |
|---|--|--|
| <p>Council’s Response to Inadequate Ofsted rating OFSTED rated the Council’s Children’s Services as ‘inadequate’ in December 2016 and the safeguarding board as ‘requires improvement’. Key areas of concern included the backlog of cases, leadership, management and governance. The VFM risk relates to our gaining a full understanding of the interventions made by the Council to address the original concerns raised by OFSTED. The full extent of the improvement will not be known until OFSTED carries out a full re-inspection to reassess the rating.</p> | <p>The Council now has an established Improvement Board and is working with partners to progress with the Improvement Plan. During 2018/19 this has included scrutiny, support and challenge from the Council’s Improvement Partner, as well as external partners including the DfE Intervention Advisor, Ofsted, and from peer consultation with other local authorities who have been on the improvement journey</p> <p>The Council’s commitment to addressing the previously slow progress was reflected in the OFSTED findings published on 1 July 2019. Following a re-inspection of local authority children’s social care services in May 2019, the council was rated as “Requires improvement to be good” across each assessment area and for overall effectiveness, thus lifting the December 2016 “Inadequate” rating.</p> <p>OFSTED recognise that changes in the senior leadership have supported a strengthened ‘whole-council’ commitment to improving the quality and impact of services for children. This is manifested in an increase in the pace of and effectiveness of service development and the development of a new locality based model.</p> <p>This trend of improvement has been noted in your OFSTED themed reviews since the December 2016 inspection.</p> | <p>We are satisfied that the Council’s arrangements for addressing the concerns of OFSTED were sufficient as the inspectorate re-scored the Children’s Services out of inadequate. Whilst we recognise that further improvement work is required we are satisfied that arrangements are in place to secure value for money</p> |

3. VALUE FOR MONEY CONCLUSION

| Risk | Work Undertaken | Conclusion |
|--|--|---|
| <p>Care together Governance Arrangements</p> <p>The Care Together Programme and the creation of an integrated system of health and social care brings together Tameside and Glossop Clinical Commissioning Group (CCG), Tameside Metropolitan Borough Council and Tameside and Glossop Integrated Care NHS Foundation Trust to reform health and social care services to improve the health outcomes of residents and reduce health inequalities.</p> | <p>The Council continues to work closely with the CCG and good progress has been made to deliver improvements in health and social care across Tameside.</p> <p>Council and CCG resources are pooled into a single Integrated Commissioning Fund (ICF) underpinned by a financial framework which became operational on 1 April 2016. The ICF has successfully enabled single commissioning arrangements for healthcare.</p> <p>Governance arrangements are headed by the Strategic Commissioning Board which meets monthly, with representation from Council and CCG to review expenditure and variances in the ICF.</p> <p>The Council and CCG commenced reporting on the total resources available to the Council and CCG in 2018/19. Integrated financial reporting takes place monthly to the Strategic Commissioning Board and Executive Cabinet.</p> <p>The ICF itself is made up of a pooled budget, aligned services agreement and in-collaboration services agreement. The 2018/19 ICF Strategic Financial Plan was for net expenditure of £589m, of which £186.514m (32%) is contributed by the Council. The outturn for 2018/19 was a net underspend of £26,000. Integrated financial reporting takes place to the Council's Executive Cabinet and Strategic Commissioning Board.</p> <p>Integration between the Council and CCG is more advanced than many other areas. This is evidenced by the expansion of the ICF to include all Council and CCG expenditure of over £900m a year, together with workforce integration and a shared senior leadership between Council and CCG..</p> | <p>We conclude that for 2018/19 the Council has made proper arrangements to address the governance risk surrounding health and social care integration.</p> |

3. VALUE FOR MONEY CONCLUSION

| Further VFM Risk | Work Undertaken | Conclusion |
|--|--|---|
| <p>Council’s governance of the completion of the Tameside One building</p> <p>Tameside Council created a Local Education Partnership (the LEP) in February 2009 to act as its strategic partnering vehicle in line with the requirements of the national Building Schools for the Future (BSF) programme. The LEP as a separate body to the Council then contracted directly with Carillion to deliver the new schools in line with the BSF programme. This included the design and build of the Tameside One building in Ashton.</p> <p>Carillion went into liquidation on 15 January 2018. At this point, the Tameside One building was approximately 100 days from completion.</p> <p>Following the 15 January 2018, Government appointed a liquidator who immediately secured the building site and prevented the LEP and its subcontractors from having access to any of the building or associated documentation.</p> | <p>Following Carillion’s liquidation in January 2018, the Council and the LEP were keen to ensure that work on the Tameside One building could recommence as soon as possible so that the building could be brought into use.</p> <p>At the end of January 2018, the LEP notified the Council that it had served notice on Carillion through its liquidators and intended to enter into an early works agreement with a new main contractor who would then recommence work on the site. An urgent paper was presented to Executive Cabinet on 7 February 2018 to update them on the actions and the appointment of the new contractor. This report made clear that the new contractor was engaged into an Early Works Agreement on an open book cost plus contractual basis.</p> <p>The Council immediately recognised that the costs to completion of this site were then likely to increase. Two separate independent consultants were therefore engaged to ensure that, firstly, the work proposed by contractor was required and secondly that the charges proposed under the new contract were consistent with the appropriate market rates.</p> <p>Executive Cabinet received a further report on 20th June 2018, which sought approval for an additional budget of £9.4m to enable the completion of the Tameside One building. This additional budget reflected the impact of the change to a “cost plus” contract together with the costs associated with taking over a site at this stage of completion, including some outstanding elements of internal design work not completed by Carillion. Executive Cabinet was also appraised of the charges levied by the liquidator for its services in the period from January 2018 onwards through on-going budget monitoring reports</p> <p>The building was completed by the new contractor and the Council and Tameside college were able to operate from there from March 2019. The retail element of the site is also in operational use.</p> | <p>We obtained sufficient evidence that the overall governance arrangements for the completion of this project were adequate.</p> |

4. OTHER REPORTING RESPONSIBILITIES

| | |
|--|----------------------|
| Exercise of statutory reporting powers | No matters to report |
| Completion of group audit reporting requirements | To be completed |
| Other information published alongside the audited financial statements | Consistent |

The NAO's Code of Audit Practice and the 2014 Act place wider reporting responsibilities on us, as the Council's external auditor. We set out below, the context of these reporting responsibilities and our findings for each.

Matters on which we report by exception

The 2014 Act provides us with specific powers where matters come to our attention that, in our judgement, require reporting action to be taken. We have the power to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these statutory reporting powers.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We have not received any objections.

Reporting to the NAO in respect of Whole of Government Accounts consolidation data

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data, and to carry out certain tests on the data. We plan to submit this information to the NAO by the deadline of 13 September 2019.

Other information published alongside the financial statements

The Code of Audit Practice requires us to consider whether information published alongside the financial statements is consistent with those statements and our knowledge and understanding of the Council. In our opinion, the other information in the Statement of Accounts is consistent with the audited financial statements.

5. OUR FEES

Fees for work as the Council's auditor

We reported our proposed fees for the delivery of our work in the Audit Strategy Memorandum, presented to the Audit Panel in January 2019.

Having completed our work for the 2018/19 financial year, we can confirm that our final fees are as follows:

| Area of work | 2018/19 proposed fee | 2018/19 final fee |
|---|----------------------|-------------------|
| Delivery of audit work under the NAO Code of Audit Practice | £80,863 | £87,463* |

*The final fee includes the following additional charge:

- Fee for additional work required on a VFM risk identified in respect of the governance and decision making process relating to the completion of Tameside One following the collapse of Carillion: £6,000
- Fee for additional work in respect of the pension liability regarding GMP and McCloud legal rulings: £600.

These additional charges are subject to approval by PSAA Ltd.

Fees for other work

We confirm that we have not undertaken any non-audit services for the Council in the year.

6. FORWARD LOOK

Audit Developments

Code of Audit Practice

The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014. We have responded to the National Audit Office's consultation on the content of the Code (<https://www.nao.org.uk/code-audit-practice/about-code/>)

A new Code will be laid in Parliament in time for it to come in to force no later than 1 April 2020.

Financial Resilience

Government Spending Review

The Council will need to incorporate the outcome of the Spending Review in its Medium Term Financial Plan. The Government has announced that a one year spending review will be completed in September for 2020/21, with the next multi-year Government Spending Review being delayed until 2020. The Spending Review will set out the department allocations for 2020/21 and potentially beyond. Regardless of the timing and period covered by the Spending Review, the Council recognises the key issue is the management of general reserves to a level that ensures it remains financially resilient and able to deliver sustainable services. It must, therefore, ensure it clarifies and quantifies how it will bridge the funding gap through planned expenditure reductions and/ or income generation schemes.

Local Authority Financial Resilience Index

CIPFA is moving forward with its financial resilience index, which it believes will be a barometer on which local authorities will be judged. We would expect the Council to have at least considered the index once it is formally released.

Commercialisation

The National Audit Office will be publishing a report on Commercialisation during 2019. Depending on the Council's appetite for Commercialisation, we would expect the Council to consider the outcome of the report and ensure any lessons learnt are incorporated into business practice.

Further, the UK Debt Management Office's Annual Report, published on 23 July 2019, reported that, as at 31 March 2019, the Public Works Loan Board's loan book was £78.3 billion with 1,308 new loans totalling £9.1 billion advanced during the year. As a result, we expect local authorities to clearly demonstrate:

- the value for money in the use of Public Works Loan Board funds to acquire commercial property
- the arrangements for loan repayment through the updated Statutory Guidance on Minimum Revenue Provision in 2019/20, 2020/21 and beyond.

Financial Reporting

UK Local Government Annual Accounts

The CIPFA/LASAAC Local Authority Code Board specifies the financial reporting requirements for UK local government. A consultation is underway to inform the direction and strategy for local government annual accounts. We will be submitting our response and suggest practitioners also voice their opinion.

Lease accounting

The implementation of IFRS 16 *Leases* in the Code is delayed until 1 April 2020. The Council will need a project plan to ensure the data analysis and evaluation of accounting entries is completed in good time to ensure any changes in both business practice and financial reporting are captured.

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Audit Progress Report

Tameside Metropolitan Borough Council

November 2019

Year Ending 31 March 2020





CONTENTS

1. **Audit progress**
2. **National publications**

This document is to be regarded as confidential to Tameside Metropolitan Borough Council. It has been prepared for the sole use of the Audit Panel. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

1. AUDIT PROGRESS

Purpose of this report

This report provides the Audit Panel with an update on progress in delivering our responsibilities as your external auditors. The paper also seeks to highlight at Section 2 key emerging national issues and developments which may be of interest to Members of the Panel.

If you require any additional information regarding the issues included within this briefing, please contact any member of your engagement team.

Audit completion 2018/19

Since the Panel last met we have:

- Issued our Audit Report on 31 July 2019, providing:
 - an unqualified opinion on the Council's 2018/19 financial statements; and
 - an unqualified conclusion on the Council's arrangements during 2018/19 to deliver value for money in its use of resources.
- Completed our work on the Council's Whole of Government Accounts (WGA) return as required by the National Audit Office. We issued our unqualified conclusion on the Council's WGA submission on 13 September 2019; and
- Issued our Audit Completion Certificate to certify the closure of the audit on 20 September 2019.

This work concludes our 2018/19 audit. We would like to thank the Council officers for their co-operation and support in assisting us to complete the audit.

We have since met with Council officers to carry out a comprehensive debrief of the audit, to identify opportunities to improve the process for 2019/20.

Audit progress 2019/20

The 2019/20 audit is now due to start.

In the next few weeks we will:

- hold internal planning meetings;
- hold update meetings with the finance team to agree the arrangements for the interim and final audit visits;
- discuss emerging technical issues with your team; and
- review minutes from Council meetings to inform our financial audit and value for money conclusion risk assessment.

We plan to carry out interim testing during mid November which will include updating our core financial systems documentation and carrying out substantive testing of income and expenditure transactions for the first six months of the year.

Our detailed Audit Strategy Memorandum will be presented to the Audit Panel in early 2020.

There are no matters to bring to your attention at this stage.

2. NATIONAL PUBLICATIONS

| | Publication/update | Key points | Page |
|--|--|---|------|
| National Audit Office (NAO) | | | |
| 1 | New Code of Audit Practice 2020/21 – Consultation | Consultation process underway for the new Code of Audit Practice that will apply for 2020/21 audits | 5 |
| Public Sector Audit Appointments Ltd (PSAA) | | | |
| 2 | Local Government audit opinions issued by 31 July 2019 | Press release relating to the increase in delays in issuing audit opinions | 6 |
| Chartered Institute of Public Finance and Accountancy (CIPFA) | | | |
| 3 | A practical guide for Local Authorities on Income Generation (2019 edition) | Guidance to assist Councils | 7 |
| Ministry of Housing, Communities & Local Government (MHCLG) | | | |
| 4 | Review of local authority financial reporting and external audit | Announcement of a wide ranging review of financial reporting and external audit in the sector | 8 |

2. NATIONAL PUBLICATIONS – NATIONAL AUDIT OFFICE

1. New Code of Audit Practice 2020/21 – Consultation, September 2019

Schedule 6 of the Act requires that the Code be reviewed, and revisions considered at least every five years. The current Code came into force on 1 April 2015, and the maximum five-year lifespan of the Code means it now needs to be reviewed and a new Code laid in Parliament in time for it to come in to force no later than 1 April 2020.

The consultation is taking place in two stages. The first has concluded and the second is currently underway with a deadline for responses of 22 November 2019. The NAO plans to finalise the Code by the end of 2019, ready to be laid in Parliament early in 2020. The new Code will apply from audits of local bodies' 2020/21 financial statements onwards.

The first stage of the consultation showed broad support for maintaining the principles-based nature of the Code, being the wider scope of public audit, independence and public reporting. However the responses highlighted that this should be supported by more detailed sector-specific guidance.

The second stage of the consultation is focusing on the text of the draft Code. In particular there are proposed changes to the way auditors report on arrangements to deliver value for money in the use of resources.

The Local Audit & Accountability Act 2014 places a specific duty on the local auditor to be satisfied whether the body they are auditing has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources. In the current Code, this is referred to as work on arrangements to secure value for money.

Currently, the local auditor reports against a single overall criterion as to whether: "In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people." This is known as the value for money conclusion and is included in the Auditor Report included in Council's financial statements.

The consultation draft Code proposes changes to this reporting, with a more detailed commentary on the value for money arrangements being included in a new 'Auditor's Annual Report'.

Should the Council wish to respond to the consultation, the details are provided in the link below.

<https://www.nao.org.uk/code-audit-practice/code-of-audit-practice-consultation/#>

2. NATIONAL PUBLICATIONS – PUBLIC SECTOR AUDIT APPOINTMENTS LTD

2. Local Government audit opinions issued by 31 July 2019, August 2019

PSAA issued a press release after the end of the 2018/19 audit deadline to highlight the increase in the number of audit opinions that were not available by 31 July 2019. Reporting an increase in the number of opinions not available, the press release highlights the factors that have driven the increase in delays.

<https://www.psa.co.uk/2019/08/news-release-local-government-audit-opinions-delivered-by-31-july-2019/>

2. NATIONAL PUBLICATIONS – CIPFA

3. A practical guide for Local Authorities on Income Generation (2019 edition), CIPFA, July 2019

CIPFA's revised income generation guide reflects on the income generation issues of 2019 and the changes that are being made.

