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AUDIT PANEL

Day: Tuesday
Date: 15 March 2022
Time: 2.00 pm
Place: Committee Room 1 - 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 9 November 2021 to be signed by the Chair as a correct record.	1 - 6
4.	EXTERNAL AUDIT PROGRESS REPORT To consider a report of the Director of Finance / Assistant Director of Finance.	7 - 20
5.	ANNUAL GOVERNANCE STATEMENT 2020/201- IMPROVEMENT PLAN PROGRESS UPDATE To consider a report of the Director of Finance / Head of Risk Management and Audit Services.	21 - 28
6.	ACCOUNTING POLICIES 2021/22 To consider a report of the Director of Finance / Assistant Director of Finance.	29 - 52
7.	CONSULTATIONS To consider a report of the Director of Finance / Assistant Director of Finance.	53 - 58
8.	DATA PROTECTION/INFORMATION GOVERNANCE UPDATE REPORT To consider a report of the Director of Finance / Head of Risk Management and Audit Services.	59 - 98
9.	PROGRESS REPORT ON RISK MANAGEMENT AND AUDIT ACTIVITIES APRIL 2021 TO JANUARY 2022 To consider a report of the Director of Finance / Head of Risk Management and Audit Services.	99 - 116

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.

Item No.	AGENDA	Page No
10.	RISK MANAGEMENT AND AUDIT SERVICES PLANNED WORK 2022/23 To consider a report of the Head of Risk Management and Audit Services.	117 - 160
11.	AUDIT PANEL FORWARD PLAN AND TRAINING To consider a report of the Director of Finance / Head of Risk Management and Audit Services.	161 - 168
12.	CORPORATE RISK REGISTER UPDATE MARCH 2021 To consider a report of the Director of Finance / Risk, Insurance and Information Governance Manager.	169 - 176
13.	URGENT ITEMS To consider any additional items the Chair is of the opinion shall be dealt with as a matter of urgency.	
14.	DATE OF NEXT MEETING To note that the provisional date of the next meeting of the Audit Panel is scheduled for 26 July 2022.	

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.

AUDIT PANEL

9 November 2021

Commenced: 14:00

Terminated: 14:48

Present: Councillors Naylor (Chair), Owen (Deputy Chair), N Sharif, Kitchen, L Boyle and Costello

In Attendance:

Sandra Stewart	Director of Governance and Pensions
Kathy Roe	Director of Finance
Heather Green	Finance Business Partner
Wendy Poole	Head of Risk Management and Audit Services

Apologies for Absence: Councillors J Fitzpatrick

23. DECLARATIONS OF INTEREST

There were no declarations of interest.

24. MINUTES

The minutes of the meeting of the Audit Panel on the 28 September 2021 were approved as a correct record.

25. EXTERNAL AUDIT COMPLETION REPORT

Consideration was given to a report of the external auditors Mazars which, highlighted the key matters arising from external audit of the 2020/21 financial statements for both Tameside MBC (TMBC) and the Greater Manchester Pension Fund (GMPF).

It was reported that the audit of the Council's accounts was substantially complete. External Audit were finalising responses to queries with the Council's external valuers in respect of Property, Plant and Equipment and Investment Property. Mazars anticipated issuing an unqualified audit opinion before the end of November 2021.

The significant findings and risks set out in the Audit Completion Report were highlighted to the Audit Panel. The steps taken to address the risks and audit conclusion were set out in Appendix 1 of the report.

There was one amendment to the Financial Statements, which resulted in a change to the Council reserve levels. Due to a change in accounting regulations with effect from 1 April 2020, the Dedicated Schools Grant (DSG) reserve was no longer held as part of the Council's usable reserves, but was instead reflected as an 'unusable' reserve. This change in accounting was not reflected in the draft accounts published in July 2021. The DSG reserve was a deficit balance of £1.686m and therefore the movement of the balance from useable to unusable reserves had the effect of increasing the Council's overall useable reserves by the same amount.

A number of presentational amendments had been made to the Statement of Accounts to improve disclosure, and correct some internal inconsistency. No changes had been required that fundamentally alter any assessment of the Council's financial position at 31 March 2021 or its income and expenditure for the year then ended. No issues had been identified, which cast fundamental doubt on the overall adequacy of the financial records and the accounts maintained by

the Council. The presentational adjustments recommended by external audit have also helped to improve the overall quality of the accounts and have not impacted on the financial position reported.

It was explained that in previous years, the Value for Money Conclusion had been issued at the same time as the audit opinion on the financial statements. As set out in section 7 of the TMBC Audit Completion report, this external auditor's commentary on arrangements to secure value for money would be provided in the Auditor's Annual Report, which was due to be issued within three months of issuing the audit opinion on the accounts.

It was reported that the audit of the Greater Manchester Pension Fund accounts was substantially complete. Mazars anticipated issuing an unqualified audit opinion before the end of November 2021.

The significant findings and risks set out in the GMPF Audit Completion report were highlighted to the Audit Panel. The steps taken to address the risks and the audit conclusion was detailed in Appendix 2.

There were two amendments to the financial statements which impacted on the Net Assets Statement and Fund Account as set out in section 6 of the Audit Completion report. The overall impact of these two amendments was to increase the Net Assets of the Greater Manchester Pension Fund by £3.823m. A small number of other presentational amendments had been agreed, which improved the overall quality and presentation of the financial statements.

RESOLVED

That the Audit Panel:

- (i) Approve the adjustments and presentational changes to the accounts, as detailed in the Audit Completion Reports (Appendix 1 – TMBC, Appendix 2 – GMPF);**
- (ii) Confirm that the Council has complied with all matters set out in the Letters of Representation (Appendix A to the Audit Completion reports) which will be signed by the Director of Finance and Chair of Audit Panel once External Audit have concluded their work on the Council's Property, Plant and Equipment.**

26. AUDITED STATEMENT OF ACCOUNTS

Consideration was given to a report of the Executive Member for Finance and Economic Growth / Director of Finance. The report presented the Statement of Accounts for Tameside MBC and the Greater Manchester Pension Fund for the year ended 31 March 2021.

The Statement of Accounts 2020/21 provided full details of the Council's financial position at 31 March 2021 and its income and expenditure for the year there ended. The accounts were prepared in accordance with the CIPFA Code of Practice for Local Authority Accounting, which was based on International Financial Reporting Standards. The full financial statements, including the statements for the Greater Manchester Pension Fund, were attached at Appendix 1.

The report sought approval for the Statement of Accounts, which included the amendments agreed with external audit. The external audit of the Statement of Accounts was substantially complete but subject to final review and completion procedures by External Audit. There were queries outstanding with the Council's external valuers which meant that External Audit were not yet able to conclude their work on Property, Plant and Equipment (PPE).

The Audit Panel was also asked to approve delegated authority to the Director of Finance to make any further disclosure amendments recommended by External Audit as part of the conclusion of their audit. In the unlikely event of any substantive amendments to the primary statements, these would be discussed with the Chair of Audit Panel prior to the signing and publication of the final audited Statement of Accounts.

RESOLVED

That the Audit Panel:

- (i) Note the findings of external audit reported in the previous agenda Item and summarised in section 3 below;**
- (ii) Approve the Statement of Accounts for 2020/21, subject to the conclusion of the external audit; and**
- (iii) Approve delegated authority to the Director of Finance to agree any further amendments to the financial statements arising from the conclusion of the external audit work on PPE. In the unlikely event of any substantive amendments to the primary statements, these will be discussed with the Chair of Audit Panel prior to the signing and publication of the final audited Statement of Accounts.**

27. ANNUAL GOVERNANCE STATEMENT 2020/21

Consideration was given to a report of the Director of Finance / Head of Risk Management and Audit Services. The report sought approval for the Annual Governance Statement attached to the report at Appendix 1.

The preparation and publication of an Annual Governance Statement was necessary to meet the requirements set out in Regulation 6 of the Accounts and Audit Regulations 2015 (as amended). It 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 covered both Tameside MBC and the Greater Manchester Pension Fund. The Draft Annual Governance Statement 2020/21 was presented to the Single Leadership Team for challenge and comment on 13 July 2021 and then presented to the Audit Panel on 27 July 2021. Consultation with members was conducted via email over the summer and the deadline for responses was 3 September 2021.

The Draft Annual Governance Statement together with the Draft Statement of Accounts was published on the Council’s website on 30 July 2021. External Audit (Mazars) had reviewed the Annual Governance Statement 2020/21 as part of their audit. All comments received to date had been incorporated into the version which was attached at Appendix 1 for approval.