The issues that are examined in this publication include:

- the need for thorough testing and business cases to robustly assess income proposals;
- the impact of the 2018 MHCLG Statutory Investment Guidance; and
- how the pattern of local authority income is changing.

The guide will allow councils to maximise their income potential against a backdrop of Brexit uncertainties and other economic changes. With more authorities relying on income generation to balance their budgets, the guide can help finance staff stand at arms-length to ensure councils act prudently.

The publication also has practical guidance on income generation for different service areas and there is a full coverage of discretionary charging rules.

<https://www.cipfa.org/policy-and-guidance/publications/a/a-practical-guide-for-local-authorities-on-income-generation-2019-edition>

2. NATIONAL PUBLICATIONS – MHCLG

4. Review of local authority financial reporting and external audit, September 2019

The Ministry of Housing, Communities and Local Government announced in September that they had appointed Sir Tony Redmond to conduct a review of the arrangements in place to support the transparency and quality of local authority financial reporting and external audit including those introduced by the Local Audit and Accountability Act 2014. The review will not look at broader issues of local authority finances and sustainability.

The review will examine the existing purpose, scope and quality of statutory audits of local authorities in England and the supporting regulatory framework to in order to determine:

- Whether the audit and related regulatory framework for local authorities in England is operating in line with the policy intent set out in the Act and the related impact assessment;
- Whether the reforms have improved the effectiveness of the control and governance framework along with the transparency of financial information presented by councils;
- Whether the current statutory framework for local authority financial reporting supports the transparent disclosure of financial performance and enables users of the accounts to hold local authorities to account; and
- To make recommendations on how far the process, products and framework may need to improve and evolve to meet the needs of local residents and local taxpayers, and the wider public interest.

As part of the review, MHCLG have issued a “Call for Views” which is linked below, along with the review’s terms of reference.

<https://www.gov.uk/government/publications/review-of-local-authority-financial-reporting-and-external-audit-terms-of-reference>

<https://www.gov.uk/government/consultations/review-of-local-authority-financial-reporting-and-external-audit-call-for-views>

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Agenda Item 5.

| | |
|--|---|
| Report to: | AUDIT PANEL |
| Date: | 14 November 2019 |
| Executive Member/ Reporting Officer: | Councillor Ryan, Executive Member for Finance and Economic Growth Kathy Roe – Director of Finance Wendy Poole – Head of Risk Management and Audit Services |
| Subject: | CORPORATE RISK REGISTER |
| Report Summary: | To present to the Corporate Risk Register detailed at Appendix 1 for comment, challenge and approval. |
| Recommendations: | Members consider and approve the Corporate Risk Register at Appendix 1 and note the development work detailed in Section 4 of the report. |
| Corporate Plan: | Managing risks will enable the Council to deliver services safely and in an informed manner to achieve the best possible outcomes for residents. |
| Policy Implications: | Effective risk management supports the achievement of Council objectives and demonstrates a commitment to high standards of corporate governance. |
| Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer) | Effective risk management assists in safeguarding assets, ensuring the best use of resources and the effective delivery of services. It also helps to keep insurance premiums and compensation payments to a minimum. |
| Legal Implications: (Authorised by the Borough Solicitor) | Demonstrates compliance with the Accounts and Audit Regulations 2015 (Amended 2016) and the Code of Corporate Governance. |
| Risk Management: | Failure to manage risks will impact on service delivery, the achievement of objectives and the Council's Medium Term Financial Plan. |
| Background Information: | The background papers relating to this report can be inspected by contacting Wendy Poole, Head of Risk Management and Audit  Telephone: 0161 342 3846  e-mail: wendy.poole@tameside.gov.uk |

1. INTRODUCTION

- 1.1 The report presents the revised and updated Corporate Risk Register for the Council for comment, challenge and approval.

2. WHAT IS RISK MANAGEMENT?

- 2.1 Risk Management is the process of identifying risks, evaluating their likelihood and potential impact and determining the most effective methods of controlling them or responding to them. It is a means of maximising opportunities and minimising the costs and disruption to the organisation caused by undesired events.
- 2.2 Corporate Risks are potential barriers to the Council achieving its priorities and have the potential to disrupt large parts of our service.

3. CORPORATE RISK REGISTER

- 3.1 The Corporate Risk Register is attached at **Appendix 1**.
- 3.2 The summary Corporate Risk Register that was presented to SLT in May 2019 and consisted of 22 risks, these have been reviewed by Directors and Assistant Directors, and the nine risks detailed in Table 1 below have been updated.

3.3 **Table 1 – Risks Updated since Risk Register was presented to SLT in May 2019**

| Risk | Risk Presented in May 2019 | Risk Update October 2019 |
|------|---|--|
| 1 | The Council is unable to deliver the Medium Term Financial Plan - Failure to deliver services within reduced budgets and provide for future financial stability, including the maintenance of the Council's resource base and council tax collection. Effective Risk Score – 5 x 4 = 20 | The Council is unable to deliver the Medium Term Financial Plan - Failure to deliver services within reduced budgets and provide for future financial stability, including the maintenance of the Council's resource base and council tax collection and dealing with the current cost pressures and demand levels in Children's Services. Effective Risk Score – 5 x 4 = 20 |
| 3 | Failure to manage the local home care market and capacity available to deliver appropriate and timely care packages for people requiring long term care. Partially Effective Risk Score – 4 x 4 = 16 | Failure to manage the local home care market and care home capacity available to deliver appropriate and timely care packages and appropriate placements for people requiring long term care. Partially Effective Risk Score – 4 x 3 = 12 |
| 5 | Failing to protect vulnerable children - Vulnerable children are put at risk due to poor systems/processes and reduced service provision. Partially Effective Risk Score - 5 x 3 = 15 | Failing to protect vulnerable children - Vulnerable children are put at risk due to poor systems/processes and reduced service provision. Effective Risk Score - 5 x 2 = 10 |
| 6 | Risk that the full re inspection of the | Failure to ensure effective services |

| Risk | Risk Presented in May 2019 | Risk Update October 2019 |
|------|--|---|
| | Local Authorities Children's Services returns a judgement of inadequate Partially Effective Risk Score – 5 x3 =15 | (ILACS, LAR, YJS etc.) which are highly regarded by regulators and that robust improvement plans are in place NB. Likelihood of 4 is driven by SEND. Partially Effective Risk Score – 4 x 4 = 16 |
| 9 | Vulnerable adults are put at risk due to poor systems/processes and reduced service provision. Impacting the balance of safeguarding vulnerable people alongside the allocation of Individual Cash Budgets and developing new ways of working to promote independence. Effective Risk Score – 4 x 3 = 12 | Vulnerable adults are put at risk due to poor systems/processes and reduced service provision, impacting on the balance of safeguarding vulnerable people against promoting independence through the allocation of Direct Payments and developing new ways of working to promote independence and resilience. Effective Risk Score – 4 x 2 = 8 |
| 10 | Increased demand for services due to demographic changes - Tameside is unable to meet the needs of its ageing population and young people with increasingly complex needs transitioning into Adult Services requiring significant savings to be made, or reductions in levels of dependency, to manage rising levels of demand and cost. Effective Risk Score – 4 x 3 = 12 | Increased demand for services due to demographic changes - Tameside is unable to meet the needs of its ageing population and young people with increasingly complex needs transitioning into Adult Services requiring significant savings to be made, or reductions in levels of dependency, to manage rising levels of demand and cost. Effective Risk Score – 4 x 2 = 8 |
| 14 | Implementation of a Strategic Commissioning Function across the Council and the CCG may increase the operational and financial risks of the Council whilst the priorities agreed are implemented to improve outcomes for our public whilst creating a more sustainable future for the organisation. Effective Risk Score – 4 x 3 = 12 | Implementation of a Strategic Commissioning Function across the Council and the CCG may increase the operational and financial risks of both organisations whilst the priorities agreed are implemented to improve outcomes for our public whilst creating a more sustainable future for the organisation. Effective Risk Score – 4 x 3 = 12 |
| 16 | Failure to provide an appropriate Civil Contingencies response to an incident or emergency affecting the community or the Council, including Brexit and extreme weather conditions due to climate change. Partially Effective Risk Score – 5 x 2 =10 | Failure to provide an appropriate Civil Contingencies response to an incident or emergency affecting the community or the Council, including the risks relating to Brexit and extreme weather conditions due to climate change. Partially Effective Risk Score – 5 x 2 = 10 |
| 18 | Failure to support schools effectively to achieve a judgement of good/outstanding by Ofsted, due to stagnant funding, placing pressure on | Failure to ensure there are sufficient high quality school places (including specialist places and early years provision) and that children all have fair access to our |

| Risk | Risk Presented in May 2019 | Risk Update October 2019 |
|------|--|---|
| | budgets and the number of schools in deficit. Effective Risk Score – 4 x 2 = 8 | schools. Effective Risk Score – 4 x 2 = 8 |

3.4 The corporate risks are summarised in the risk heat maps below as follows:-

Heat Map 1 – May 2019

| | | Impact level | | | | |
|---------------------------|--|----------------------|--------------|---------------|--------------|-----------------------|
| | | Insignificant (1) | Minor (2) | Medium (3) | Major (4) | Major Disaster (5) |
| Likelihood | | | | | | |
| Almost Certain (5) | | | | | | |
| Very likely (4) | | | | 3 | 1 | |
| Likely (3) | | | 1 | 8 | 2 | |
| Unlikely (2) | | | 2 | 3 | 2 | |
| Very Low (1) | | | | | | |

Heat Map 2 – October 2019

| | | Impact level | | | | |
|---------------------------|--|----------------------|--------------|---------------|--------------|-----------------------|
| | | Insignificant (1) | Minor (2) | Medium (3) | Major (4) | Major Disaster (5) |
| Likelihood | | | | | | |
| Almost Certain (5) | | | | | | |
| Very likely (4) | | | | 3 | 1 | |
| Likely (3) | | | 1 | 7 | | |
| Unlikely (2) | | | 2 | 5 | 3 | |
| Very Low (1) | | | | | | |

4. RISK MANAGEMENT REVIEW

4.1 The sub group looking at the risk management systems across both the Council and the Tameside and Glossop CCG has met and a revised format for the risk register has been proposed which combines the strengths in both of the existing formats. The sub group consists of:-

- Tim Bowman
- Tom Wilkinson
- Tracey Simpson
- Sarah Threlfall/Simon Brunet
- Joanne Keast
- Julie Speakman
- Wendy Poole

4.2 Work is still ongoing to redefine the definitions for Impact and Likelihood and once agreed the new format will be tested in a service area. A meeting has recently taken place with the Chair of the Tameside and Glossop CCG Audit Committee to discuss the suggested changes and he is supportive of the proposal.

4.3 A further update will be provided to the Audit Panel in due course.

5. Recommendations

5.1 As set out on the front of the report.

CORPORATE RISK REGISTER - OCTOBER 2019

| Corporate Plan Theme | Risk No. | Risk Description | Evaluation of Controls | Impact Score | Likelihood score | Risk Rating (Impact/Likelihood) | Risk Owner (Director) | Responsible AD/SUM |
|---|----------|---|------------------------|--------------|------------------|---------------------------------|----------------------------|---|
| Starting Well | 1 | The Council is unable to deliver the Medium Term Financial Plan - Failure to deliver services within reduced budgets and provide for future financial stability, including the maintenance of the Council's resource base and council tax collection and dealing with the current cost pressures and demand levels in Children's Services. | Effective | 5 | 4 | 20 | Kathy Roe | Tom Wilkinson |
| Living Well | | | | | | | | |
| Ageing Well | | | | | | | | |
| Great Place/Vibrant Economy | | | | | | | | |
| Corporate Support and Enabling Services | 2 | Not implementing the latest products or best practice in information technology to ensure that the organisation remains effective and efficient, enabling it to deliver its services. | Partially Effective | 4 | 4 | 16 | Kathy Roe | Tim Rainey |
| Ageing Well | 3 | Failure to manage the local home care market and care home capacity available to deliver appropriate and timely care packages and appropriate placements for people requiring long term care. | Partially Effective | 4 | 3 | 12 | Stephanie Butterworth | Sandra Whitehead |
| Great Place/Vibrant Economy | 4 | The property portfolio rationalisation necessary for the delivery of appropriate council wide services is not delivered and consequently savings and capital receipts required to fund the current and future investment programme are not achieved. | Partially Effective | 4 | 4 | 16 | Jayne Traverse | Mathew Chetwynd |
| Starting Well | 5 | Failing to protect vulnerable children - Vulnerable children are put at risk due to poor systems/processes and reduced service provision. | Effective | 5 | 2 | 10 | Richard Hancock | Tracy Morris |
| Starting Well | 6 | Failure to ensure effective services (ILACS, LAR, YJS etc.) which are highly regarded by regulators and that robust improvement plans are in place NB. likelihood of 4 is driven by SEND | Partially Effective | 4 | 4 | 16 | Richard Hancock | Tracy Morris |
| Corporate Support and Enabling Services | 7 | Failure to effectively implement and monitor the effectiveness of a health and safety management system within the organisation. | Partially Effective | 4 | 3 | 12 | Ian Saxon | Sharon Smith |
| Living Well | 8 | Failure to deliver council duties to improve the health and wellbeing of Tameside residents. | Effective | 4 | 3 | 12 | Jeanette de Gruchy | Debbie Watson |
| Ageing Well | 9 | Vulnerable adults are put at risk due to poor systems/processes and reduced service provision, impacting on the balance of safeguarding vulnerable people against promoting independence through the allocation of Direct Payments and developing new ways of working to promote independence and resilience. | Effective | 4 | 2 | 8 | Stephanie Butterworth | Sandra Whitehead |
| Living Well | 10 | Increased demand for services due to demographic changes - Tameside is unable to meet the needs of its ageing population and young people with increasingly complex needs transitioning into Adult Services requiring significant savings to be made, or reductions in levels of dependency, to manage rising levels of demand and cost. | Effective | 4 | 2 | 8 | Stephanie Butterworth | Sandra Whitehead |
| Corporate Support and Enabling Services | 11 | The inconsistent application of information standards and controls could result in a significant, unauthorised disclosure of personal and/or special category data. | Effective | 4 | 3 | 12 | Sandra Stewart / Kathy Roe | Tim Rainey Wendy Poole |
| Corporate Support and Enabling Services | 12 | Ineffective procurement and contract monitoring - Procurement does not deliver value for money and is not conducted in line with best practice, PSOs and European legislation. The strategic focus on commissioning is less effective due to a lack of skills and capacity to drive the change in culture. | Effective | 4 | 3 | 12 | Kathy Roe | Tom Wilkinson |
| Great Place/Vibrant Economy | 13 | Tameside is unable to exploit growth opportunities and this has a detriment to residents, local businesses and the borough's future prosperity. | Effective | 4 | 3 | 12 | Jayne Traverse | David Berry Nigel Gilmore Mathew Chetwynd |
| Starting Well | 14 | Implementation of a Strategic Commissioning Function across the Council and the CCG may increase the operational and financial risks of both organisations whilst the priorities agreed are implemented to improve outcomes for our public whilst creating a more sustainable future. | Effective | 4 | 3 | 12 | Steven Pleasant | Single Leadership Team |
| Living Well | | | | | | | | |
| Ageing Well | | | | | | | | |

| Corporate Plan Theme | Risk No. | Risk Description | Evaluation of Controls | Impact Score | Likelihood score | Risk Rating (Impact/Likelihood) | Risk Owner (Director) | Responsible AD/SUM |
|---|----------|--|------------------------|--------------|------------------|---------------------------------|------------------------|---|
| Great Place/ Vibrant Economy | | public whilst creating a more sustainable future for the organisation. | | | | | | |
| Great Place/ Vibrant Economy | 15 | Vision Tameside is not completed on time and in Budget. | Effective | 5 | 2 | 10 | Ian Saxon | N/A |
| Great Place/ Living Well | 16 | Failure to provide an appropriate Civil Contingencies response to an incident or emergency affecting the community or the Council, including the risks relating to Brexit and extreme weather conditions due to climate change. | Partially Effective | 5 | 2 | 10 | Ian Saxon Kathy Roe | Emma Varnam Mike Gurney Wendy Poole |
| Great Place/ Vibrant Economy | 17 | The Council fails to benefit from the opportunities generated from the increased central government devolution to the Greater Manchester Region. | Effective | 3 | 3 | 9 | Single Leadership Team | Senior Management Group |
| Starting Well | 18 | Failure to ensure there are sufficient high quality school places (including specialist places and early years provision) and that children all have fair access to our schools. | Effective | 4 | 2 | 8 | Richard Hancock | Tim Bowman |
| Corporate Support and Enabling Services | 19 | Pension Fund investments do not provide the appropriate/anticipated level of assets to meet liabilities. | Effective | 4 | 2 | 8 | Sandra Stewart | Tom Harrington Paddy Dowdall |
| Great Place/ Vibrant Economy | 20 | The lack of an up to date strategic planning framework and associated Local policies to manage development in Tameside. | Effective | 4 | 2 | 8 | Jayne Traverse | Jayne Traverse |
| Corporate Support and Enabling Services | 21 | Failure to prevent or detect acts of significant fraud or corruption with consequent financial or reputational damage to the Council. | Effective | 3 | 2 | 6 | Kathy Roe | Tom Wilkinson Wendy Poole |
| Living Well | 22 | In-effective community cohesion. The community cohesion activities undertaken do not have the required results, of raising awareness, integration and acceptance within the community. | Effective | 3 | 2 | 6 | Ian Saxon | Emma Varnam |

Agenda Item 6.

| | |
|--|--|
| Report To: | AUDIT PANEL |
| Date: | 14 November 2019 |
| Executive Member/ Reporting Officer: | Councillor Ryan, Executive Member for Finance and Economic Growth Kathy Roe – Director of Finance Wendy Poole – Head of Risk Management and Audit Services |
| Subject: | ANNUAL GOVERNANCE STATEMENT 2018/19 – IMPROVEMENT PLAN PROGRESS UPDATE |
| Report Summary: | To present the Annual Governance Statement 2018/19 – Improvement Plan Progress Report to Members for comment. |
| Recommendations: | The Audit Panel is asked to comment on the Annual Governance Statement 2018/19 Improvement Plan Progress Report attached at Appendix 1 . |
| Corporate Plan: | Demonstrates proper Corporate Governance. |
| Policy Implications: | The Governance Statement demonstrates proper compliance with the Accounts and Audit Regulations 2015. |
| Financial Implications: (Authorised by the Section 151 Officer & Chief Finance Officer) | Sound corporate governance and proper systems of internal control are essential for the long-term financial health and reputation of the Council. |
| Legal Implications: (Authorised by the Borough Solicitor) | The production of the statement and the review of progress against the improvement plan meet the requirements of the Accounts and Audit Regulations 2015. |
| Risk Management: | The statement provides assurance that the Council has a sound system of corporate governance in place. It is considered to be an important public expression of how the Council directs and controls its functions and relates to its community. |
| Background Information: | The background papers can be obtained from the author of the report, Wendy Poole, Head of Risk Management and Audit Services by: |



Telephone: 0161 342 3846



e-mail: wendy.poole@tameside.gov.uk

1 INTRODUCTION

- 1.1 The preparation and publication of an Annual Governance Statement is necessary to meet the requirements set out in Regulation 6 of the Accounts and Audit Regulations 2015. It requires authorities to “conduct a review at least once in a year of the effectiveness of its system of internal control” and “following the review, the body must approve an annual governance statement prepared in accordance with proper practices in relation to internal control”.
- 1.2 The Annual Governance Statement was presented to the Audit Panel on 4 June 2019 as a draft document for review and comment and presented as a final document for approval on 29 July 2019.
- 1.3 The Annual Governance Statement is based on an Assurance Framework which includes:-
- AGS Self-Assessment Checklists and signed Assurance Statements;
 - Head of Risk Management and Audit’s Annual Report;
 - Annual Review against the Code of Corporate Governance;
 - Medium Term Financial Plan/Budget Report;
 - Review of System of Internal Audit;
 - Annual Audit Letter;
 - Role of the Chief Financial Officer;
 - Role of the Head of Internal Audit;
 - Corporate Plan; and
 - Statutory Inspections.
- 1.4 The Annual Governance Statement details:-
- Section 1 - Scope of Responsibility;
 - Section 2 - The Purpose of the Governance Framework;
 - Section 3 - The Governance Framework;
 - Section 4 - Review of Effectiveness;
 - Section 5 - Level of Assurance; and
 - Section 5 - Conclusion and Signatures

2 IMPROVEMENT PLAN PROGRESS REPORT

- 2.1 Section 5 of the Annual Governance Statement identified a number of areas for development which were appended to the statement in a development plan. Addressing the issues identified will further enhance the governance framework in place for the Council.
- 2.2 The Table presented at **Appendix 1** provides a progress report against each development as at October 2019 and provides confirmation that work is progressing in all areas.

3 RECOMMENDATIONS

- 3.1 As set out on the front of the report.

APPENDIX 1

Annual Governance Statement 2018/19
Improvement Plan Progress Report As At October 2019

| Ref | Area of Review | Improvement Identified | Improvement Owner and Completion Date | Progress Report As At October 2019 |
|-----|-------------------------------------|---|---|--|
| 1 | Vision Tameside (Carry Forward) | <p>Work in relation to the public realm in Ashton continues as do the remaining accommodation moves and an internal group chaired by the Director of Operations and Neighbourhoods and recent coordinators allocated by each service is monitoring progress.</p> <p>Initial approval has been given for the Capital Project for Ashton Town Hall; however, a business case needs to be developed detailing how resources will be used and a usage plan for the building.</p> | <p>Director of Operations and Neighbourhoods Summer 2019</p> <p>Director of Growth March 2020</p> | <p>Public Realm work continues in Ashton Town Centre. Work on Warrington Street will be completed in Autumn 2019. New designs for Wellington Road and Turner Lane Junction are being developed for approval. Design options are being developed for the Ashton Market Square.</p> <p>The recent process proceeded in line with the project plan and all moves are now complete. Occupancy reviews are now in progress.</p> <p>Survey work has been commissioned through the LEP with regards to urgent repairs and these works will be commencing in November.</p> |
| 2 | Children's Services (Carry Forward) | <p>Work is continuing on the improvement journey.</p> <p>The Ofsted Inspection of Children's Services, which was undertaken in May 2019, has now judged the service as Requiring Improvement. The Inspection Report comments that more recently, significant changes in senior leadership have supported the adoption of a much strengthened 'whole-council' commitment to improving the quality and impact of services for children. This has not only been the case within the children's services department but also more widely within the local multi-agency safeguarding</p> | <p>Director of Children's March 2020</p> | <p>A detailed action plan based on the findings of the Inspection is now in place and progress is being made in all areas. Some significant challenges remain, but these are recognised and are the subject of discreet and targeted improvement/action plans.</p> <p>A corporate wide approach is being taken to drive forward some larger cross cutting areas of improvement, most notably Looked After Children's numbers and a multi-agency/disciplinary approach is starting to make a tangible impact in our Early Help and preventative</p> |

| Ref | Area of Review | Improvement Identified | Improvement Owner and Completion Date | Progress Report As At October 2019 |
|-----|---|--|---|--|
| | | arrangements and political leadership. As a result, there has been a notable increase in the pace and effectiveness of service development. Leaders have an improved understanding of how well services are working for children and of their key priorities. | | work on a locality level. We have reconstituted the Children's Improvement Board, which with its independent chair will continue to maintain oversight of improvements, but to also develop a multi-agency vision and approach to Children's services going forward. |
| 3 | Pension Fund Pooling of Investments (Carry Forward) | A formal joint committee governance structure will be established in the next few months. Representatives of the Fund will continue to work closely and seek professional advice, as required, in order to finalise all aspects of the Pool. New draft pooling guidance has been issued for consultation, which the Northern pool has responded to. The outcome of the consultation is expected shortly. | Director of Governance and Pensions March 2020 | Inter-authority agreement to finalise joint committee structure now agreed by all participating authorities. GMPF and its partners continue to seek professional advice as necessary in order to further develop the pool. Government is still yet to respond on the consultation on new draft guidance. |
| 4 | Health and Safety (Carry Forward) | New appointments will be made to the Health and Safety Service following an update to ECG in April 2019. Significantly increasing the resource dedicated to Health and Safety and this will be embedded during 2019/20. | Director of Operations and Neighbourhoods March 2020 | The Health and Safety Service Redesign report has been to ECG and the new appointments have been made. |
| 5 | Management of CCTV (Carry Forward) | A business plan is being developed to look at the investment and updating of the CCTV system to ensure compliance and service delivery. | Director of Operations and Neighbourhoods March 2020 | A review and improvement plan for CCTV has taken place. A report has been drafted to go to December Board to provide a Business Case for Capital investment to ensure compliance and service delivery. |
| 6 | Estates Management (Carry forward) | New Director of Growth is developing a new structure, which will be implemented during the summer of 2019. The operation of all systems | Director of Growth March 2020 | Insourcing and associated TUPE of the Estates Team took place during August/September and the service is currently being run on interim, |

| Ref | Area of Review | Improvement Identified | Improvement Owner and Completion Date | Progress Report As At October 2019 |
|-----|--|--|--|--|
| | | involved will be considered as part of this implementation. A Strategic Asset Management Plan (SAMP) is also being developed. | | agency and secondments whilst the Director recruits to the permanent structure. Work will commence on the SAMP as soon as a permanent staffing structure is in place – expected to be around January 2020. |
| 7 | ICT Disaster Recovery and Business Continuity Planning (Carry Forward) | The ICT Disaster Recovery Plan is being considered as part of the Vision Tameside Project and the creation of the new Data Centre. A Digital Strategy is in development to help maximise the benefits of digital initiatives across the organisation. | Director of Finance December 2019 | Construction of the new Data Centre at Ashton Old Baths is underway with a completion date of May 2020. Work to build the backup disaster recovery infrastructure in the Tameside Hospital Data Centre begins in November 2019. A Disaster Recovery (DR) Strategy paper is being drafted for consideration by the Single Leadership Team in the new year, which will detail the systems to be hosted in the DR facility. The new Tameside and Glossop Digital Strategy has been written and approved by the Single Leadership Team and is now being timetabled for both Tameside Council and Tameside and Glossop CCG governance. |
| 8 | Information Governance (Carry Forward) | Work will continue during 2019/20 on our journey to compliance with GDPR and the Data Protection Act 2018. Changes to policies and procedures will be required when the UK leaves the EU, as the Data Protection Act 2018 will be updated. | Director of Governance and Pensions Director of Finance March 2020 | A Service Redesign Report has been taken to ECG and approved and recruitment is now ongoing. Once appointments have been made, work on the action plan will be prioritised to ensure we are compliant with all data protection legislation. |
| 9 | Implementation of a Strategic Commissioning | The Single Leadership Team need to continue to review and identify the appropriate risks across both organisations, on a regular basis including | Single Leadership Team | A working group is reviewing risk management processes in place in both the Council and the Tameside and Glossop CCG to introduce a |

| Ref | Area of Review | Improvement Identified | Improvement Owner and Completion Date | Progress Report As At October 2019 |
|-----|----------------|--|--|--|
| | Function (New) | identifying mitigating actions and report on these through the appropriate governance routes in each statutory organisation. | March 2020 | standardised approach. |
| 10 | Debtors (New) | Improvements to the debtors system have been highlighted as part of an internal audit review. | Director of Governance and Pensions Director of Finance March 2020 | Improvements to processes have been implemented. Work in relation to system changes is still in progress. Further work will be undertaken during Quarter 3/4 by Internal Audit to provide independent assurance that improvements are working and embedded. |

Agenda Item 7.

| | |
|--|---|
| Report to: | AUDIT PANEL |
| Date: | Thursday 14 November 2019 |
| Executive Member/ Reporting Officer: | Councillor Ryan, Executive Member for Finance and Economic Growth Kathy Roe – Director of Finance Lorraine Cox – Director of STAR Procurement |
| Subject: | PROCUREMENT UPDATE |
| Report Summary: | This report has an attached presentation from STAR Procurement. This outlines our performance on local spend for the financial year 18/19 and provides an overview and update in the impact of the Social Value Portal being used by STAR since April 2019. It also provides an update of outputs as at quarter two of 19/20 on performance and compliance. |
| Recommendations: | To note the contents of the report/presentation. |
| Corporate Plan: | This links to all aspects of our Corporate Plan. |
| Policy Implications: | There are no policy implications. |
| Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer) | There are no financial implications as STAR is part of our internal service. The output from the use of the Social Value Portal is delivering considerable added value from our contract awards. |
| Legal Implications: (Authorised by the Borough Solicitor) | Goods and services that affect people's lives are procured on a daily basis. Resources are allocated to activities that create and destroy social value every day. The aim is to maximise the positive outcomes, whilst minimising the negative outcomes from any procured activity. This is a learning process. The point of measuring social value is to understand our current social value and improve our services over time, increasing our net positive social value. This can only be done through partnership working, collaborating with our suppliers and service users. It is important to understand how we compare with others so we can focus our efforts effectively. |
| Risk Management: | There is no risk as all procurement is compliant with EU Public Contract Regulations 2015. |
| Background Information: | There are no background papers other than the approval to use the Portal what was approved by STAR Joint Committee.  Telephone: 07817 882 169  e-mail: lorraine.cox@star-procurement.gov.uk |

1. STAR Procurement

- 1.1 STAR Procurement is our internal service provider which delivers to three other authorities, Stockport, Rochdale and Trafford and operates as a public sector shared service. STAR has worked with us since September 2019, we are a full and equal partner.

2. Social Value Portal

- 2.1 STAR Joint Committee approved the use of the Social Value Portal in order to improve our approach to capturing contractually the offer of Social Value in all procurement activity in order to ensure the performance to the contract is monitored, measured, reported and converted into financial values so we can understand the added value coming from Social Value in our contracts.
- 2.2 This commencement has delivered significant evidence of what Social Value will be expected contractually for all contracts awarded since April 2019.
- 2.3 Next steps for STAR will be to report to Tameside locally so we can see the impact this is having for us as well as the impact STAR is making across the four partner authorities and across Greater Manchester.