It was stated that a progress update had been added to the Improvement Plan at Section 5 of the Annual Governance Statement to provide members of the Audit Panel with the position as at October 2021.

RESOLVED

That the Annual Governance Statement for 2020/21 at Appendix 1 be approved ahead of it being signed by the Executive Leader and the Chief Executive.

28. TREASURY MANAGEMENT

Consideration was given to a report of the Executive Member for Finance and Economic Growth / Assistant Director of Finance. This report provided a mid-year review of the Council’s Treasury Management activities for 2021/22, including the borrowing strategy and the investment strategy.

The Financial Business Partner reported that the Prudential Indicators show the current position against the Prudential Indicator limits initially set as part of the 2021/22 Budget Report. The indicators are updated from the Capital Programme as at 30 September 2021, showing the Council’s capital expenditure plans and how these plans were being financed. Any changes in the capital expenditure plans would impact of the on the prudential indicators and the underlying need to borrow. The current prudential indicator position was shown at Appendix 1 of this report. All the indicators were within the set limits showing that the Council’s borrowing strategy remained a

prudent one.

It was explained that it was a difficult interest environment even before the Covid-19 crisis, and this along with the added uncertainty in the pandemic prompts a low risk strategy. Given this risk environment, investment returns are likely to remain low. The Council held £127.205m of investments as at 30 September 2021, with an investment portfolio yield to date of 0.30% against LIBID of -0.08%. At 31 March 2021 the portfolio consisted of £94.260m of investments. The movement was largely in relation to grants received early in the year.

RESOLVED

That the reported treasury activity and performance be noted.

29. EXTERNAL AUDIT APPOINTMENT UPDATE 2023/24

Consideration was given to a report of the Director of Finance / Assistant Director of Finance. The report set out proposals for appointing the Council's external auditor for the five-year period from 2023/24.

The Local Audit and Accountability Act 2014 (the Act) at Section 7 stated that a "relevant authority must appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding financial year." The current auditor appointment arrangements cover the period up to and including the audit of the 2022/23 accounts. In 2017, the Council opted into the 'appointing person' national auditor appointment arrangements established by Public Sector Audit Appointments (PSAA) for the period covering the accounts for 2018/19 to 2022/23.

PSAA was now undertaking a procurement for the next appointing period, covering audits for 2023/24 to 2027/28. During Autumn 2021, all local government bodies need to make decisions about their external audit arrangements for accounting periods from 2023/24. The closing date to opt in to the PSAA arrangement was 11 March 2022. This enabled procurement and award of contracts by the statutory deadline of 31 December 2022.

This report sets out the options open to the Council and the basis of officers' recommendation to the Audit Panel to opt into the national arrangement with PSAA. The options set out in the report were as follows:

1. Option 1: Make a stand-alone appointment as Tameside Council
2. Option 2: Establish local joint procurement arrangements
3. Option 3: Opt in to Public Sector Auditor Arrangements

The report recommended option 3 in the report, It was stated that PSAA was the option selected in 2017. It was explained that given challenges and capacity in the market and the need to maintain a high quality of external audit provision, there was a strong case that this option would produce better outcomes and will be less burdensome for the Council, compared to procurement undertaken locally.

It was reported that the PSAA route was adopted by 484 of 494 bodies in the previous exercise. Feedback from across Greater Manchester and North West authorities was that they would be adopting this same approach in 2022.

RESOLVED

That the Audit Panel support the preferred option; to opt into the sector-led option through Public Sector Auditor Appointments (PSAA) for the appointment of external auditors to principal local government and police bodies for five financial years from 1 April 2023.

30. NATIONAL ANTI FRAUD NETWORK (NAFN) DATA AND INTELLIGENCE SERVICES

Consideration was given to a report of the Director of Finance / Head of Risk Management and Audit Services. The report provided members with an update on services provided by NAFN and planned future developments.

The Head of Risk Management Audit Services set out the history of the NAFN and explained that its mission and purpose was:

- To be the most effective and efficient point of contact through which members could acquire data, intelligence and knowledge to support their investigations, protecting the public purse and safeguarding the community.
- The quality of products, professional services and legal compliance would be assured and provided by a team of trained and accredited officers.
- To support members and gain their trust through communication, collaboration, innovation and continuous improvement.

Members were advised that there was no financial implication for Tameside as the NAFN was self-financing and fully funded by membership fees and external funding. Furthermore, a reserve of £500,000 was maintained to cover any redundancy costs or wind-up costs should the services of NAFN be no longer supported by member local authorities, private registered providers (housing associations) and other public sector bodies.

It was stated that since 2006 the management of NAFN had been entrusted to an Executive Board of officers appointed at each Annual General Meeting. The Executive Board consisted of at least 8 and not more than 12 representatives. The Host Authority had automatic entitlement to determine their representative on the Executive Board and this representative had full voting rights. Since 2010 the NAFN Executive Board had been chaired by Tameside's Head of Risk Management and Audit Services. The current members of the Executive Board were set out in the report.

The report detailed the key risks for the Council in hosting NAFN and the mitigations, which were already in place.

RESOLVED

That the report be noted.

31. RISK MANAGEMENT AND AUDIT SERVICES 2021/22 Q2 PROGRESS REPORT

Consideration was given to a report of the Head of Risk Management and Audit Services. The report advised Members of the Risk Management and Audit Service to Quarter 2 of 2021/22 and to comment on the results.

It was reported that the Audit Plan approved on 16 March 2021 covered the period April 2021 to March 2022 and totalled 1,666 Days. This was made up of 1,272 days on planned audits and 393 days on reactive counter fraud work/investigations.

The Audit Plan had now been reviewed to reflect the half year position and to reassess the resources available for Quarters 3 and 4 to ensure the plan reflects a realistic position. The Revised Plan for 2021/22 detailed in the report totalled 1,584 days, made up of 1,166 planned work and 418 days on reactive counter fraud work/investigations. In terms of planned days, this was an overall reduction of 107 days.

During the first half of the year, six Final Reports were issued in relation to systems and risk based audits. In addition to the Final Reports issued above, eleven Draft Reports had been issued for management review and responses and these would be reported to the Panel in due course.

RESOLVED

That the Audit Panel note the report and the performance of the Service Unit to Quarter 2 of 2021/22 and approve the Revised Audit Plan for 2021/22.

32. AUDIT PANEL FORWARD PLAN AND TRAINING

Consideration was given to a report of the Director of Finance / Assistant Director of Finance. The report set out the updated forward plan and training programme for the Audit Panel for 2021/22 and 2022/23.

Members were advised that to assist the Audit Panel with delivering its terms of reference, officers had prepared the updated work plan for 2021/22 and 2022/23, which set out the areas that should be considered by the Audit Panel. The work plan outlined in Appendix 2 had been updated to remove September 2021 and included March 2023.

The forward plan also identified proposed training for the coming year. Members of the panel were asked to consider whether any additional items or training were required, with reference to the core functions listed above and the CIPFA Position Statement: Audit Committees in Local Authorities and Police 2018.

RESOLVED

That the Audit Panel:

- (i) Approve the updated work programme, including training, as set out in Appendix 2; and**
- (ii) Note the core functions outlined in Section 2 of the report and the CIPFA Position Statement: Audit Committees in Local Authorities and Police 2018 and consider whether any further training would be beneficial for the Audit Panel.**

33. CORPORATE RISK REGISTER UPDATE OCTOBER 2021

Consideration was given to a report of the Director of Finance / Risk, Insurance and Information Governance Manager. The report summarised the Corporate Risk Register, which was attached at Appendix 1.

It was stated that Risk owners (responsible Assistant Directors or Service Unit Managers) had assisted the Risk, Insurance and Information Governance Manager to review the Corporate Risks they had responsibility for. Review comments had been added to the risk register under Appendix 1 alongside each risk.

Service delivery and Council working practices had returned to some normality following the lifting of Covid-19 restrictions during the UK roadmap out of lockdown in early 2021. Risk scores across the Corporate register had reduced further following the increases experienced during the 2020 lockdown.

The analysis in the report showed that there were a total of 7 Red risks across the register. When compared to the 19 Red risks reported in May 2020 it could be seen that the Council were approaching the pre-Covid level of 4 Red risks in October 2019.

RESOLVED

That the Corporate Risk Register attached at Appendix 1 be approved.


34. URGENT ITEMS

There were no urgent items.

Agenda Item 4.

Report to:	AUDIT PANEL
Date:	15 March 2022
Reporting Officer:	Kathy Roe – Director of Finance Caroline Barlow – Assistant Director of Finance
Subject:	EXTERNAL AUDIT UPDATE REPORT
Report Summary:	This report provides the Audit Panel with an update on External Audit progress in delivering their responsibilities. It also includes a summary of recent national reports and publications.
Recommendations:	The Panel is asked to note the update report.
Corporate Plan:	The Corporate Plan helps determine the priorities for Council spending, which will be reported in the annual financial statements. The financial statements are subject to external audit.
Policy Implications:	There are no wider policy implications arising from this report.
Financial Implications: (Authorised by the statutory Section 151 Officer)	There are no direct financial implications arising from the external audit update report.
Legal Implications: (Authorised by the Borough Solicitor)	<p>External auditors are a requirement of the Local Audit and Accountability Act 2014.</p> <p>The aim of the Act is to ensure that there is transparent and accountable local authority financial reporting governance which is key to the delivery of value for money and effective governance.</p> <p>External auditors also have a duty to report on matters of importance such as recent public interest reports (PIRs) that clearly demonstrate the role of external audit in bringing concerns into the public domain.</p> <p>External auditors also provide an assurance mechanism as the audited accounts are submitted to the Department for Levelling Up, Housing & Communities to ensure that the Council has been acting with regularity, propriety and value for money.</p>
Risk Management:	The external auditor provides assurance on the Council's financial reporting and risk management arrangements.
Background Information:	The background papers relating to this report and any further information can be obtained from the report writer, Heather Green, Finance Business Partner

 Telephone: 0161 342 2929

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

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Audit Progress Report

Tameside Metropolitan Borough Council

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March 2022



1. Audit progress
2. National publications

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01

Section 01:
Audit progress

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 and also includes, at Section 2, for your information, a summary of recent national reports and publications.

2020/21 Financial Statements work

Since the last meeting of the Audit Panel, we have continued to work closely with the Council's finance team to resolve the remaining audit queries, in relation to the valuation of Council land & buildings and investment properties. The valuation of land & buildings and investment properties is the most significant area of our audit, and has been an increasing focus for the Council and external audit over the past few years. The Council uses two external valuers to produce the valuations. Responses to our initial queries lead to the Council's valuers providing revised estimates for inclusion in the financial statements. We are in the process of reviewing the revised valuations. Subject to satisfactory clearance of any audit queries on these revised valuations, the Council will update the Statement of Accounts ready for final sign off.

2020/21 Value for Money arrangements audit work

We have previously reported to Audit Panel that the revised NAO Code of Audit Practice has changed our work on the Council's value for money arrangements for 2020/21. We have had regular discussions with Council officers to understand the Council's arrangements, and received supporting evidence and information on the Council's arrangements in January.

We aim to complete our work and report at the same time as we complete and report our work on the financial statements.

02

Section 02:

National publications

National publications

	Publication/update	Key points
Chartered Institute of Public Finance and Accountability (CIPFA)		
1.	New Prudential and Treasury Management Codes	These two statutory and professional codes are important regulatory elements of the capital finance framework within which local authorities operate.
2.	Emergency proposals for an update of the 2021/22 Code of Practice on Local Authority Accounting in the United Kingdom and the 2022/23 Code	CIPFA published a consultation on emergency proposals for the update of the 2021/22 (and 2022/23) Code. They are aimed at improving the completion rates for publication of audited accounts and include: <ul style="list-style-type: none"> • delaying the implementation of IFRS 16 for at least 1 year, so the implementation date would now be 1 April 2023 at the earliest; and • allowing for an optional pause of the property revaluation cycle.
Department for Levelling Up, Housing and Communities		
3.	Consultation on changes to the capital framework: Minimum Revenue Provision	This consultation seeks views on proposed changes to regulations to better enforce the duty of local authorities to make prudent Minimum Revenue Provision each year.
4.	Measures to improve local audit delays and accounts and audit timetable confirmed	DLUHC have announced a new package of measure to support the improved timeliness of local audit. These include additional funds and an extension of the deadline for publishing accounts.
National Audit Office (NAO)		
5.	The Government's preparedness for the COVID-19 pandemic: lessons learned for government on risk management	The report sets out central government's risk analysis, planning, and mitigation strategies prior to the arrival of the COVID-19 pandemic, with the aim of drawing out wider learning for the government's overall approach.
6.	Departmental Overview 2020-21: Department for Levelling Up, Housing and Communities	This provides a summary of the Department's spending in 2020-21, its major areas of activity and performance, and the challenges it is likely to face in the coming year.
7.	AGN/03 – Auditor's work on Value for Money Arrangements – Updated Guidance	NAO has updated its guidance and confirmed there are no significant changes to the expected approach or timetable.

NATIONAL PUBLICATIONS

CIPFA

1. CIPFA publishes new Prudential and Treasury Management Codes, December 2021

CIPFA has published the new Prudential Code for Capital Finance in Local Authorities (Prudential Code) and Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (the Treasury Management Code) following a consultation period. These two statutory and professional codes are important regulatory elements of the capital finance framework within which local authorities operate. Local authorities are required by regulation to 'have regard to' their provisions. Guidance notes will follow shortly in the new year.

The updated **Prudential Code** includes the following as the focus of the substantive changes:

- The provisions in the code, which present the approach to borrowing in advance of need in order to profit from additional sums borrowed, have been strengthened. The relevant parts of the code have augmented to be clear that borrowing for debt-for-yield investment is not permissible under the Prudential Code. This recognises that commercial activity is part of regeneration but underlines that such transactions do not include debt-for yield as the primary purpose of the investment or represent an unnecessary risk to public funds.
- Proportionality has been included as an objective in the Prudential Code. New provisions have been added so that an authority incorporates an assessment of risk to levels of resources used for capital purposes.

The main changes to the updated **Treasury Management Code** and the accompanying guidance for local authorities are as follows:

- Investment management practices and other recommendations relating to non-treasury investments are included within the Treasury Management Practices (TMPs) alongside existing TMPs.
- The guidance will recommend the introduction of the Liability Benchmark as a treasury management indicator for local government bodies (note that CIPFA has issued a toolkit to assist local authorities with the production of this indicator).
- Environmental, Social and Governance (ESG) risks are incorporated into TMP1 (Risk Management) rather than a separate TMP 13.
- The purpose and objective of each category of investments should be described within the Treasury Management Strategy.

<https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/cipfa-issues-new-prudential-and-treasury-management-codes>

NATIONAL PUBLICATIONS

CIPFA

2. Emergency proposals for an update of the 2021/22 Code of Practice on Local Authority Accounting in the United Kingdom and the 2022/23 Code, February 2022

CIPFA LASAAC has issued an exceptional consultation on time limited changes to the code to help alleviate delays to the publication of audited financial statements. Only 9% of local authority accounts in England met the audit publication deadline of 30 September 2021. The consultation closes on 3 March 2022.

In December 2021, the Department of Levelling-up Housing and Communities asked CIPFA LASAAC to consider ways in which the code may ameliorate this crisis position. CIPFA LASAAC considered this request and has issued this exceptional consultation, which explores two possible changes that might be made as an update to the 2021/22 code and to the agreed position in the 2022/23 code. After considering a wide range of options CIPFA LASAAC decided to explore two approaches:

- an adaptation to the code to allow local authorities to pause professional valuations for operational property, plant and equipment for a period of up to two years (though the initial proposal is for the 2021/22 financial year); this approach also explores the use of an index to be used to increase or reduce that valuation
- deferring the implementation of IFRS 16 *Leases* for a further year and reversing the planned changes to the 2022/23 code to implement that standard.

The consultation also shows the wide range of options that CIPFA LASAAC considered, which includes some which the board considered were outside of its terms of reference.

<https://www.cipfa.org/policy-and-guidance/consultations/emergency-proposals-for-update-of-202122-and-2022223-codes>

NATIONAL PUBLICATIONS

Department for Levelling Up, Housing and Communities

3. Consultation on changes to the capital framework: Minimum Revenue Provision, December 2021

This consultation seeks views on proposed changes to regulations to better enforce the duty of local authorities to make prudent Minimum Revenue Provision each year.

Local authorities borrow and invest under the Prudential Framework (the Framework), which comprises legislation and 4 statutory codes that authorities must have regard to. Under this system, authorities have wide freedoms to borrow and invest without the need to seek the government's consent, provided that borrowing is affordable. The intent of the Framework is to make sure local decisions are prudent, affordable and sustainable.