3. Local Spend

- 3.1 Local Spend is a key work stream for STAR Procurement and since joining STAR in September 2019; we have identified improved contract register detail, analysed spend and mapped this spend to our Borough in a consistent way aligned to our other three partner authorities.
- 3.2 STAR has assessed our position and has then reviewed the impact for the full financial year 2018/19. There has been improvement already since we joined STAR and the trajectory expected is positive. We expect to see further and continuous improvement which has been evidenced over a number of years for the other three partner authorities.
- 3.3 STAR have deployed a number of initiatives to aid improvement such as; targeting the local business/VCSE communities; delivered training and support to bidders; utilised a market engagement protocol and continue to assess how we can capture local bidders so we award locally seeking value for money but added value from Social Value which is proving successful from smaller local businesses.

4. Outputs

- 4.1 STAR monitors a series of Key Performance Indicators (KPIs) which cover; ratified savings; number of contracts awarded; stakeholder engagement and exemption and modification requests which support the monitoring of the improvement in procurement and compliance.
- 4.2 These outputs are now part of the wider STAR reporting and are presented to STAR Board and Joint Committee quarterly. A new dashboard is being created and some of these KPIs will feed into the corporate reporting for Tameside Council.

5. CONCLUSION

- 5.1 STAR will continue to report to STAR Joint Committee and STAR Board and provide updates to Officers and Members within Tameside.

6. RECOMMENDATIONS

5.1 As set out on the front of the report.

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Tameside Council Spend Data 18/19
Social Value Portal Update (Q1) 2019

Lorraine Cox – Director
STAR PROCUREMENT



Controllable (3rd party spend that procurement can influence)



Local (spent within your Borough)



GM (spent within the Greater Manchester area)

Tameside Spend Data: 18/19

| | 18/19: (controllable spend £183,184,659) |
|----------------------------|---|
| Local Spend | 53% (£93.5M) |
| Value £ increase on 17/18 | £ 12.5M Increase/improvement on 17/18 |
| Regional (GM) spend | 20% (£36.2M) |
| Value £ increase on 17/18 | £ 15.5M increase/improvement on 17/18 |
| National Spend | 27% (£50.4M) |
| Value £ decrease on 17/18 | £ 10.4M decrease/improvement on 17/18 |

- Ensure we report annually and promptly
- Monitor actual spend monthly not annually - Compliance
- Training internally 'Back to Basics'
- Training – Business Communities 'Match fit'
- Audit Compliance
- Reporting Board and Joint Committee
- Showcase Improvement

Themes, Outcomes and Measures (TOMs)

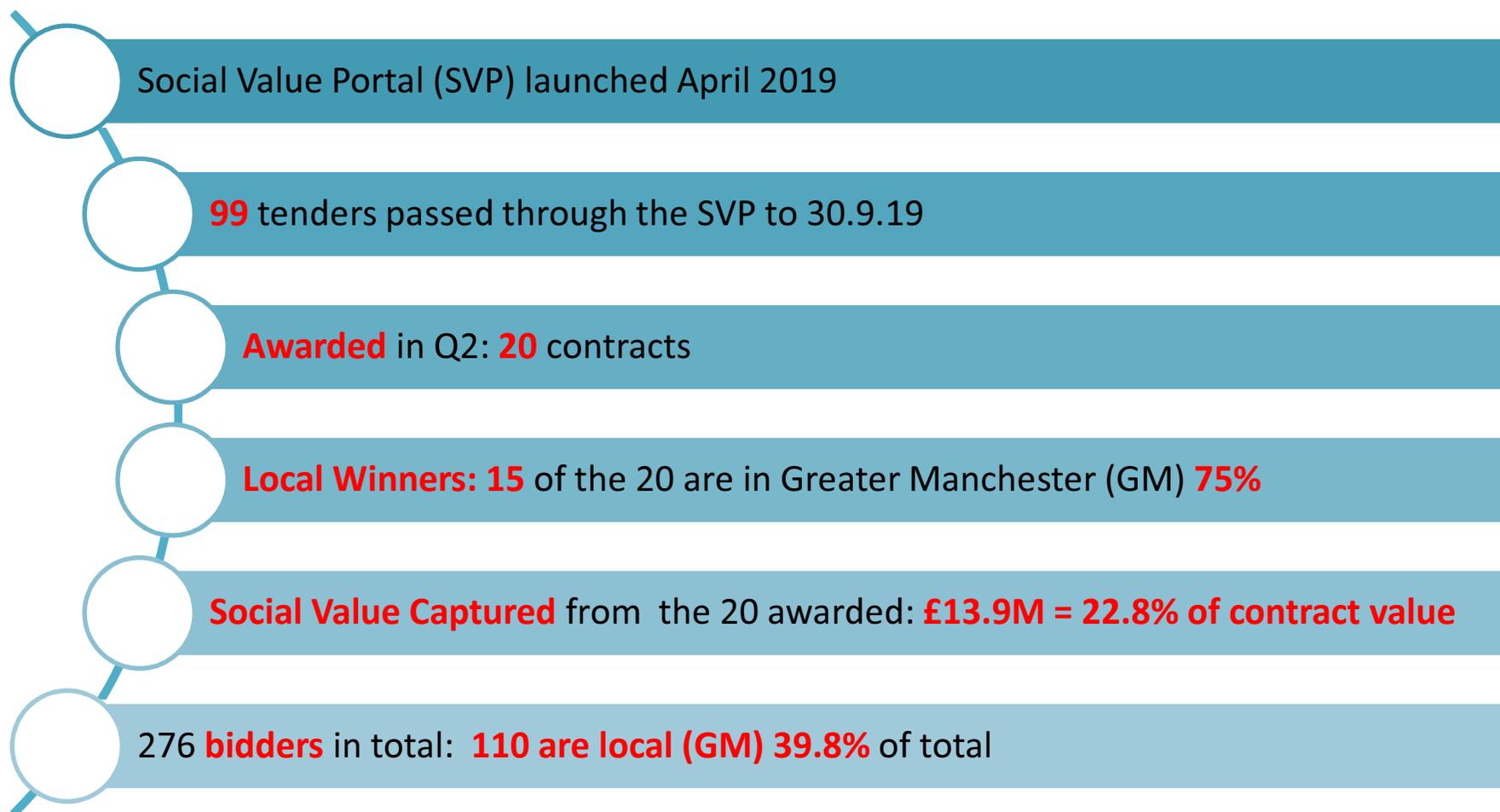


Why Social Value Portal (SVP)?

- **Online tool (linked to Chest)**
- **Easy to use**
- **Captures the bidder's offers**
- **Converts to £**
- **Captures in 38 'measures'**
- **Reports National/Regional/Local/STAR**
- **Monitoring tool to ensure delivery**
- **Bidder support**

| Theme (TOMS) | Ref | Measures - Minimum Requirements |
|---|------|---|
| 1. Jobs: Promote Local Skills and Employment | NT1 | No. of local people (FTE) employed on contract for one year or the whole duration of the contract, whichever is shorter. |
| | NT2 | % of local people employed on contract (FTE) |
| | NT3 | No. of employees (FTE) taken on who are long term unemployed (unemployed for a year or longer) |
| | NT4 | No. of employees (FTE) taken on who are not in employment, education, or training (NEETs) |
| | NT5 | No. of employees (FTE) taken on who are rehabilitating young offenders (18-24 y.o.) |
| | NT6 | No. of jobs (FTE) created for people with disabilities |
| | NT7 | No. of hours dedicated to supporting unemployed people into work by providing career mentoring, including mock interviews, CV advice, and careers guidance -(over 24 y.o.) |
| | NT8 | Local school and college visits e.g. delivering careers talks, curriculum support, literacy support, safety talks (No. hours, includes preparation time) |
| | NT9 | No. of training opportunities on contract (BTEC, City & Guilds, NVQ, HNC) that have either been completed during the year, or that will be supported by the organisation to completion in the following years - Level 2,3, or 4+ |
| | NT10 | No. of apprenticeships on the contract that have either been completed during the year, or that will be supported by the organisation to completion in the following years - Level 2,3, or 4+ |
| | NT11 | No. of hours dedicated to support young people into work (e.g. CV advice, mock interviews, careers guidance) - (under 24 y.o.) |
| | NT12 | No. of weeks spent on meaningful work placements or pre-employment course; 1-6 weeks student placements (unpaid) |
| | NT13 | Meaningful work placements that pay Minimum or National Living wage according to eligibility - 6 weeks or more (internships) |
| 2. Growth: Supporting Growth of Responsible Regional Business | NT14 | Total amount (£) spent with VCSEs within your supply chain |
| | NT15 | Provision of expert business advice to VCSEs and SMEs (e.g. financial advice / legal advice / HR advice/HSE) |
| | NT16 | Equipment or resources donated to VCSEs (£ equivalent value) |
| | NT17 | Number of voluntary hours donated to support VCSEs (excludes expert business advice) |
| | NT18 | Total amount (£) spent in LOCAL supply chain through the contract. |
| | NT19 | Total amount (£) spent through contract with LOCAL micro, small and medium enterprises (MSMEs) |
| | NT20 | Demonstrate commitment to work practices that improve staff wellbeing, recognise mental health as an issue and reduce absenteeism due to ill health. Identify time dedicated for wellbeing courses |
| | NT21 | Diversity training provided for contractors and subcontractors |
| | NT22 | Percentage of procurement contracts that includes commitments to ethical procurement, including to verify anti-slavery and other relevant requirements. |
| | NT23 | Percentage of contracts with the supply chain on which Social Value commitments, measurement and monitoring are required |
| 3. Social: Healthier, Safer and more Resilient Communities | NT24 | Initiatives aimed at reducing crime (e.g. support for local youth groups, lighting for public spaces, private security, etc.) |
| | NT25 | Initiatives to be taken to tackle homelessness (supporting temporary housing schemes, etc) |
| | NT26 | Initiatives taken or supported to engage people in health interventions (e.g. stop smoking, obesity, alcoholism, drugs, etc) or wellbeing initiatives in the community, including physical activities for adults and children. |
| | NT27 | Initiatives to be taken to support older, disabled and vulnerable people to build stronger community networks (e.g. befriending schemes, digital inclusion clubs) |
| | NT28 | Donations or in-kind contributions to local community projects (£ & materials) |
| | NT29 | No hours volunteering time provided to support local community projects |
| | NT30 | Support provided to help local community draw up their own Community Charter or Stakeholder Plan |
| 4. Environment: Protecting and Improving Our Environment | NT31 | Savings in CO2 emissions on contract not from transport (specify how these are to be achieved). |
| | NT32 | Car miles saved on the project (e.g. cycle to work programmes, public transport or car pooling programmes, etc.) |
| | NT33 | Number of low or no emission staff vehicles included on project (miles driven) |
| | NT34 | Voluntary time dedicated to the creation or management of green infrastructure, to increase biodiversity, or to keep green spaces clean |
| | NT35 | Percentage of procurement contracts that includes sustainable procurement commitments or other relevant requirements and certifications (e.g. to use local produce, reduce food waste, and keep resources in circulation longer.) |
| 5. Innovation: Promoting Social Innovation | NT36 | Other measures (£) - please describe any additional initiatives that you would like to make and £ to be invested |
| | NT37 | Other measures (hrs) - please describe any additional initiatives that you would like to make and hrs to be committed (No. expert hrs) |
| | NT38 | Other measures (hrs) - please describe any additional initiatives that you would like to make and hrs to be committed (No. voluntary hrs) |

Q2 (1.4.19-30.9.19): The STAR SVP Impact so far...



**Q2:
Examples of Output Commitments
across from the first 20 contracts:**

| <u>Total - SV per Theme Breakdown</u> | <u>Target £ SV</u> |
|--|---------------------------|
| Employment & Skills (JOBS) | £11,599,416.00 |
| Responsible, Regional Business Growth (GROWTH) | £2,083,780.00 |
| Improved Social & Community Benefits (SOCIAL) | £29,894.00 |
| Better Environment (ENVIRONMENT) | £104,971.00 |
| Social Innovation (INNOVATION) | £98,0170.00 |

JC Mills

Replacement Heating Pipework at St Gabriel's School

- **Local SME in Rochdale**
- **New to Chest and Social Value Portal**
- **SV Weighting in tender 20%**
- **Pre engagement undertaken**

£167,178.00 Social Value from a £257,617.00 contract value

64.9% added value based on what Rochdale will pay the contractor

- 2 Local People Employed on the Contract
- £150,000 spend with local supply chain
- £35,000 spend with Local SME's

GMCA – Business Case. STAR supporting this

Reporting mechanism for each Partner and case studies

Advising wider public sector – we are the ‘national pilot’

STAR presenting at two national conferences Nov 19 & Jan 20

Further wider training with clients/business/VCSE communities

| | |
|---|---|
| Savings Ratified: | £10.5K |
| Savings Yet to be Ratified (Q3): | £939k |
| Contracts Awarded: | 27 |
| Stakeholder Training: | 8 Events 102 Attendees |
| Exemptions/Modifications: | 22 |



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Agenda Item 8.

| | |
|--|---|
| Report To: | AUDIT PANEL |
| Date: | 14 November 2019 |
| Executive Member/ Reporting Officer: | Councillor Ryan, Executive Member for Finance and Economic Growth Kathy Roe – Director of Finance Wendy Poole – Head of Risk Management and Audit Services |
| Subject: | RISK MANAGEMENT AND AUDIT SERVICES PROGRESS REPORT – APRIL TO SEPTEMBER 2019 |
| Report Summary: | To advise members of the work undertaken by the Risk Management and Audit Service between April and September 2019 and to comment on the results. |
| Recommendations: | That members note the report and the performance of the Service Unit for the period April to September 2019. |
| Links to Corporate Plan: | Internal Audit supports the individual operations, which deliver the objectives within the Corporate Plan. |
| 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 statutory Section 151 Officer & Chief finance 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 2015. |
| Risk Management: | Assists in providing the necessary levels of assurance that the significant risks relating to the council's operations are being effectively managed. |
| Background 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 second progress report for the current financial year and covers the period April to September 2019.
- 1.2 The main objective of this report is to summarise the work undertaken by the Risk Management and Audit Service during the first six months of the year in respect of the Approved Plan for 2019/2020, which was presented and approved by the Audit Panel on 4 June 2019.

2. RISK MANAGEMENT AND INSURANCE

- 2.1 The Risk Management and Insurance Team provide services to the whole Council including schools. The key priorities for the team during 2019/2020 are:-
- To work with the Single Leadership Team to review the Corporate Risk Register and link it to the updated Corporate Plan Themes and Priorities.
 - To facilitate the continued implementation of the Information Governance Framework, ensuring that the Council is compliant with all Data Protection legislation.
 - Following the review of Business Continuity Plans across services, work will be concentrated on producing the Corporate Business Continuity Plan and determining how to introduce a testing regime for both service plans and the corporate plan in response to a major incident.
 - To work with our Insurance Brokers to compile all the information needed for the Insurance Tender so that the contract can be awarded by 1 April 2020.
 - To review the insurance database used to ensure it is fit for purpose and that the reporting functionality is efficient and effective.
 - 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.
 - To attend management team meetings quarterly to provide updates on insurance, information governance, risk management and business continuity.
- 2.2 Work has continued on the review of the risk management system in place across the Strategic Commission. A revised format for the Corporate Risk Register has been drafted and feedback is being sought from both Council and CCG users, including an escalation process whereby operational risks need to be flagged as a corporate risk due to issues identified. A Series of visits to Management Teams have taken place and work is now underway to produce operational risk registers.
- 2.3 An Information Governance review is ongoing to assess the Council's journey towards compliance with the General Data Protection Regulations and the Data Protection Act 2018. The outcome will be the production of a work plan that will identify the priorities for the team going forward. Further work is ongoing to identify information governance training to ensure that we meet our obligations to deliver training on an ongoing basis for all current and new employees.
- 2.4 Work in relation to Business Continuity Planning has continued during the period, to ensure that all services have robust and up to date plans in place.
- 2.5 Work has commenced in terms of the Insurance Tender, with both STAR Procurement and our Insurance Brokers AON UK Ltd, to start to compile the Tender Specification.