The government is aware that some authorities employ practices that are not fully compliant with the duty to make a prudent revenue provision, resulting in underpayment of MRP. This was reported in the NAO's report Local Authority Investment in Commercial Property (February 2020) and the subsequent report by the Public Accounts Committee in July 2020, which recommended the government take steps to address the issue.

<https://www.gov.uk/government/consultations/changes-to-the-capital-framework-minimum-revenue-provision/consultation-on-changes-to-the-capital-framework-minimum-revenue-provision#excluding-specific-debt-from-mrp-determination>

4. A new package of measures to support the improved timeliness of local audit, December 2021

This publication sets out a range of measures agreed with key partners to support the timely completion of local government audits and the ongoing stability of the local audit market. The measures include:

- Steps to increase the number of auditors with skills to carry out the work;
- Additional funding to support increases in audit fees; and
- Extension of the audit deadlines to 30 November 2022 and 30 September for 2023 onwards.

https://www.gov.uk/guidance/measures-to-improve-local-audit-delays?utm_medium=email&utm_campaign=govuk-notifications&utm_source=81365e1a-e6b1-4c1b-bce1-b5ef8fafef6f&utm_content=daily#section-4-longer-term-measures-to-help-stabilise-the-market-and-address-long-term-supply-issues

NATIONAL PUBLICATIONS

National Audit Office

5. The Government's preparedness for the COVID-19 pandemic: lessons learned for government on risk management, November 2021

In November 2021

This report sets out the facts on:

- the government's approach to risk management and emergency planning (Part One);
- the actions the government took to identify the risk of a pandemic like COVID-19 (Part Two);
- the actions the government took to prepare for a pandemic like COVID-19 (Part Three); and
- recent developments (Part Four).

The report sets out central government's risk analysis, planning, and mitigation strategies prior to the arrival of the COVID-19 pandemic, with the aim of drawing out wider learning for the government's overall risk management approach.

The report concludes that this pandemic has exposed a vulnerability to whole-system emergencies – that is, emergencies that are so broad that they engage the entire system. Although the government had plans for an influenza pandemic, it did not have detailed plans for many non-health consequences and some health consequences of a pandemic like COVID-19. There were lessons from previous simulation exercises that were not fully implemented and would have helped prepare for a pandemic like COVID-19. There was limited oversight and assurance of plans in place, and many pre-pandemic plans were not adequate. In addition, there is variation in capacity, capability and maturity of risk management across government departments.

The pandemic also highlighted the need to strengthen the government's end-to-end risk management process to ensure that it addresses all significant risks, including interdependent and systemic risks. This will require collaboration on risk identification and management not only across government departments and local authorities, but also with the private sector and internationally. For whole-system risks NAO states that the government needs to define its risk appetite to make informed decisions and prepare appropriately so that value for money can be protected. NAO state that the pandemic has also highlighted the need to strengthen national resilience to prepare for any future events of this scale, and the challenges the government faces in balancing the need to prepare for future events while dealing with day-to-day issues and current events.

The full report can be seen at this link: <https://www.nao.org.uk/report/the-governments-preparedness-for-the-covid-19-pandemic/>

NATIONAL PUBLICATIONS

National Audit Office

6. Departmental Overview 2020-21: Department for Levelling Up, Housing and Communities, November 2021

This provides a summary of the Department for Levelling Up, Housing and Communities' spending in 2020-21, its major areas of activity and performance, and the challenges it is likely to face in the coming year, based on the insights from NAO's financial audit and value for money work.

The full report can be seen at this link: <https://www.nao.org.uk/report/departmental-overview-2020-21-department-for-levelling-up-housing-and-communities/>

7. AGN/03 – Auditor's work on Value for Money Arrangements – Updated Guidance, December 2021

NAO has updated its guidance and confirmed there are no significant changes to the expected approach or timetable for 2021/22 audits.

The guidance can be seen at this link: <https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/>

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Agenda Item 5.

Report To:	AUDIT PANEL
Date:	15 March 2022
Reporting Officer:	Kathy Roe – Director of Finance Wendy Poole – Head of Risk Management and Audit Services
Subject:	ANNUAL GOVERNANCE STATEMENT 2020/21 – IMPROVEMENT PLAN PROGRESS REPORT
Report Summary:	To present the Annual Governance Statement 2020/21 – Improvement Plan Progress Report to Members for comment.
Recommendations:	The Audit Panel is asked to comment on the Annual Governance Statement 2020/21 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 (as amended).
Financial Implications: (Authorised by the Borough Treasurer)	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 Accounts and Audit Regulations 2015 (as amended) require the Council to produce an Annual Governance Statement. The purpose is to ensure that there is a sound system of governance operating in the council. In addition the Improvement Plan Progress Report provides Members with the opportunity to consider and comment on the progress which has been made.
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.
Access to Information:	The background papers can be obtained from the author of the report, Wendy Poole, Head of Risk Management and Audit Services by:  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 27 July 2021 as a draft document for review and comment and presented as a final document for approval on 9 November 2021.
- 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 an Improvement 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 February 2022.

3 RECOMMENDATIONS

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

Ref	Area of Review	Improvement Identified for Implementation in 2021/22	Progress Reported As At October 2021	Progress Reported As At February 2022	Responsible Director Target Date
1	2019/20 Vision Tameside	The Ashton Town Hall project and the remaining elements of the Vision Tameside project will be completed if and when capital monies become available following the Capital Programme prioritisation review.	The Ashton Town Hall project and the remaining elements of the Vision Tameside project are on hold until funding becomes available.	Approx. £20m of Levelling Up Funds has now been received for Ashton Town Centre. A proportion of these monies will allow the first phase of works to commence on Ashton Town Hall	Place March 2022
2	Children's Services	<p>An action plan has been drafted in relation to the further development of the 7-Point Plan and associated activity and this will also be an initial focus for the Corporate Transformation/Budget Turnaround Team.</p> <p>The specific focus of this will be agreed in July 21, but will include placements for cared for children.</p> <p>Wider improvement and performance activity, including those areas highlighted by Ofsted are also detailed in the improvement action plan with completion dates in 2021.</p>	<p>The action plan has been progressed and the staffing capacity identified as urgent following the OFSTED focused visit has been delivered.</p> <p>The overarching improvement plan, which pulls together all the previous plans including the 7 point plan into one place, has been developed.</p> <p>The focus for the Transformation Team has been identified, a number of the actions identified will be delivered in 2021/22, this addresses the wider improvement activity needed not only in Children's Social Care but also across the Council to support improvements for Children.</p>	<p>The focused visit response and investment identified has been delivered. The ongoing improvement activity has been subsumed into an overarching Improvement Plan as has the 7 point sustainability plan.</p> <p>The Transformation Team continues to engage in supporting transformation work in Children's service including a programme of business process re-engineering to enable frontline social workers to focus on direct work with families. Work is also underway to deliver significant improvement in outcomes and costs savings in accommodation for care leavers.</p>	<p>Children's Services December 2021</p> <p>Revised Deadline March 2022</p>

Ref	Area of Review	Improvement Identified for Implementation in 2021/22	Progress Reported As At October 2021	Progress Reported As At February 2022	Responsible Director Target Date
			The service is also working with the DfE and Stockport via a successful bid to the SLIP programme to further develop our Quality Assurance.	Joint meetings have taken place with Stockport who have inputted into the revised Quality Assurance and Performance Framework and have supported in the Development of Practice Week taking place from the 28 February 2022	
3	Management of CCTV	Capital investment to update the CCTV system will be progressed during 2021/22, if money is allocated to the project following the outcome of the Capital Programme prioritisation review.	The replacement of CCTV cameras has been put on hold until funding becomes available.	The replacement of CCTV cameras has been put on hold until funding becomes available.	Place March 2022
4	ICT Disaster Recovery and Business Continuity Planning	<p>Services to review and agree their system recovery priorities in conjunction with the IT Service.</p> <p>Once determined systems will need to be put in place to ensure Tier 1 systems have full recovery checks and tests undertaken annually and Tier 2 systems every other year.</p>	<p>All Council hosted IT systems have now been moved out of the Rochdale Data Centre and are now located in the Councils Disaster recovery facility in the Tameside Hospitals Data Centre.</p> <p>Works to commission the new Data Centre in Ashton Old Baths is continuing and systems will begin to be moved across from the hospital in November 21.</p> <p>The Corporate IT Business Continuity and Disaster Recovery plan is going</p>	<p>The corporate business continuity and recovery plan has been to SLT and ADDG and details the process and order in which systems hosted by TMBC will be recovered in the event of a serious cyber incident or the new data centre in Ashton Old Baths being rendered un-useable.</p> <p>Conflicting priorities and a lack of capacity within the corporate IT service means commissioning the new data center is still ongoing and work will not be complete until end of May. At which point the</p>	<p>Finance March 2022</p> <p>Revised Deadline August 2022</p>



Ref	Area of Review	Improvement Identified for Implementation in 2021/22	Progress Reported As At October 2021	Progress Reported As At February 2022	Responsible Director Target Date
			through the internal governance process – including the priority for systems recovery in the event of a disaster. The new DR facility will be fully operational in final quarter of 2021/22.	migration of systems from the hospital can begin. This process will take around 6-8 weeks to complete. Subject to conflicting priorities and capacity, it is envisaged the DR facility will be fully operational in quarter 2 2022/23.	
5	Information Governance	Delivery of the Information Governance Work Plan will be progressed in 2021/22 now that additional capacity has been added to the team, to ensure compliance with UK GDPR and the Data Protection Act 2018.	<p>Delivery of the Work Plan is progressing well and a number of policies and procedures have been updated and approved by the Audit Panel in July and September 2021.</p> <p>A revised Intranet page is currently in development.</p> <p>Further updated documents will be presented to future meetings of the Audit Panel for approval.</p>	<p>The Information Governance Champions Group and the Information Governance Group meet regularly on a two monthly basis.</p> <p>The revised Data Protection/Information Governance Intranet Page has been launched.</p> <p>Policies, procedures and protocols continue to be updated and presented for approval in accordance with the Work Plan which is monitored by the Information Governance Group</p>	<p>Governance and Pensions Finance March 2022</p>
6	Implementation of a Strategic Commissioning Function	Until the proposed legislation is passed through Parliament, it is difficult to evaluate the risks ahead. As further clarity is received on the GM Integrated Care System, risks will be identified, evaluated	All localities have responded to 6 questions on the development of their local place based model. Sir Richard Leese has been appointed as Chair Designate of the Integrated Care Board	The date for the establishment of Integrated Care Boards (ICBs) nationally has been moved back to 1 July 2022. The bill is still on its journey through Parliament.	<p>Finance Single Leadership Team March 2022</p>

Ref	Area of Review	Improvement Identified for Implementation in 2021/22	Progress Reported As At October 2021	Progress Reported As At February 2022	Responsible Director Target Date
		and reported in accordance with the joint principles agreed across the place based leadership model.	(ICB). Work is underway on first draft of overarching GM ICS operating model. Latest ICS State of Readiness plans submitted to NHS England/NHS Improvement.	An initial draft Greater Manchester ICB Constitution underwent locality consultation in December 2021 and was submitted to NHS England and Improvement (NHSE/I). A further draft will be prepared once NHSE/I release the revised model constitution template. There are discussions underway at the GM level regarding the possible forms for the Locality Boards permitted under the current draft legislation.	Revised Deadline June 2022
7	Debtors	Improvements to the Debtors System need to be embedded across the Council and these will then be tested by Internal Audit in the latter half of 2021/22 to provide assurance that the overall system is working effectively and fit for purpose.	The audit of the Debtors system is due to commence in Q3 of 2021/22.	The audit of the Debtors system was due to be undertaken in Q4 of 2021/22. However, capacity within the Team has now been diverted to make the payments recently announced by the government in terms of a £150 Council Tax Rebate. The audit work has been rescheduled to Q1 in 2022/23.	Governance and Pensions Finance March 2022 Revised Deadline July 2022
8	Compliance with the CIPFA Financial	To ensure the nine improvements identified in the assessment conducted and	An action plan was reported to Audit Panel in September 2021 setting out the proposed changes to be implemented	Work is ongoing to implement the proposed changes set out in the action plan in September 2021.	Director of Finance March 2022

Ref	Area of Review	Improvement Identified for Implementation in 2021/22	Progress Reported As At October 2021	Progress Reported As At February 2022	Responsible Director Target Date
	Management Code (New)	reported to Executive Cabinet in April 2021 are implemented.	over the period October 2021 to March 2022.	<p>Revisions to the Financial Regulations have been approved. A budget holder manual is in draft and training materials are being developed.</p> <p>An interim review of the capital programme has been concluded, and the business case template refresh is in progress.</p> <p>2022/23 budget setting included an initial risk assessment process, which will be further developed during 2022/23. Further work is required to develop internal financial reporting for the Senior Leadership Team.</p>	
9	Early Help Service (New)	To review and implement the learning and improvements identified by the Peer Review conducted by Stockport in December 2020.	An action plan has been developed the key focus of this is the establishment of a strategic leadership group to lead on the co-location and integration priority, which is chaired by the Director of Children's Services (DCS) with key senior leads from Health and other key partners. Four locations have been identified within each neighbourhood and a location	The MASH and EHAP services have been co-located at Tameside One, further redesign work is underway. Work is ongoing to deliver colocation of neighbourhood teams along with a newly identified Family Hubs work programme.	<p>Children's Services March 2022</p> <p>Revised Deadline December 2022</p>

Ref	Area of Review	Improvement Identified for Implementation in 2021/22	Progress Reported As At October 2021	Progress Reported As At February 2022	Responsible Director Target Date
			<p>for the colocation of the MASH/EHAP and Spoke, which is expected to be delivered through 2022. This will be developed throughout Tameside around the Family Hub model as a main hub and spoke approach utilising both Health, Education and LA buildings based in each neighbourhood</p> <p>This is a key priority through the new Work Smart initiative.</p>		

Agenda Item 6.

Report to:	AUDIT PANEL
Date:	15 March 2022
Reporting Officer:	Kathy Roe – Director of Finance Caroline Barlow – Assistant Director of Finance
Subject:	ACCOUNTING POLICIES 2021/22
Report Summary:	<p>This report provides members of the Audit Panel with details of:</p> <ul style="list-style-type: none">• the proposed accounting policies for the 2021/22 Statement of Accounts;• the critical judgements made in applying the accounting policies; assumptions made about the future and other major sources of estimated uncertainty within the 2021/22 accounts.
Recommendations:	<p>The Panel is asked to:</p> <ul style="list-style-type: none">• note that there are no proposed changes to the accounting policies for 2021/22 compared to those adopted for 2020/21; and• Approve the accounting policies detailed at Appendix 1 to this report.
Corporate Plan:	The Corporate Plan helps determine the priorities for Council spending, which will be reported using the policies referred to in this report
Policy Implications:	There are no wider policy implications arising from this report.
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	<p>There are no direct financial implications arising from this report.</p> <p>The accounting policies determine how the income and expenditure, and assets and liabilities of the Council are reported and represented in the Council's financial statements.</p>
Legal Implications: (Authorised by the Borough Solicitor)	Every local authority is required by law to produce annual accounts. Guidance on how these accounts are to be prepared is provided by Code of Practice on Local Authority Accounting details of which are set out in the main body of the report.
Risk Management:	The accounting policies will help to reduce the risk of error or misstatement within the Council's accounts by ensuring a clear framework for financial reporting, consistent with guidance.
Background Information:	<p>The background papers relating to this report and any further information can be obtained from the report writer, Heather Green, Finance Business Partner</p> <p> Telephone: 0161 342 2929</p> <p> e-mail: heather.green@tameside.gov.uk</p>

1 INTRODUCTION

- 1.1 The Accounting Policies adopted by the Council determine the accounting treatment that is applied to transactions during the financial year and in the preparation of the Statement of Accounts at the year end. They determine the specific principles, bases, conventions, rules and practices that will be applied by the Council in preparing and presenting its financial statements. The accounting policies themselves are published within the Statement of Accounts in accordance with International Financial Reporting Standards (IFRS), as adopted by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Local Authority Accounting ('the Code').
- 1.2 The approval of the accounting policies to be applied by the Council demonstrates that due consideration is being given to which policies to adopt and apply and that those charged with corporate governance are fully informed of the policies that are being adopted, prior to the commencement of the preparation of the Statement of Accounts.
- 1.3 The accounts of the Greater Manchester Pension Fund are included within the Council's Statement of Accounts document each year. However, it should be noted that this report is in relation to the Council only and that the accounting policies and estimates of the Greater Manchester Pension Fund are approved elsewhere.
- 1.4 As per the practice adopted in previous years, the Panel are requested to endorse the use of the policies underpinning the financial statements within the Statement of Accounts.