3. INTERNAL AUDIT OVERVIEW

3.1 The Audit Plan approved on 4 June 2019 covered the period April 2019 to March 2020 and totalled 1,515 Days. This was made up of 1,191 days on planned audits and 324 days on reactive fraud work/investigations.

3.2 Table 1 below provides a summary of progress to 30 September 2019. The Table details the Approved Planned Days, Revised Planned Days, Profiled Days and Actual Days delivered to 30 September 2019. The actual days in total are 693, compared to profiled days of 726. **Appendix 1** provides a detailed breakdown of the 2019/20 Audit Plan and shows; the Auditable Area, Planned Days, Revised Plan Days, Quarter 2 Profiled Days, Actual Days, Variance, Quarters 3/4 Profiled Days, Status and Level of Assurance/Comments.

3.3 **Table 1 – Annual Audit Plan Summary 2019/2020**

| Service Area / Directorate | Approved Plan 2019/20 | Revised Plan 2019/20 | Profiled Days To Sept 2019 | Actual Days To Sept 2019 | Sept 2019 % Complete |
|---------------------------------------|-----------------------|----------------------|----------------------------|--------------------------|----------------------|
| Children's | 80 | 86 | 51 | 47 | 92 |
| Children's Schools/Learning | 175 | 171 | 59 | 56 | 95 |
| Adults | 78 | 93 | 44 | 43 | 98 |
| Population Health | 26 | 30 | 9 | 9 | 100 |
| Growth | 66 | 61 | 12 | 12 | 100 |
| Operations and Neighbourhoods | 76 | 70 | 25 | 22 | 88 |
| Governance | 186 | 225 | 138 | 130 | 94 |
| Finance and ICT | 154 | 130 | 46 | 44 | 96 |
| Greater Manchester Pension Fund | 311 | 311 | 136 | 125 | 92 |
| Cross Cutting | 40 | 13 | 2 | 2 | 100 |
| Counter Fraud Work/Investigations | 324 | 313 | 203 | 203 | 100 |
| Total Planned Days for 2019/20 | 1,515 | 1,503 | 726 | 693 | 95 |

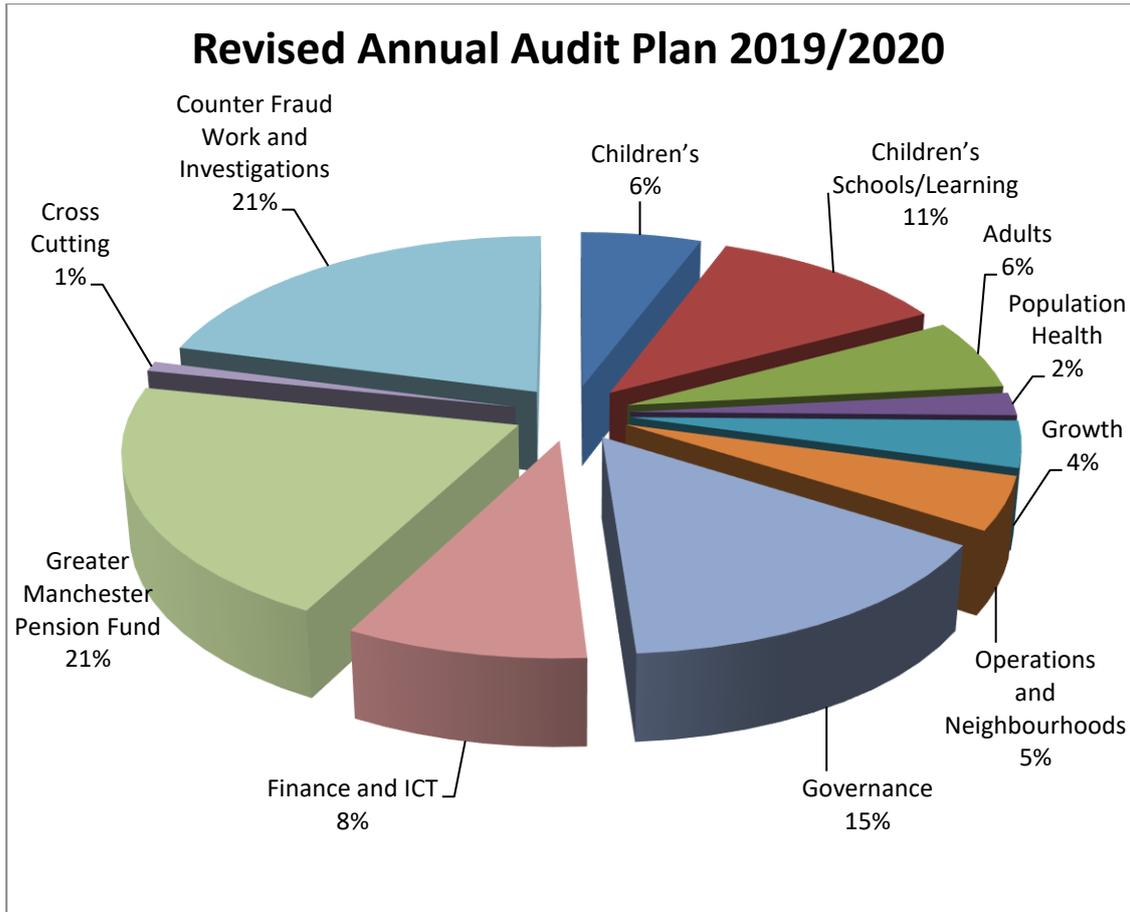
3.4 The plan has been reviewed to take into account changes that have occurred in the first six months of the year. All remaining audits have been reviewed and allocated against resources available. A number of audits in the original plan will not be completed in year due to service reviews and revised priorities identified by management as detailed in Table 2 below.

Table 2 – Rescheduled Audits

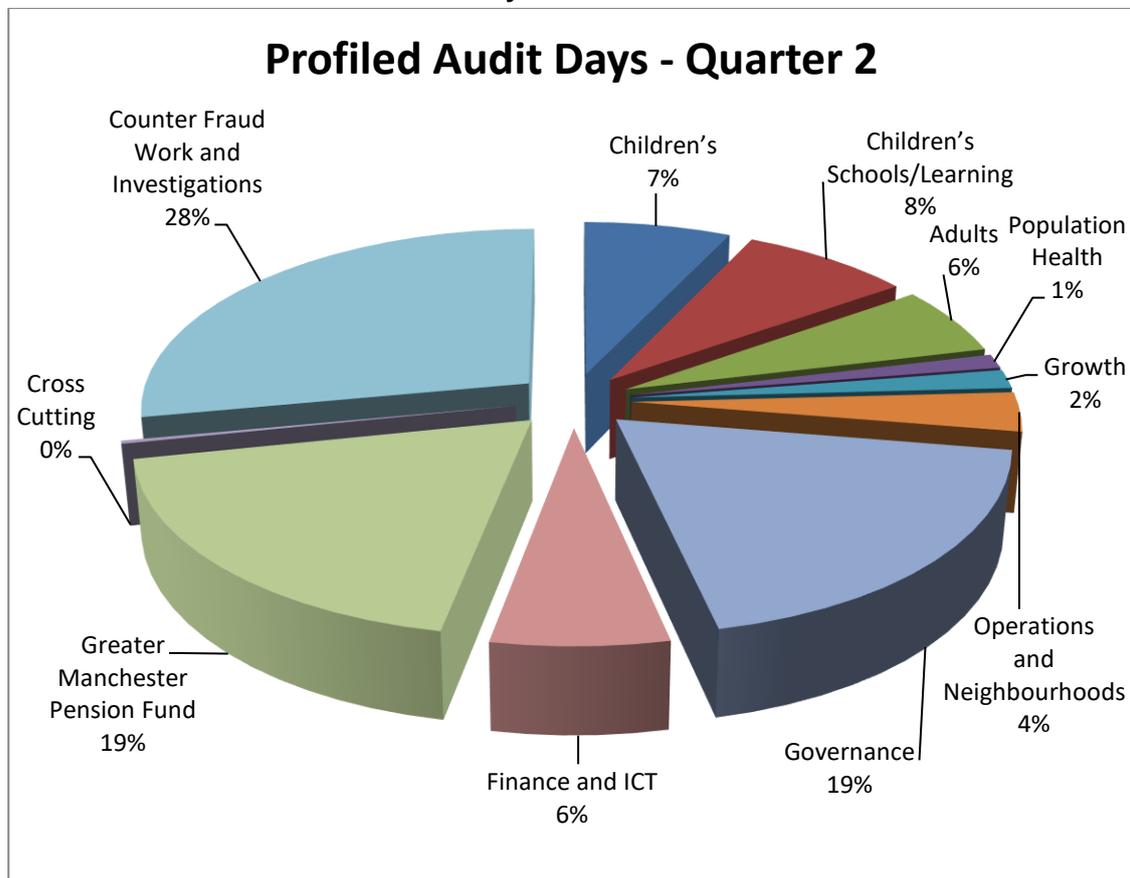
| Original Audit | New Audit |
|---|--|
| Children's Services - Post OFSTED work | Petty Cash and Purchasing Cards |
| Homelessness and Advice | Stores and Stock Control Audit |
| Deferred Payment Scheme Clients Financial Affairs - Deputyships and Appointeeships | Raising Council Tax Bills Further Work on Debtors |
| Benchmarking/KPIs | Days redistributed to support other priorities |
| Statutory Compliance | Rescheduled to next year |

3.5 The Pie Charts below present the Revised Plan for the year, the Profiled Plan for Quarter 2 and the Actual Days delivered to 30 September 2019.

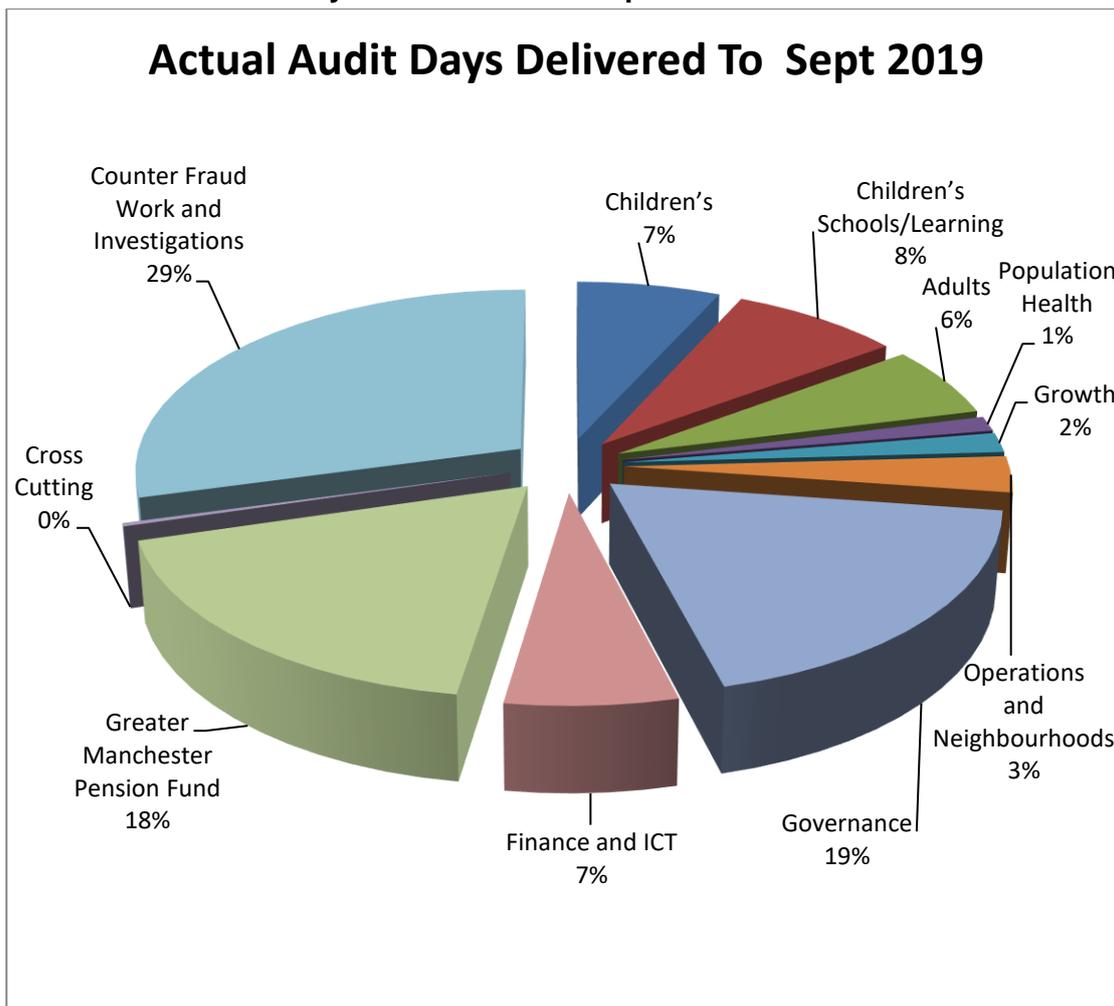
3.6 **Pie Chart 1 – Revised Annual Audit Plan 2019/2020**



3.7 **Pie Chart 2 – Profiled Audit Plan Days Quarter 2**



3.8 Pie Chart 3 – Actual Days Delivered to 30 September 2019



4. AUDIT ACTIVITY TO 30 SEPTEMBER 2019

4.1 During the first half of the year, 7 Final Reports were issued in relation to systems and risk based audits, the results of which are summarised in Table 3 below.

Table 3 – Final Reports System/Risk Based Audits 2019/20

| Opinion | Q1 | Q2 | Q3 | Q4 | Total To Date | Total for 2018/19 |
|---------------|--------------|----------|----|----|---------------|-------------------|
| High | 0 | 0 | | | 0 | 11 (9) |
| Medium | 4 (1) | 6 | | | 10 (1) | 13 (5) |
| Low | 2 | 1 | | | 3 | 6 (3) |
| Totals | 6 (1) | 7 | | | 13 (1) | 30 (17) |

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

4.2 In addition to the final reports issued above, 7 Draft Reports (3 Audits and 4 Control Reports) have been issued for management review and responses and these will be reported to the Panel in due course.

4.3 Not all work undertaken by the team generates an audit opinion and several pieces of work undertaken in the period fall into this category:-

- Investigation Control Reports and follow Ups;
- Audit of Accounts;
- Grant Assurance work;

- Assurance Checks in relation to Bank Holiday Pay;
- Deferred Payment Scheme Reconciliation Exercise;
- Assurance Work in relation to Pension Fund Data Collection System;
- New System Sign Offs; and
- Assurance work in relation to Payroll (iTrent) Self Service.