2 UPDATES TO THE 2021/22 CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING

- 2.1 Officers have assessed the accounting policies that are deemed necessary to explain clearly and underpin the accounting treatment of transactions within the Council's Statement of Accounts for 2021/22. In undertaking this assessment a review of all accounting policies previously agreed has been undertaken to check their relevance, clarity, legislative compliance and that they are in accordance with the latest version of 'the Code' and IFRS requirements.
- 2.2 There are no changes to the Code of Practice on Local Authority Accounting which require changes to the Council's Accounting Policies for 2021/22.

3 COVID FUNDING 2021/22

- 3.1 During 2021/22 the Council has continued to receive a number of new COVID grant funding streams. Each of these grants has different terms and conditions attached to it, and the accounting treatment will be determined by the restrictions placed on the funding. An exercise will be undertaken during March 2022 to review and confirm the correct accounting treatment for these different funding streams.

4 LEASES (IFRS16)

- 4.1 The revised accounting standard IFRS16 relates to the treatment of assets that are used under lease arrangements. The CIPFA/LASAAC Code Board has determined that the Code of Practice on Local Authority Accounting will adopt the principles of IFRS 16 Leases, for the first time from 2022/23.
- 4.2 IFRS 16 will replace the existing leasing standard, IAS 17, and will introduce significant changes to the way the Council accounts for leases from 1 April 2022. The most significant

changes will be in respect of lessee accounting (where a body leases property or equipment from another entity). The existing distinction between operating and finance leases will be removed and instead, the new standard will require a right of use asset and an associated lease liability to be recognised on the lessee's Balance Sheet.

- 4.3 In order to meet the requirements of IFRS 16, work has already been undertaken to identify and assess all lease arrangements in place within the Council. The information gathered is being reviewed and refreshed during March 2022 in preparation for the revised adoption date of 1 April 2022.

5 EMERGENCY PROPOSALS FOR AN UPDATE OF THE 2021/22 CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING IN THE UNITED KINGDOM AND THE 2022/23 CODE

- 5.1 CIPFA LASAAC has issued an exceptional consultation on time limited changes to the code to help alleviate delays to the publication of audited financial statements. Only 9% of local authority accounts in England met the audit publication deadline of 30 September 2021. The consultation closes on 3 March 2022.

- 5.2 In December 2021, the Department of Levelling-up Housing and Communities asked CIPFA LASAAC to consider ways in which the code may help to alleviate delays to the publication of audited financial statements. CIPFA LASAAC considered this request and has issued this exceptional consultation, which explores two possible changes that might be made as an update to the 2021/22 code and to the agreed position in the 2022/23 code. After considering a wide range of options CIPFA LASAAC decided to explore two approaches:

- an adaptation to the code to allow local authorities to pause professional valuations for operational property, plant and equipment for a period of up to two years (though the initial proposal is for the 2021/22 financial year); this approach also explores the use of an index to be used to increase or reduce that valuation
- deferring the implementation of IFRS 16 Leases for a further year and reversing the planned changes to the 2022/23 code to implement that standard.

- 5.3 If the proposals in this emergency consultation are adopted for 2021/22 then the Council will need to consider whether any changes are required to the financial statements. The proposed changes to valuations are expected to be optional, and therefore changes may not be necessary if the decision is made to continue with the existing valuation programme.

6 RECOMMENDATIONS

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

APPENDIX 1:

STATEMENT OF ACCOUNTING POLICIES FOR 2021/22

STATEMENT OF ACCOUNTING POLICIES FROM 1 APRIL 2021

The Statement of Accounts summarises the Council's income, expenditure, assets and liabilities held and incurred during the 2021/22 financial year, and its position at 31 March 2022.

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2014 (as amended), which require accounts to be prepared in accordance with proper accounting practices.

Proper accounting practice for Local government comprises the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the 'Code') which is based on International Financial Reporting Standards and statutory guidance.

The accounting convention adopted in the Statement of Accounts is principally historic cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Accounting Policies of the Council as far as possible have been developed to ensure that the accounts of the Council are understandable, relevant, free from material error or misstatement, reliable and comparable.

ACCOUNTING PRINCIPLES

a) Going Concern

The Council prepares its accounts on the basis that it remains a going concern; that is that there is the assumption that the functions of the Council will continue in operational existence. In the case of a pending local government reorganisation, where assets and liabilities are due to be redistributed, the Council would still account on the basis of going concern as the provision of services would continue in another Council.

b) Accruals Concept

The Council accounts for income and expenditure in the period to which the service has taken place, rather than when cash payments are received or made. Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Equally, where cash has been received or paid which is not yet recognised as income or expenditure, a creditor (income in advance) or debtor (payment in advance) is recorded in the Balance Sheet.

c) Cost of Services

The cost of services analysis within the Comprehensive Income and Expenditure Statement (CIES) is shown by Council Directorates in line with the revenue monitoring reports to Executive Cabinet and internal reporting. The CIES reports income and expenditure in accordance with generally accepted accounting practice. The Expenditure and Funding Analysis is then intended to demonstrate how the funding available to the Council (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.

d) Value Added Tax (VAT)

Income and expenditure transactions exclude any amounts relating to VAT as currently all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

e) Changes in Accounting Policy

Where there is a known future change in accounting policy required by the CIPFA Code, the Council will disclose the following in the notes to the accounts:

- The nature of the change in accounting policy;

- The reasons why applying the new accounting policy provides reliable and more relevant information;
- For both the current reporting period, and the previous year comparatives reported, the extent to which the change in accounting policy would have impacted on the financial statements if it had been adopted in that year;
- The amount of adjustment relating to years previous to those reported in the set of financial statements, had the proposed policy been adopted retrospectively; and
- If retrospective application is impracticable for a particular period, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied. The Council will also disclose information relating to an accounting standard which has been issued but not yet adopted.

f) **Previous Year Adjustments**

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the Council's financial position or financial performance. Where a change is made it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by way of a prior period adjustment and an appropriate disclosure in the notes to the accounts. A change to the accounting policy may also require that the basis of estimates is changed. This will be disclosed in accordance with the policy on changes to accounting estimates.

g) **Events after the Balance Sheet Date**

Events after the Balance Sheet date are reflected up to the date when the Statement of Accounts is authorised for issue. This date and who gave that authorisation is disclosed in the notes to the accounts, including confirmation that this is the date up to which events after the Balance Sheet date have been considered.

Where a material event is identified after the Balance Sheet date, whether favourable or unfavourable, for which it can be shown that the conditions already existed at the Balance Sheet date, it is an adjusting event and the amounts in the accounts would be adjusted accordingly. However, where a material event is identified which occurred after the Balance Sheet date but it cannot be shown that the conditions existed before the Balance Sheet date, then it is a non-adjusting event and the accounts would not be adjusted (although a disclosure would be made in the notes to the accounts).

h) **Material Items**

When items of income and expenditure are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

i) **Contingent Assets and Liabilities**

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is possible but not certain that there will be an inflow of economic benefits or service potential that cannot be reliably measured.

2. CAPITAL ACCOUNTING

a) Recognition

All expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis. Expenditure on the acquisition of an asset, or expenditure which adds to, and not merely maintains, the value of an existing asset, should be capitalised, provided that it yields benefits to the Council and the services it provides for a period of more than one year.

Capital expenditure includes:

- the acquisition, reclamation, enhancement or laying out of land;
- acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures;
- acquisition, installation or replacement of movable or immovable plant, machinery, apparatus, vehicles and vessels.

In this context, enhancement means works which are intended to:

- Lengthen substantially the useful life of the asset, or
- Increase substantially the market value of the asset, or
- Increase substantially the extent to which the asset can or will be used for the purposes of or in conjunction with the functions of the Council.

Under this definition, improvement works and structural repairs should be capitalised, whereas expenditure to ensure that the non-current asset maintains its previously assessed standard of performance should be recognised in the revenue account as it is incurred.

A de-minimis level of £10,000 has been adopted by the Council in relation to capital expenditure.

b) Measurement

Initially the assets are measured at cost, comprising the purchase price, plus any costs associated with bringing the asset into use. The measurement of an operational asset acquired other than through purchase is deemed to be its current value. The Code requires that non-operational property, plant and equipment classified as surplus assets are measured at fair value.

In accordance with 'the Code', Property, Plant and Equipment is further classified as:

- Other Land and Buildings *
- Infrastructure assets
- Vehicles, Plant and Equipment
- Community Assets
- Assets under Construction
- Surplus Assets

Each of these asset classifications are valued on the base recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS), as follows:

- Infrastructure – depreciated historical cost (DHC)
- Community Assets and Assets Under Construction – historical cost (HC)
- Other assets (excluding non-operational property) – current value, determined as the amount that would be paid for the asset in its existing use (EUV)
- Surplus assets (non-operational property, plant and equipment) – fair value

Where there is no market based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. Where non-property assets (such as Vehicles, Plant and Equipment) have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

*These asset categories are revalued on a five year rolling cycle. The programme of revaluations is continuing on this cyclical basis although values of those assets falling between scheduled valuation dates are reviewed annually to ensure that any material changes to asset valuations is adjusted in the interim period, as they occur. For assets where expenditure of £750,000 or above has been incurred, these are added to the preceding year's revaluation list

c) Revaluation

Revaluation of property is undertaken on at least a five year "rolling programme". A desk top valuation exercise can take place more frequently, however, if the valuer believes that market changes within the year are more significant, an interim valuation will be undertaken. Investment Properties are revalued annually to determine any material change in the carrying value.

A Revaluation Reserve for non-current assets (other than Investment Properties) is held in the Balance Sheet made up of unrealised revaluation gains relating to individual non-current assets, with movements in valuations being managed at an individual non-current asset level.

Movement in the valuation of Investment Properties are charged or credited to the Comprehensive Income Expenditure Statement. Gains arising from the revaluation of Investment Properties are not held within a revaluation reserve.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of the reserves formal implementation. Gains arising before that date were subsequently consolidated into the Capital Adjustment Account. Movements in the valuations of non-current assets do not impact on General Fund Balances and are not a charge or credit to council tax levies.

d) Disposals

Receipts from the disposal of non-current assets are accounted for on an accruals basis. When an asset is disposed of, the value of the asset in the Balance Sheet is written out to the Comprehensive Income and Expenditure Statement, as is the disposal receipt. These amounts are not a charge or receipt to council tax as the cost of non-current assets is fully provided for under separate arrangements for capital financing. The asset value written out is appropriated to the Capital Adjustment Account, the capital receipt is appropriated to the Capital Receipts Unapplied Account, via the Movement in Reserve Statement. Any revaluation gains that have accumulated in the Revaluation Reserve are transferred to the Capital Adjustment Account.

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement element of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council to finance the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties that have yet to be consumed by the Council. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before April 2007, the date that the Revaluation Reserve was created to hold such gains.

Usable Capital Receipts have been used to finance capital expenditure based on the policy of the Council.

Academy Schools are written out of the Council's Balance Sheet at the time that they legally transfer to Academy status. The net book value of the school at the time of the transfer is charged to Other Operating Income and Expenditure within the Comprehensive Income and Expenditure Statement as a loss on disposal/de-recognition.

e) Heritage Assets

Heritage Assets are held for their cultural, environmental or historical associations. With the exception of "Statues and Other Monuments", which by their nature are located across the Borough, they are mainly held in the Council's art galleries and museums.

This collection of Heritage Assets has been secured over many years from a variety of sources, being mainly bequeaths, donations and long term loans. Assets acquired from these sources may have conditions attached which govern how the assets may be managed in the future. Any assets with conditions attached are recognised in Donated Assets as a long term liability in the Balance Sheet until any outstanding conditions cease.

Any acquisitions of Heritage Assets are initially recognised at cost and donations are recognised at valuation with valuations provided by external valuers. The Council's collections of Heritage Assets are accounted for as follows:

- Art Collection;
- Militaria;
- Civic Regalia and Silver; and
- Statues and Other Monuments.

f) Investment Properties

Investment Property is held solely to earn rental income or for capital appreciation or both. Investment Property is initially recognised at cost, but is subject to valuation at fair value at the end of each accounting period. Losses or gains are recognised in the Comprehensive Income and Expenditure Statement.

g) Intangible Assets

Intangible Assets represent non-current assets that do not have physical substance, but are identifiable and are controlled by the Council through custodial or legal rights. All purchased Intangible Assets are capitalised at historical cost in line with 'the Code'.

In line with other non-current assets, their useful economic life is determined based on the length of time that the benefit will accrue to the Council. Based on the best estimate of the useful economic life, the Intangible Asset is charged to the Comprehensive Income and Expenditure Statement over this period.

h) Depreciation / Amortisation Methodology

Depreciation is provided for on all non-current assets with a finite useful life (this can be determined at the time of acquisition or revaluation) according to the following policy:

- In accordance with the CIPFA Code of Practice on Local Authority Accounting, all buildings (but not their land) are depreciated over their remaining useful lives. A land and building split has been determined by the Council's external valuers. Estimates of the useful life are determined for each property and where material for components of those properties as part of the valuation process. These estimates of economic life may vary considerably from property to property.
- Investment Properties are not depreciated, rather an annual review is undertaken of the fair carrying value. Any changes to these values are charged to the Provision of Services within the Comprehensive Income and Expenditure Statement in the period that they occur.
- Infrastructure is depreciated over a 40 year period.
- Vehicles, Plant, and Equipment is depreciated over 10 years or less depending on the nature of the asset.

Depreciation is calculated on a straight-line basis. Depreciation is not charged in the year of asset acquisition. Depreciation is charged to the Comprehensive Income and Expenditure Statement but does not impact on council tax and is written out to the Capital Adjustment Account via the Movement in Reserves Statement. Where non-current assets have been re-valued the current value depreciation will be higher than the historic cost depreciation, this increased depreciation

charge is written out against the Revaluation Reserve with an offsetting entry to the Capital Adjustment Account.

i) Charges to revenue for non-current assets

Service revenue accounts, support services and trading accounts are charged with the following amounts to record the real cost of holding non-current assets throughout the year:

- Depreciation attributable to the assets used by the relevant service
- Impairment losses attributable to non-current assets used by the service in excess of the balances held in the Revaluation Reserve
- Amortisation of Intangible Assets attributable to the service

The Council does not raise council tax to cover depreciation, impairment loss or amortisations. The Council does, however, make an annual provision from revenue to reduce its borrowing requirement, (see section m). Depreciation, impairment losses, amortisation and gains or losses on the disposal of non-current assets are therefore written out in the Movement in Reserves Statement, by way of an adjusting transaction within the Capital Adjustment Account.

j) Revenue Expenditure Funded from Capital under Statute

Revenue Expenditure Funded from Capital under Statute represents expenditure which may be properly capitalised, but which does not result in the creation of any non-current asset to the Council. In line with the guidance contained in 'the Code', this expenditure is written off to the Comprehensive Income and Expenditure Statement in the year the expenditure is incurred, because the Council does not control the economic benefits arising from this expenditure.

k) Impairment of Non-current Assets

Assets have been reviewed for any impairment loss in respect of the consumption of economic benefit (e.g. physical damage). Where an impairment loss occurs this would be charged to the service revenue account, with a corresponding entry made to reduce the value of the asset in the Balance Sheet.

To remove the impact of the impairment loss on the budget, a credit entry is made in the Movement in Reserves Statement as a charge to the Capital Adjustment Account.

Impairments reflecting a general fall in prices would be recognised in the Revaluation Reserve, up to the value of revaluation for the individual asset, and any further impairment would be treated as a consumption of economic benefit and charged to the service revenue account.

l) Capital Receipts

Capital receipts (in excess of £10,000) arising from the sale of non-current assets are credited to Capital Receipts Unapplied Account.

Any capital receipts relating to the repayment of former Housing Revenue Account (HRA) mortgages (principal amounts) are subject to provisions included within the Local Government Act 2003. The Council is required to pay a specified amount from these receipts to the national pool. All other capital receipts are usable.

Usable capital receipts are shown separately in the Balance Sheet and can be used either to finance new capital investment, to repay grant received in relation to the asset disposed of, to finance the premium sum arising from the rescheduling of debt, or set aside to reduce the Council's underlying need to borrow.

m) Redemption of Debt (Minimum Revenue Provision)

Where capital expenditure has been financed by borrowing there is a provision for the repayment of debt to be made in accordance with the Minimum Revenue Provision requirements of the Local Authorities ('MRP' - as set out in Capital Financing and Accounting (Amendment) Regulations 2009).