4.4 1 Final Audit Report in relation to Schools was issued during Quarter 2, the results of which are summarised in Table 4 below.

Table 4 – Final Reports Schools

| Opinion | Q1 | Q2 | Q3 | Q4 | Total To Date | Total for 2018/19 |
|---------------|----------|----------|----|----|---------------|-------------------|
| High | 0 | 0 | | | 0 | 8 |
| Medium | 2 | 1 | | | 3 | 13 |
| Low | 1 | 0 | | | 1 | 2 |
| Totals | 3 | 1 | | | 4 | 23 |

4.5 In addition to the final reports issued above, 3 Draft Reports (2 Audits and 1 Control Report) have been issued to the Schools for management review and responses and they will be reported to the Panel in due course.

4.6 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. 14 Post Audit Reviews have been completed during the period and a summary of the Post Audit Reviews completed is presented in Table 5 below and details the number of recommendations implemented. The percentage rate of recommendations implemented is currently 95%. Internal Audit was satisfied with the reasons put forward by management where the recommendations had not yet been fully implemented and there are no significant issues outstanding to report to the Panel. A further 18 Post Audit Reviews are in progress which will be reported to the Panel at a future meeting.

4.7 Table 5 – Post Audit Reviews – Recommendations Implemented

| Post Audit Reviews | Recommendations | | | Comments |
|---|-----------------|-------------|-----|---|
| | Made | Implemented | | |
| | No. | No. | % | |
| Leaving Care | 33 | 31 | 94 | Two issues in relation to the Pathway Plans are outstanding. |
| Buckton Vale Primary | 4 | 4 | 100 | |
| Mossley Hollins | 9 | 9 | 100 | |
| Information Incident Investigation Control Report | 25 | 25 | 100 | |
| Payroll Whole System | 6 | 5 | 83 | Recommendation relating to review of Administration Fees is still outstanding. |
| Procure and Pay | 31 | 19 | 61 | The majority of recommendations had either been Implemented or partially implemented. Significant improvements had been made and the service is committed to enhancing the Procure and Pay process. |
| NNDR Full System | 15 | 13 | 87 | Recommendations relating to |

| Post Audit Reviews | Recommendations | | | Comments |
|---|-----------------|-------------|-------------|---|
| | Made | Implemented | | |
| | No. | No. | % | |
| | | | | the Monitoring of Empty Properties and Bad Debt Write Offs were still in progress when the PAR was completed. |
| Unitisation | 4 | 4 | 100 | |
| Visit to Manchester CC | 3 | 3 | 100 | |
| Visit to Trafford BC | 9 | 5 | 100 | |
| Visit to Southway Housing | 8 | 8 | 100 | |
| Visit to Salford University | 3 | 3 | 100 | |
| Visit to Manchester MU | 8 | 8 | 100 | |
| Transfer of Assets from Capital International | 1 | 1 | 100 | |
| Totals | 159 | 138 | 94.6 | |

5. REVIEW OF INTERNAL AUDIT

- 5.1 The review of Internal Audit reported to the Audit Panel on 4 June 2019 highlighted that the service is fully compliant with the requirements of the Public Sector Internal Audit Standards (PSIAS).
- 5.2 The standards require a Quality Assurance and Improvement Programme to be in place and this was also presented and approved by the Audit Panel on 4 June 2019. The service developments listed in Table 6 below were included for 2019/20.

Table 6 – Service Developments 2019/20

| Developments | Progress to Date |
|---|--|
| PSIAS Standard 1130 Consider allocating the formal SIRO designation to a chief officer, even if the internal audit team continues to support the SIRO function. | A restructure of the Risk, Insurance and Information Governance Team has been approved and once appointments have been made the roles relating to Information Governance will be reassessed. |
| Consideration should be given to identifying the skills needed by the audit team to assist the Council with its current transformation programme and provide training and development opportunities to address any skills shortage. | This has been addressed as part of the Annual Development Review process with the team and will be kept under review during the year as Seminars, Workshops and Webinars become available. |
| Do internal auditors maintain a record of their professional development and training activities? | The information is currently contained in Annual Development Review Forms and the Me Learning System. An electronic training record is being developed as part of a self-service option on the Payroll/HR System iTrent. |
| To review the Post Audit Review process to consider whether the use of the Audit Management system 'Galileo' can realise any further efficiencies in the process. | This piece of work has been scheduled for the second half of the year. |

| Developments | Progress to Date |
|---|---|
| To finalise the review all fraud, bribery and corruption policies, procedures and plans etc. to ensure they are fit for purpose, seeking the appropriate approval and then consider how to effectively disseminate the information to members and officers. | Work is currently ongoing with colleagues from Legal Services and Fraud Teams across Greater Manchester to ensure policies, procedures and plans are fit for purpose. |
| To work with the Assistant Director of Finance and the Deputy Chief Finance Officer (CCG) to develop a greater understanding of the Clinical Commissioning Group's services to develop an integrated service offering. | Ongoing |
| To conduct a service review with the assistance of the Assistant Director of Finance to ensure that the staffing structure across the whole of the Risk Management and Audit Service is effective to deliver the expectations placed upon the team. | A Service Redesign Report which concentrated on the Risk, Insurance and Information Governance Team was presented to the Employer Consultation Group (ECG) on 15 October and approved. Recruitment is now underway. |

6 IRREGULARITIES/COUNTER FRAUD WORK

- 6.1 Fraud, irregularity and whistle-blowing investigations are conducted by two members of the Internal Audit Team (one is currently on Maternity Leave) 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 reported to the Monitoring Officer and the Section 151 Officer on a regular basis for challenge and comment and where appropriate further guidance and direction is provided. Liaison with Legal Services takes place on a case by case basis.
- 6.3 Ongoing 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. This work can range from analysing expenditure records, internet usage, identification of undeclared assets and assisting other organisations to progress their investigations.
- 6.4 The number of cases investigated during the period April to September 2019 is summarised in Table 7 below.

Table 7 – Investigations Undertaken from April to September 2019

| Detail | No. of Cases |
|---------------------------------|--------------|
| Cases B/Forward from 2018/2019 | 8 |
| Current Year Referrals | 3 |
| Total | 11 |
| Cases Closed | 3 |
| Cases Still under Investigation | 8 |
| Total | 11 |
| Assistance Cases | 12 |

6.5 The above investigations can be categorised by fraud type as shown in Table 8 below.

Table 8 – Investigations by Fraud Type

| Fraud Type | No. of Cases | Value of Fraud £ | Recovered To Date £ | Potential Annual Savings £ |
|----------------------------------|--------------|------------------|-----------------------|----------------------------|
| Adult Social Care | 6 | 2,799 | 1,013 | 81,574 |
| Business Rate | 1 | 7,572 | Investigation Ongoing | |
| Procurement | 1 | N/A | N/A | N/A |
| Misappropriation of Public Funds | 2 | 44,281 | 2,370 | N/A |
| Pension | 1 | 5,644 | Investigation Ongoing | |
| Total | 11 | 60,296 | 3,383 | 81,574 |

6.6 The data sets for the National Fraud Initiative (NFI) 2018 Exercise were uploaded in October 2018 and the initial matches identified for Tameside were received in February 2019. However, the website is refreshed on an ongoing basis as matches are added. Table 9 below provides a summary of the key matches identified and the savings/errors highlighted to date. Further updates will be provided to the Audit Panel as investigations are progressed.

Table 9 – National Fraud Initiative (NFI) Findings

| NFI Data Set | NFI Report Ref. | Total Number of Matches | Report Match Rating | Comments | | |
|--|-----------------|-------------------------|---------------------|-----------|-------------|-------------------------------|
| | | | | Processed | In Progress | No. of Error/Frauds and Value |
| Pensions to DWP Deceased Persons | 52 | 897 | High | | 897 | |
| Pensions to Payroll | 54, 55 and 56 | 2,151 | High | | 2,151 | |
| Deferred Pensions to DWP Deceased | 53 | 145 | High | | 145 | |
| Housing Benefits to Student Loans | 2 | 31 | High | 5 | 26 | 1 Error £4,874 |
| Housing Benefits Claimants to DWP Deceased | 49.1 | 82 | High | 39 | 43 | |
| Housing Benefit Claimants to Pensions | 13.1 14.1 | 496 | High | 8 | 488 | 2 Errors £3,972 |
| Council Tax Reduction Scheme to Pensions | 435.1 436.1 | 783 | High | | 783 | |
| Council Tax Reduction Scheme to Payroll | 435 436 | 82 | High | | 82 | |
| Personal Budgets to DWP Deceased | 400.1 | 2 | High | 2 | | |
| Blue Badge to DWP Deceased | 172.1 | 34 | High | 34 | | 13 Errors £7,475 |
| Private Residential Care Homes to DWP Deceased | 173 | 50 | High | 50 | | |
| Personal Budgets to Pensions | 415 | 12 | High | 12 | | 1 Fraud £321 |
| Housing Benefit Claimants to Taxi Drivers | 47.5 | 2 | Low | 2 | | 1 Error £1,511 |

| NFI Data Set | NFI Report Ref. | Total Number of Matches | Report Match Rating | Comments | | |
|---|-----------------|-------------------------|---------------------|------------|--------------|---|
| | | | | Processed | In Progress | No. of Error/Frauds and Value |
| Council Tax Reduction to HMRC Earnings and Capital | 483.1 | 41 | High | 28 | 13 | 2 Errors £5,130 |
| Housing Benefit Claimants to HMRC Household Composition | 484.2 | 155 | High | 112 | 43 | 1 Error £174 |
| Totals | | 4,963 | | 292 | 4,671 | 20 Errors £15,661 1 Fraud £321 |

6.7 The Blue Badge saving of £7,475 is based on a notional figure of £575 per blue badge error, which is provided by the Cabinet Office and represents the estimated loss of income.

7 NATIONAL ANTI FRAUD NETWORK DATA AND INTELLIGENCE SERVICES

7.1 NAFN exists to support members in the protection of the public purse. The service provides a single point of contact for members assisting them in the acquisition of data and intelligence to support fraud investigations, enforcement action and debt recovery. It is important to note that the number of local authorities in England has reduced by 11 due to mergers, despite this, membership remains strong. A breakdown of the membership is provided in Table 10 below:-

Table 10 – NAFN Membership

| Member Type | Sept 2019 | June 2019 | Target | % | % Increase (Decrease) |
|----------------------|------------|------------|----------|----------|-----------------------|
| Local Authorities | 350 | 351 | 408 | 86 | (0.3) |
| Housing Associations | 58 | 56 | N/A | - | 3.5 |
| Other Public Bodies | 15 | 15 | N/A | - | - |
| Totals | 423 | 422 | - | - | 0.2 |
| Registered Users | 13,058 | 12,854 | N/A | - | 1.6 |

7.2 The number of requests received during Quarter 2 2019/20 as detailed in Table 11 below has increased overall by 7% from the same period in the previous year. The significant increase in the number of communication data requests (60%) was due to the commencement of the Investigatory Powers Act, in June 2019. This saw the introduction of an independent authorisation body, Office for Communications Data Authorisation (OCDA) and removed the need for local authorities to obtain judicial approval when seeking to acquire communications data.

7.3 The sharp decline in the intake of Authorised Officers requests is concerning and there may be a number of reasons for this reduction. Further investigations are required with members to determine whether this is a short or long-term trend. Encouragingly, Type B (Online) request continue to grow steadily, up 20% from the previous year.

7.4 **Table 11 – NAFN Requests Received**

| Type of Request | 2019/20 Apr-Sep | 2018/19 Apr-Sep | 2018/19 Full Year | % Increase (Decrease) |
|--------------------------|--------------------|--------------------|-------------------------|--------------------------|
| General Data Protection | 13,352 | 17,687 | 33,530 | (17) |
| DVLA | 7,600 | 7,914 | 15,584 | (4) |
| Investigatory Powers Act | 849 | 532 | 1,032 | 60 |
| Authorised Officers | 3,518 | 6,062 | 12,108 | (42) |
| Type B (Online) | 82,365 | 68,446 | 152,762 | 20 |
| Grand Total | 107,684 | 100,641 | 215,016 | 7 |

7.5 Following the appointment of a full time Project Manager the Team has been able to complete a number of service improvement projects. The National Auto Number Plate Recognition Service offered by NAFN is now available to members. Local authorities are now using the National Register of Taxi Licence Revocations and Refusals database which has been delivered in partnership with the LGA. The National Sanction Information Database used by trading standards has been enhanced to better support their regional intelligence units.

7.6 Strategically, NAFN has been invited to join the Government Counter Fraud Profession Advisory Panel. Working with the Home Office, NAFN has completed the roll out of the Investigatory Powers Act including communications, guidance and training for NAFN members.

7.7 The NAFN Leadership Team is now at full strength enabling further service improvements to be identified and delivered. In July, the team relocated to new premises in Rycroft Hall, Audenshaw. The new offices provide better facilities to run the service, host meetings and deliver training. The team is working hard preparing for the NAFN Annual Conference to be held in London in November.

8 **RECOMMENDATIONS**

8.1 As set out on the front of the report.

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INTERNAL AUDIT PLAN ACTIVITY REPORT AS AT 30 SEPTEMBER 2019

| Auditable Area | Planned Days 2019/20 | Revised Plan 2019/20 | Quarter 2 Profiled Plan | Actual Days (Sept 19) | Variance Based On Quarter 2 | Q3/Q4 Planned Days | Status | Level of Assurance/ Comments |
|---|-------------------------|-------------------------|-------------------------------|--------------------------|-----------------------------------|--------------------------|---|---------------------------------|
| CHILDREN'S | | | | | | | | |
| Troubled Families | 10 | 13 | 13 | 12 | -1 | 1 | Draft Report Issued | |
| Budgetary Control and Financial Management | 15 | 20 | 20 | 19 | -1 | 1 | Work In Progress | |
| Procurement of Placements for Children | 15 | 20 | 0 | 0 | 0 | 20 | Q4 | |
| Children's Services - Post OFSTED work | 10 | 0 | 0 | 0 | 0 | 0 | Days Used for Petty Cash/Purchasing Cards Audit | |
| Use of Petty Cash and Purchasing Cards | 0 | 10 | 0 | 0 | 0 | 10 | Q3 | |
| Special Education Needs and Disability (SEND) (2018/19) | 2 | 4 | 4 | 4 | 0 | 0 | Completed | |
| PAR - St Lawrence Road Control Report (2018/19) | 1 | 0 | 0 | 0 | 0 | 0 | Covered in Children's Home Audit | |
| PAR - Leaving Care (B/F 2018/19) | 1 | 3 | 3 | 3 | 0 | 0 | Completed | |
| PAR - Safeguarding | 2 | 2 | 2 | 1 | -1 | 1 | Work in Progress | |
| PAR - Control Report - Information Incident Investigation | 1 | 1 | 1 | 0 | -1 | 1 | Work In Progress | |
| Control Report - Information Incident | 0 | 2 | 2 | 1 | 0 | 0 | Draft Report Issued | |
| PAR - Children's Homes | 2 | 2 | 2 | 1 | -1 | 1 | Work In Progress | |
| Planning and Control | 6 | 6 | 4 | 4 | 0 | 2 | Ongoing | |
| Advice and Support | 2 | 2 | 1 | 1 | 0 | 1 | Ongoing | |
| Post Audit Reviews | 14 | 0 | 0 | 0 | 0 | 0 | Allocated as Post Audit Reviews are undertaken | |
| PAR - Use of Electronic Signatures | 0 | 2 | 0 | 0 | 0 | 2 | Q3 | |
| TOTAL FOR CHILDREN'S | 80 | 86 | 51 | 47 | -5 | 39 | | |

| | | | | | | | | |
|---|----|----|---|---|----|---|---------------------|--------|
| SCHOOLS | | | | | | | | |
| Hollingworth Primary & Nursery | 6 | 6 | 0 | 0 | 0 | 6 | Q4 | |
| Arundale Primary & Nursery | 6 | 6 | 0 | 0 | 0 | 6 | Q3 | |
| Lyndhurst Primary & Nursery | 6 | 6 | 0 | 0 | 0 | 6 | Q3 | |
| Wild Bank Primary & Nursery | 6 | 6 | 0 | 0 | 0 | 6 | Q4 | |
| The Heys Primary School | 6 | 6 | 5 | 5 | 0 | 1 | Draft Report Issued | |
| Fairfield Road Primary and Nursery | 6 | 6 | 0 | 0 | 0 | 6 | Q4 | |
| Greswell Primary & Nursery | 6 | 6 | 0 | 0 | 0 | 6 | Q4 | |
| St Georges C E Primary - Hyde | 6 | 6 | 0 | 0 | 0 | 6 | Q3 | |
| St Peters C E Primary | 6 | 6 | 6 | 6 | 0 | 0 | Draft Report Issued | |
| St Stephens C E Primary Audenshaw | 6 | 6 | 0 | 0 | 0 | 6 | Q3 | |
| Canon Burrows C E Primary | 6 | 6 | 0 | 0 | 0 | 6 | Q3 | |
| St Stephens R C Primary Droylsden | 6 | 6 | 0 | 0 | 0 | 6 | Q4 | |
| St Christopher's R C Primary | 6 | 6 | 6 | 6 | 0 | 0 | Final Report Issued | Medium |
| Lady Of Mount Carmel | 6 | 6 | 0 | 0 | 0 | 6 | Q4 | |
| Oakdale (2 Sited School) | 6 | 6 | 0 | 0 | 0 | 6 | Q3 | |
| Denton Community College | 10 | 12 | 8 | 6 | -2 | 6 | Work In progress | |
| Pupil Referral Service | 10 | 10 | 1 | 1 | 0 | 9 | Work In progress | |
| PAR - Holden Clough Primary and Nursery | 2 | 2 | 2 | 2 | 0 | 0 | Completed | |

INTERNAL AUDIT PLAN ACTIVITY REPORT AS AT 30 SEPTEMBER 2019

| Auditable Area | Planned Days 2019/20 | Revised Plan 2019/20 | Quarter 2 Profiled Plan | Actual Days (Sept 19) | Variance Based On Quarter 2 | Q3/Q4 Planned Days | Status | Level of Assurance/ Comments |
|--|-------------------------|-------------------------|-------------------------------|--------------------------|-----------------------------------|--------------------------|--|---------------------------------|
| PAR - St. Anne's Primary, Denton | 2 | 1 | 1 | 1 | 0 | 0 | Completed | |
| PAR - St Johns C E Primary | 2 | 1 | 1 | 1 | 0 | 0 | Completed | |
| PAR - Stalyhill Infants | 2 | 1 | 1 | 1 | 0 | 0 | Completed | |
| PAR - Gorse Hall Primary and Nursery | 2 | 1 | 1 | 1 | 0 | 0 | Completed | |
| PAR - St Thomas More R C College (2018/19) | 2 | 1 | 1 | 1 | 0 | 0 | Completed | |
| PAR - Buckton Vale Primary | 1 | 1 | 1 | 1 | 0 | 0 | Completed | |
| PAR - St Josephs R C Primary and Nursery | 1 | 1 | 1 | 0 | 0 | 1 | Work In progress | |
| PAR - Broadbottom C E Primary | 1 | 1 | 1 | 0 | 0 | 1 | Work In progress | |
| PAR - Corrie Primary and Nursery | 1 | 1 | 0 | 0 | 0 | 1 | Q3 | |
| PAR - St John-Fisher R C Primary | 2 | 2 | 0 | 0 | 0 | 2 | Q3 | |
| PAR - Mottram C E Primary | 1 | 1 | 1 | 0 | 0 | 1 | Work In progress | |
| PAR - Ravensfield Primary | 1 | 1 | 1 | 0 | 0 | 1 | Work In progress | |
| PAR - Micklehurst Primary | 1 | 1 | 1 | 1 | 0 | 0 | Work In progress | |
| Mossley Hollins High - Grant Claim - Assurance Work | 2 | 2 | 2 | 2 | 0 | 0 | Completed | |
| St Marys C E Infant & Nursery Droylsden (2018/19) | 1 | 1 | 1 | 1 | 0 | 0 | Final Report Issued | Reported in 2018/19 |
| Holy Trinity C E Primary (2018/19) | 1 | 1 | 1 | 1 | 0 | 0 | Final Report Issued | Reported in 2018/19 |
| St John-Fisher R C Primary (2018/19) | 1 | 1 | 1 | 1 | 0 | 0 | Final Report Issued | Low |
| Samuel Laycock School (2018/19) | 1 | 1 | 1 | 1 | 0 | 0 | Final Report Issued | Medium |
| Cromwell High School (2018/19) | 1 | 1 | 1 | 1 | 0 | 0 | Final Report Issued | Medium |
| Payroll Schools incl. Third Party Providers (2018/19) | 5 | 5 | 5 | 5 | 0 | 0 | Final Report Issued | Medium |
| Pinfold Primary and Nursery - Control Report (2018/19) | 1 | 1 | 1 | 0 | -1 | 1 | Draft Report Issued | |
| PAR - Mossley Hollins High (2018/19) | 2 | 2 | 2 | 2 | 0 | 0 | Completed | |
| PAR - Holy Trinity C E Gee Cross (2018/19) | 1 | 1 | 1 | 1 | 0 | 0 | Work In progress | |
| Planning and Control | 10 | 10 | 5 | 5 | 0 | 5 | Ongoing | |
| Advice and Support | 10 | 10 | 2 | 2 | 0 | 8 | Ongoing | |
| Post Audit Reviews | 12 | 0 | 0 | 0 | 0 | 0 | Allocated as Post Audit Reviews are undertaken | |
| PAR Cromwell High School | 0 | 1 | 0 | 0 | 0 | 1 | Q3/4 | |
| PAR Samuel Laycock | 0 | 1 | 0 | 0 | 0 | 1 | Q3/4 | |
| PAR St John Fisher | 0 | 2 | 0 | 0 | 0 | 2 | Q3/4 | |
| PAR Holy Trinity C E Primary | 0 | 1 | 0 | 0 | 0 | 1 | Q3/4 | |
| PAR St Christopher's R C Primary | 0 | 1 | 0 | 0 | 0 | 1 | Q3/4 | |
| PAR Payroll Schools incl. Third Party Providers | 0 | 1 | 0 | 0 | 0 | 1 | Q3/4 | |
| PAR - SEND Recoupment of Monies Consultancy Review | 0 | 1 | 0 | 0 | 0 | 1 | Q3/4 | |
| TOTAL FOR SCHOOLS | 175 | 171 | 59 | 56 | -4 | 115 | | |

INTERNAL AUDIT PLAN ACTIVITY REPORT AS AT 30 SEPTEMBER 2019

| Auditable Area | Planned Days 2019/20 | Revised Plan 2019/20 | Quarter 2 Profiled Plan | Actual Days (Sept 19) | Variance Based On Quarter 2 | Q3/Q4 Planned Days | Status | Level of Assurance/ Comments |
|--|-------------------------|-------------------------|-------------------------------|--------------------------|-----------------------------------|--------------------------|--|---------------------------------|
| ADULTS | | | | | | | | |
| Home Care | 15 | 15 | 0 | 0 | 0 | 15 | Q4 | |
| Homemaker Service | 15 | 20 | 20 | 20 | 0 | 0 | Final Report Issued | Medium |
| Nursing/Residential Home Arrangements/Payments | 15 | 15 | 2 | 2 | 0 | 13 | Work In Progress | |
| Integrated Urgent Care Team (2018/19) | 1 | 1 | 1 | 1 | 0 | 0 | Final Report Issued | Medium |
| Locality Teams Care Management (2018/19) | 3 | 11 | 11 | 11 | 0 | 0 | Final Report Issued | Medium |
| PAR - Learning Disabilities Client Accounts | 1 | 1 | 1 | 1 | 0 | 0 | Completed | |
| PAR - Community Response | 2 | 2 | 2 | 2 | 0 | 0 | Work In Progress | |
| PAR - Integrated Urgent Care Team | 2 | 3 | 2 | 1 | 0 | 1 | Work In Progress | |
| Control Report - Integrated Urgent Care Team (2018/19) | 2 | 2 | 2 | 2 | 0 | 0 | Final Report Issued | N/A |
| Planning and Control | 5 | 5 | 3 | 2 | 0 | 3 | Ongoing | |
| Advice and Support | 10 | 10 | 2 | 2 | 0 | 8 | Ongoing | |
| Post Audit Reviews | 9 | 0 | 0 | 0 | 0 | 0 | Allocated as Post Audit Reviews are undertaken | |
| PAR - Control Report - Information Incident | 0 | 2 | 0 | 0 | 0 | 2 | Q3 | |
| PAR - Control Report - Misappropriation of Monies | 0 | 2 | 0 | 0 | 0 | 2 | Q3 | |
| PAR - Locality Teams Care Management | 0 | 2 | 0 | 0 | 0 | 2 | Q4 | |
| PAR - Control Report - Integrated Care Team | 0 | 2 | 0 | 0 | 0 | 2 | Q4 | |
| PAR - Control Report - Misappropriation of Monies | 0 | 2 | 0 | 0 | 0 | 2 | Q4 | |
| PAR - Information Security Incident | 0 | 2 | 0 | 0 | 0 | 2 | Q4 | |
| TOTAL FOR ADULTS | 78 | 93 | 44 | 43 | -1 | 50 | | |

| | | | | | | | | |
|--|-----------|-----------|----------|----------|----------|-----------|--|-----|
| POPULATION HEALTH | | | | | | | | |
| Active Tameside | 15 | 15 | 0 | 0 | 0 | 15 | Q3/4 | |
| Health Visiting Service (2018/19) | 3 | 4 | 4 | 4 | 0 | 0 | Final Report Issued | Low |
| PAR - Information Investigation Control Report (2018/19) | 3 | 5 | 5 | 5 | 0 | 0 | Completed | |
| Planning and Control | 3 | 3 | 1 | 0 | 0 | 3 | Ongoing | |
| Advice and Support | 1 | 1 | 0 | 0 | 0 | 1 | Ongoing | |
| Post Audit Reviews | 2 | 0 | 0 | 0 | 0 | 0 | Allocated as Post Audit Reviews are undertaken | |
| PAR - Health Visiting Service | 0 | 2 | 0 | 0 | 0 | 2 | Q3/4 | |
| TOTAL FOR POPULATION HEALTH | 26 | 30 | 9 | 9 | 0 | 21 | | |

| | | | | | | | | |
|---|----|----|---|---|---|----|------------------|--|
| GROWTH | | | | | | | | |
| Capital Projects | 15 | 15 | 8 | 7 | 0 | 8 | Work In Progress | |
| Inspired Spaces - Monitoring Of The Catering Contract | 15 | 15 | 0 | 0 | 0 | 15 | Q4 | |
| Hattersley Collaboration Agreement | 6 | 6 | 0 | 0 | 0 | 6 | Q3 | |
| Planning Process (2018/19) | 12 | 12 | 1 | 1 | 0 | 11 | Work In Progress | |
| Hattersley Collaboration Agreement (2018/19) | 1 | 1 | 1 | 1 | 0 | 0 | Completed | |
| PAR - Section 106 Agreements and Levies (2018/19) | 2 | 2 | 0 | 0 | 0 | 2 | Q3/4 | |

INTERNAL AUDIT PLAN ACTIVITY REPORT AS AT 30 SEPTEMBER 2019

| Auditable Area | Planned Days 2019/20 | Revised Plan 2019/20 | Quarter 2 Profiled Plan | Actual Days (Sept 19) | Variance Based On Quarter 2 | Q3/Q4 Planned Days | Status | Level of Assurance/ Comments |
|--|-------------------------|-------------------------|-------------------------------|--------------------------|-----------------------------------|--------------------------|--|---------------------------------|
| George Byron Trust Audit of Accounts | 0 | 1 | 1 | 0 | 0 | 1 | Work In Progress | |
| Planning and Control | 5 | 5 | 1 | 1 | 0 | 4 | Ongoing | |
| Advice and Support | 3 | 3 | 1 | 1 | 0 | 2 | Ongoing | |
| Post Audit Reviews | 8 | 0 | 0 | 0 | 0 | 0 | Allocated as Post Audit Reviews are undertaken | |
| PAR - Hattersley Collaboration Agreement | 0 | 2 | 0 | 0 | 0 | 2 | Q3 | |
| TOTAL FOR GROWTH | 66 | 61 | 12 | 12 | -1 | 50 | | |

| OPERATIONS AND NEIGHBOURHOODS | | | | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|-----------|--|-----|
| Homelessness and Advice | 15 | 0 | 0 | 0 | 0 | 0 | To Be Rescheduled see Stores and Stock Audit | |
| Local Authority Bus Subsidy Grant | 2 | 1 | 1 | 1 | 0 | 0 | Completed | |
| Audit of Final Accounts | 10 | 10 | 0 | 0 | 0 | 10 | Q4 | |
| Provision of the Integrated Transport Service (2018/19) | 2 | 0 | 0 | 0 | 0 | 0 | Final Report Issued | Low |
| Youth Service (2018/19) | 1 | 2 | 2 | 2 | 0 | 0 | Final Report Issued | Low |
| Control Report - Theft at Droylsden Library (2018/19) | 1 | 1 | 1 | 1 | 0 | 0 | Completed | |
| Control Report - Youth Service (2018/19) | 2 | 0 | 0 | 0 | 0 | 0 | Completed | |
| Control Report - Facilities Management (2018/19) | 4 | 5 | 5 | 4 | 0 | 0 | Draft Report Issued | |
| Control Report - Thefts at Tame Street (2018/19) | 1 | 0 | 0 | 0 | 0 | 0 | Completed | |
| Control Report - Waste Services (2018/19) | 3 | 3 | 3 | 3 | 0 | 0 | Completed | |
| System Sign Off - Accident Reporting System (2018/19) | 5 | 5 | 1 | 1 | 0 | 4 | Work In Progress | |
| Welfare Rights - System Sign Off | 0 | 5 | 0 | 0 | 0 | 5 | Q3 | |
| Stores and Stock Control | 0 | 15 | 4 | 4 | 0 | 11 | Work In Progress | |
| Disabled Facilities Grant | 2 | 2 | 2 | 1 | 0 | 0 | Work in Progress | |
| PAR - Control Report Droylsden Library Thefts | 0 | 2 | 2 | 0 | -1 | 1 | Work In Progress | |
| PAR - Youth Service | 0 | 2 | 1 | 0 | 0 | 2 | Work In Progress | |
| PAR - Control Report Thefts at Tame Street Garage | 0 | 2 | 1 | 1 | 0 | 1 | Work In Progress | |
| Planning and Control | 6 | 6 | 1 | 1 | 0 | 5 | Ongoing | |
| Advice and Support | 8 | 3 | 3 | 2 | 0 | 1 | Ongoing | |
| Post Audit Reviews | 15 | 0 | 0 | 0 | 0 | 0 | Allocated as Post Audit Reviews are undertaken | |
| PAR - Integrated Transport Service | 0 | 3 | 0 | 0 | 0 | 3 | Q4 | |
| PAR - Youth Service Control Report | 0 | 2 | 0 | 0 | 0 | 2 | Q4 | |
| PAR - Control Report - Waste Services | 0 | 2 | 0 | 0 | 0 | 2 | Q4 | |
| PAR - Control Report - Thefts at Tame Street | 0 | 2 | 0 | 0 | 0 | 2 | Q3/4 | |
| TOTAL FOR OPERATIONS AND NEIGHBOURHOODS | 76 | 70 | 25 | 22 | -3 | 48 | | |

INTERNAL AUDIT PLAN ACTIVITY REPORT AS AT 30 SEPTEMBER 2019

| Auditable Area | Planned Days 2019/20 | Revised Plan 2019/20 | Quarter 2 Profiled Plan | Actual Days (Sept 19) | Variance Based On Quarter 2 | Q3/Q4 Planned Days | Status | Level of Assurance/ Comments |
|--|-------------------------|-------------------------|-------------------------------|--------------------------|-----------------------------------|--------------------------|--|---------------------------------|
| GOVERNANCE | | | | | | | | |
| Softbox | 15 | 15 | 4 | 4 | 0 | 11 | Work in Progress | |
| Deferred Payment Scheme | 10 | 0 | 0 | 0 | 0 | 0 | Rescheduled | |
| Review of Financial Systems - Housing Benefits | 15 | 15 | 2 | 1 | 0 | 14 | Work in Progress | |
| Clients Financial Affairs - Deputyships and Appointeeships | 10 | 0 | 0 | 0 | 0 | 0 | Rescheduled | |
| Health Assessments LAC | 15 | 17 | 13 | 13 | 0 | 4 | Work in Progress | |
| ICS Data Checks | 15 | 10 | 0 | 0 | 0 | 10 | Q4 | |
| iTRENT Self Service | 10 | 10 | 8 | 8 | 0 | 2 | Work in Progress | |
| GMPF Annual Return - Compliance Checks | 4 | 6 | 6 | 6 | 0 | 0 | Completed | |
| External Audit Checks - Payroll | 10 | 10 | 0 | 0 | 0 | 10 | Q4 | |
| Registrars Financial Audit | 5 | 4 | 0 | 0 | 0 | 4 | Q3 and Q4 | |
| Members Allowances - Publication | 3 | 3 | 3 | 3 | 0 | 0 | Completed | |
| Car Allowances Annual Review | 2 | 2 | 0 | 0 | 0 | 2 | Q3 | |
| Revised Pay Structure | 4 | 4 | 4 | 4 | 0 | 0 | Completed | |
| Control Report - NNDR Refund Fraud | 0 | 3 | 3 | 3 | 0 | 0 | Draft Report issued | |
| Control Report - Raising Council Tax Bills | 0 | 15 | 15 | 13 | -2 | 2 | Work in Progress | |
| Review of Bank Holiday Pay | 0 | 10 | 5 | 5 | 0 | 5 | Work in Progress | |
| PAR - Council Tax Full System | 2 | 4 | 3 | 3 | 0 | 1 | Work in Progress | |
| PAR - Payroll Whole System (2018/19) | 1 | 1 | 1 | 1 | 0 | 0 | Completed | |
| Determination and Recovery of Adult Charges (2018/19) | 11 | 15 | 15 | 13 | -2 | 2 | Work in Progress | |
| Debtors Full System (2018/19) | 4 | 18 | 8 | 7 | -1 | 11 | Work in Progress | |
| Deferred Pay Scheme Reconciliation Exercise (2018/19) | 2 | 3 | 3 | 3 | 0 | 0 | Final Report Issued | N/A |
| System Sign Off - Complaints System (2018/19) | 5 | 5 | 5 | 2 | -4 | 4 | Work in Progress | |
| System Sign Off - Midland iTrent re iConnect | 0 | 2 | 0 | 0 | 0 | 2 | Q4 | |
| Apprenticeship Levy (2018/19) | 1 | 1 | 1 | 1 | 0 | 0 | Final Report Issued | Medium |
| Liquid Logic (2018/19) | 1 | 1 | 1 | 1 | 0 | 0 | Final Report Issued | Medium |
| Agresso Upgrade - Sign Off (2018/19) | 1 | 1 | 1 | 1 | 0 | 0 | Completed | |
| Social Media Controls (2018/19) | 1 | 4 | 4 | 4 | 0 | 0 | Final Report Issued | Medium |
| PAR - Procure and Pay (2018/19) | 4 | 7 | 7 | 7 | 0 | 0 | Completed | |
| PAR - DBS Procedures (2018/19) | 1 | 1 | 1 | 1 | 0 | 0 | Completed | |
| PAR - NNDR Full System (2018/19) | 1 | 1 | 1 | 1 | 0 | 0 | Completed | |
| Planning and Control | 10 | 8 | 4 | 4 | 0 | 4 | Ongoing | |
| Advice and Support | 11 | 25 | 22 | 22 | 0 | 3 | Ongoing | |
| Post Audit Reviews | 15 | 0 | 0 | 0 | 0 | 0 | Allocated as Post Audit Reviews are undertaken | |
| PAR Apprenticeship Levy | 0 | 1 | 0 | 0 | 0 | 1 | Q3/4 | |
| PAR - Management of Social Media | 0 | 1 | 0 | 0 | 0 | 1 | Q3/4 | |
| PAR - Liquid Logic | 0 | 1 | 0 | 0 | 0 | 1 | Q3/4 | |
| PAR - Determination and Recovery of Adult Charges | 0 | 3 | 0 | 0 | 0 | 3 | Q3/4 | |
| TOTAL FOR GOVERNANCE | 186 | 225 | 138 | 130 | -8 | 95 | | |

INTERNAL AUDIT PLAN ACTIVITY REPORT AS AT 30 SEPTEMBER 2019

| Auditable Area | Planned Days 2019/20 | Revised Plan 2019/20 | Quarter 2 Profiled Plan | Actual Days (Sept 19) | Variance Based On Quarter 2 | Q3/Q4 Planned Days | Status | Level of Assurance/ Comments |
|---|-------------------------|-------------------------|-------------------------------|--------------------------|-----------------------------------|--------------------------|--|---------------------------------|
| FINANCE | | | | | | | | |
| Procurement | 20 | 5 | 0 | 0 | 0 | 5 | Q3 | |
| Income Management | 10 | 11 | 10 | 10 | 0 | 1 | Draft Report Issued | |
| General Ledger and Budgetary Control | 15 | 15 | 0 | 0 | 0 | 15 | Q4 | |
| Information Governance | 15 | 15 | 0 | 0 | 0 | 15 | Q4 | |
| ICT Business Continuity and Disaster Recovery | 20 | 10 | 0 | 0 | 0 | 10 | Q4 | |
| Network Security | 15 | 15 | 0 | 3 | 3 | 12 | Work In Progress | |
| 3rd Party Access | 10 | 10 | 10 | 9 | -1 | 1 | Work In Progress | |
| External Audit Checks - General Expenditure | 10 | 10 | 0 | 0 | 0 | 10 | Q4 | |
| PAR - VAT | 2 | 1 | 1 | 0 | -1 | 1 | Work In Progress | |
| Cyber Security Review/ISO 27001 Gap analysis(2018/19) | 1 | 9 | 9 | 9 | 0 | 0 | Final Report Issued | Medium |
| Bank Reconciliation Procedures (2018/19) | 3 | 4 | 4 | 4 | 0 | 0 | Final Report Issued | Medium |
| External Audit Checks - General Expenditure (2018/19) | 1 | 1 | 1 | 1 | 0 | 0 | Completed | |
| PAR - Treasury Management (2018/19) | 0 | 1 | 1 | 1 | 0 | 0 | Completed | |
| Planning and Control | 10 | 10 | 5 | 5 | 0 | 5 | Ongoing | |
| Advice and Support | 10 | 10 | 5 | 2 | -3 | 8 | Ongoing | |
| Post Audit Reviews | 13 | 0 | 0 | 0 | 0 | 0 | Allocated as Post Audit Reviews are undertaken | |
| PAR - Cyber Security Review/ISO 27001 Gap Analysis | 0 | 2 | 0 | 0 | 0 | 2 | Q4 | |
| PAR - Bank Reconciliations | 0 | 2 | 0 | 0 | 0 | 2 | Q4 | |
| TOTAL FOR FINANCE | 154 | 130 | 46 | 44 | -2 | 86 | | |
| GREATER MANCHESTER PENSION FUND | | | | | | | | |
| GLIL | 15 | 14 | 15 | 13 | -2 | 1 | Draft Report Issued | |
| Compliance Function | 15 | 15 | 0 | 0 | 0 | 15 | Q4 | |
| First Bus Asset Transfers | 10 | 10 | 10 | 8 | -2 | 2 | Work In Progress | |
| Transfer of Assets to new Custodian | 15 | 15 | 0 | 0 | 0 | 15 | Q3 | |
| iConnect (including visits to LA Employers) | 35 | 35 | 9 | 9 | 0 | 26 | Work In Progress | |
| Altair - Admin to Payroll Upgrade | 10 | 10 | 8 | 7 | 0 | 3 | Work In Progress | |
| Benchmarking / KPI's | 10 | 0 | 0 | 0 | 0 | 0 | Rescheduled | |
| Move from Citrix re Altair | 3 | 3 | 3 | 2 | -1 | 1 | Work In Progress | |
| Information Governance/GDPR | 15 | 10 | 0 | 0 | 0 | 10 | Q3 | |
| Visits to Employers/Payroll Providers | 64 | 64 | 0 | 0 | 0 | 64 | Q3 and Q4 | |
| Visit To Contributing Body - Oldham Council | 10 | 15 | 15 | 13 | -2 | 2 | Work In Progress | |
| Visits to Contributing Bodies - Sodexo | 6 | 6 | 6 | 6 | 0 | 0 | Work In Progress | |
| Creditor Payments | 15 | 15 | 15 | 14 | -1 | 1 | Work In Progress | |
| Retirement Process | 15 | 15 | 0 | 0 | 0 | 15 | Q3 | |
| Property Contract Management | 4 | 3 | 3 | 3 | 0 | 0 | Audit Cancelled, Review Ongoing in Service | |

INTERNAL AUDIT PLAN ACTIVITY REPORT AS AT 30 SEPTEMBER 2019

| Auditable Area | Planned Days 2019/20 | Revised Plan 2019/20 | Quarter 2 Profiled Plan | Actual Days (Sept 19) | Variance Based On Quarter 2 | Q3/Q4 Planned Days | Status | Level of Assurance/ Comments |
|--|----------------------|----------------------|-------------------------|-----------------------|-----------------------------|--------------------|--|------------------------------|
| PAR - VAT | 2 | 2 | 0 | 0 | 0 | 1 | Work In Progress | |
| 2nd PAR - Unitisation | 2 | 2 | 2 | 2 | 0 | 0 | Completed | |
| PAR - Visit to Contributing Body - Bury Council | 2 | 1 | 1 | 1 | 0 | 0 | Completed | |
| PAR - Visit to Contributing Body - Manchester Council | 2 | 1 | 1 | 1 | 0 | 0 | Completed | |
| PAR - Visit to Contributing Body - Trafford Council | 2 | 2 | 2 | 2 | 0 | 0 | Completed | |
| PAR - Visit to Contributing Body - Southway Housing | 2 | 2 | 2 | 2 | 0 | 0 | Completed | |
| Business Continuity and Disaster Recovery (2018/19) | 9 | 9 | 7 | 6 | 0 | 2 | Work In Progress | |
| Control Report - Pension Overpayment (2018/19) | 1 | 1 | 1 | 0 | 0 | 0 | Draft Report Issued | |
| Visit to Contributing Body - Bolton at Home (2018/19) | 1 | 1 | 1 | 1 | 0 | 0 | Final Report Issued | Medium |
| PAR - Visit to Contributing Body - Salford CC (2018/19) | 1 | 0 | 0 | 0 | 0 | 0 | Completed | |
| PAR - Visit to Contributing Body - Salford University | 1 | 1 | 1 | 1 | 0 | 0 | Completed | |
| PAR - Visit to Contributing Body - Manchester Met University | 1 | 1 | 1 | 1 | 0 | 0 | Completed | |
| PAR - Visits to Contributing Bodies - Oldham College | 2 | 2 | 2 | 0 | -2 | 2 | Work In Progress | |
| PAR - Transfer of Assets from Capital International | 1 | 0 | 0 | 0 | 0 | 0 | Completed | |
| Planning and Control | 15 | 16 | 11 | 11 | 0 | 5 | Ongoing | |
| Advice and Support | 18 | 17 | 9 | 9 | 0 | 7 | Ongoing | |
| Advice and Support - Valuation Checks | 0 | 3 | 3 | 3 | 0 | 0 | Completed | |
| Computer Audit Advice | 2 | 2 | 0 | 0 | 0 | 2 | Contingency Days | |
| Post Audit Reviews | 4 | 2 | 0 | 0 | 0 | 2 | Allocated as Post Audit Reviews are undertaken | |
| PAR - Visit to Contributing Body Bolton at Home | 0 | 1 | 0 | 0 | 0 | 1 | Q3/4 | |
| Irregularity Investigations | 3 | 11 | 6 | 6 | 0 | 5 | Allocated as and when needed. | |
| NFI Data Matching Advice and Support | 3 | 5 | 1 | 1 | 0 | 4 | Allocated as and when needed. | |
| TOTAL FOR PENSION FUND | 311 | 311 | 136 | 125 | -11 | 186 | | |
| CROSS CUTTING | | | | | | | | |
| GMCA - Assurance/Grant Work | 15 | 10 | 0 | 0 | 0 | 10 | Q3 and Q4 | |
| Statutory Compliance | 20 | 0 | 0 | 0 | 0 | 0 | Rescheduled | |
| UK Mail - Advice and Support | 3 | 3 | 2 | 2 | 0 | 1 | Work In Progress | |
| Post Audit Reviews | 2 | 0 | 0 | 0 | 0 | 0 | Allocated as Post Audit Reviews are undertaken | |
| TOTAL FOR CROSS CUTTING | 40 | 13 | 2 | 2 | 0 | 11 | | |
| TOTAL PLANNED DAYS | 1,191 | 1,190 | 523 | 489 | -34 | 701 | | |
| COUNTER FRAUD AND INVESTIGATIONS | 324 | 313 | 203 | 203 | 0 | 110 | | |
| TOTAL AUDIT DAYS FOR 2019/20 | 1,515 | 1,503 | 726 | 693 | -34 | 811 | | |

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