Since 2015/16 the Council has adopted the following policy in relation to calculating the Minimum Revenue Provision

- (i) Borrowing taken up prior to 01/04/2015 will be provided for using a straight-line method of calculating 'MRP'. A total of £185,215,128 will be provided for in equal instalments over 50 years which will result in an annual charge of £3.704m. The debt will be extinguished in full by 31 March 2065. If the Council elects to make additional voluntary MRP then the annual charge will be adjusted accordingly.
- (ii) The following will be required in relation to borrowing taken up on or after 01/04/2015.
- For borrowing taken up on or after 1 April 2015, MRP is to be provided for based upon the average expected useful life of the assets funded by borrowing in the previous year. The debt will be repaid on a straight-line basis over the average useful life calculated, meaning the debt will be fully extinguished at the end of period. If the Council elects to make additional voluntary MRP then the annual charge will be adjusted accordingly.
 - For certain investment projects it may be deemed more prudent to use the asset life annuity method in order to calculate MRP. In this case the Council will use the annuity method, with the MRP based on the prevailing PWLB interest rate for a loan with a term equal to the estimated life of the project. If the Council uses capital receipts to repay borrowing for the year then the value of MRP which would have otherwise been set aside to repay borrowing will be reduced by this amount. The level of capital receipts to be applied to redeem borrowing will be determined annually by the Section 151 Officer, taking into account forecasts for future expenditure and the generation of further receipts.
 - For any finance leases and any on-balance sheet Public Finance Initiative (PFI) schemes, the MRP charge will be equal to the principle repayment during the year, calculated in accordance with proper practices.
 - There will be no MRP charge for any cash backed Local Authority Mortgage Scheme (LAMS) that the Council operates. As for this type of scheme, any future debt liability would be met from the capital receipt arising from the deposit maturing after a five year period. Any repossession losses for this type of scheme would be charged to a LAMS reserve.
 - The Council has considered the Statutory Guidance, which recommends a 25 year repayment charge for loans to third parties, and concluded that this provision is not necessary where there is a realistic expectation that the loan will be repaid. The Council considers an MRP charge is not necessary in respect of any loans made to third parties as the debt liability is covered by the existence of a debtor; typically long term depending on the life of the loan. The only expenditure consequence of a loan for an authority is the interest on its cash shortfall whilst the loan is outstanding, so provision for the principal amount would be over-prudent until such time as the assumption has to be made that the loan will not be repaid.

n) Capital Grants and Contributions

The Council recognises capital grants and contributions as being related to capital assets and uses them to fund capital expenditure on those assets. Grants, contributions and donations are recognised as income at the date that the Council has satisfied the conditions of entitlement, and there is reasonable assurance that the monies will be received.

Any grant received before these recognition criteria were satisfied would be held as a creditor. Any grant which had met the recognition criteria but had not been received would be shown as a debtor. This is in line with the Accruals Concept Policy.

Once the recognition criteria above have been satisfied, capital grants are recognised as income in the Comprehensive Income and Expenditure Statement.

In order to not impact on the level of Council Tax, the Council removes the credit from the General Reserves through the Movement in Reserves Statement, and makes a credit to the Capital Grants Unapplied Reserve.

Once expenditure has been incurred on the related asset, the credit is removed from the Capital Grants Unapplied Reserve and credited to the Capital Adjustment Account.

o) Capital Reserves

The Council holds Capital Reserves for the purpose of financing capital expenditure. Reserves will be disclosed as either usable (available to fund capital expenditure) or unusable (reserves held as a result of timing differences associated with recognition of capital expenditure and related financing).

Movements in capital reserves are accounted through the Movement in Reserves Statement.

p) Leases

In line with IFRIC 4, the Council recognises a lease to be any agreement which transfers the right to use an asset for an agreed period in exchange for payment, or a series of payments.

This includes; leases, hire purchase, rental, contracts of service, service level agreements and any other arrangement where the ability to use an asset is conveyed.

q) Defining a Finance Lease

A finance lease is where substantially all of the risks and rewards relating to ownership transfer to the lessee.

Tests to give an indication of the transfer of risk and reward are:

- If the lessee will gain ownership of the asset at the end of the lease term (e.g. hire purchase)
- If the lessee has an option to purchase the asset at a sufficiently favourable price that it is reasonably certain, at the inception of the lease, that it will be exercised
- If the lease term is for the major part of the economic life of the asset even if the title is not transferred. Measures to identify this include:
 - The economic life of the asset is deemed to be that which is consistent with the class of asset in the depreciation policy.
 - The Council recognises 'major part' to be 75% of the life of the asset, unless on an individual case basis this would not give a true representation of the substance of the transaction.
- At the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset. Measures to identify this include:
 - Fair value of the leased asset is assessed by a RICS qualified valuer.
 - The present value of the minimum lease payments is calculated by discounting at the rate inherent in the lease.
 - If this rate cannot be determined the incremental borrowing rate applicable for that year is used.
 - The Council recognises 'substantially all' to be 75% of the value of the asset, unless on an individual case basis this would not give a true representation of the substance of the transaction.
- The leased assets are of such a specialised nature that only the lessee can use them without major modifications.
- If the lessee cancels the lease, the losses of the lessor, associated with the cancellation are borne by the lessee.
- Gains or losses from the fluctuation in the fair value of the residual accrue to the lessee (e.g. in the form of a rent rebate equalling most of the sales proceeds at the end of the lease).

- The lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.

A suitably experienced accountant, with assistance from qualified valuers, will make a judgement based on the level of risk and reward held by the Council as to whether an asset is operating or finance.

r) Defining an Operating Lease

The Council recognises an operating lease to be a lease which is not a finance lease. Where the Council is the lessor for an operating lease, normally the asset is classified as an Investment Property. Any rental income is credited to the relevant service income.

s) Lessee Accounting for a Finance Lease

Where the Council is tenant in a property, or is, by definition of IFRIC 4, leasing an asset which is deemed under IAS 17 to be a finance lease the Council will recognise that asset within the asset register, and account for that asset as though it were an owned asset.

The initial recognition of the asset is at the fair value of the property, or if lower, the present value of the minimum lease payments. A liability is also recognised at this value, which is reduced as lease payments are made.

t) Lessor Accounting for a Finance Lease

Where the Council is the lessor for a finance lease, the asset is not recognised in the asset register; however a long term debtor at the present value of minimum lease payments is recognised. Income received is split between capital – credited against the debtor, and finance income – credited to the Comprehensive Income and Expenditure Statement as interest receivable.

u) Lessor Accounting for an Operating Lease

Where the Council is the lessor for an operating lease, normally the asset is classified as an Investment Property. Any rental income is credited to the relevant service income.

v) Service Concession Agreements (Private Finance Initiative (PFI) and other similar contracts)

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. PFI and similar contracts are assessed against criteria within IFRIC 12 Service Concession Arrangements to determine whether the risks and rewards incidental to ownership lie with the Council or the contractor.

Those which lie with the contractor – payments made during the life of the contract are chargeable to revenue as incurred.

Those which lie with the Council – are recognised as an asset in the Balance Sheet for the construction costs of the asset. Once recognised this asset is treated in line with all capital assets. A corresponding long term liability is also recognised at the construction value. Payments made during the life of the contract are split into finance costs, capital costs and service costs.

Determining the split of payments is calculated at the inception of the contract and is based on the inherent interest rate within the original agreement. Finance costs are chargeable to the Comprehensive Income and Expenditure Statement as interest payable. Capital costs reduce the level of liability in the Balance Sheet. Service costs are chargeable to the relevant revenue service expenditure. Pre-payments reduce the level of liability at the start of the contract.

PFI credits are treated as general revenue government grants.

3. REVENUE ACCOUNTING

a) Recognition of Revenue Expenditure

The Council recognises revenue expenditure as expenditure which is not capital.

b) Employee Costs

In accordance with IAS 19, the Council accounts for the total benefit earned by employees during the financial year.

Employee Costs are split into 3 categories; short term benefits, termination benefits and pensions costs.

Short Term Employee Benefits

- Salaries and Wages – The total salary and wages earned by employees during the financial year are charged to the Comprehensive Income and Expenditure Statement. Where the amount accrued exceeds the amount paid at the 31 March, a creditor will be reflected in the accounts.
- Leave Owed, Accumulating Absences – The Council allows employees to earn time off in one period with the resulting cost to the Council in a later period when that time is either taken off or paid to the employee. Examples of this accumulating leave are annual leave, flexi-time and time off in lieu.

If an employee were to leave the Council, cash payment would be made for entitlements such as annual leave; this leave is termed vesting. Where no cash payment would be due, the leave is termed non-vesting.

In order to correctly reflect the cost of time owed to staff, a charge has been made to the Comprehensive Income and Expenditure Statement and a creditor accrual has been reflected in the Balance Sheet. This charge is reflective of the estimated time cost value of all accumulating leave owed to employees. Vesting leave will be charged in full; however non-vesting leave has been adjusted to reflect the turnover of staff.

- Non-accumulating Absences – are periods of leave that cannot be carried forward for use in future periods. Examples include Maternity Leave, Special Leave, Sick Leave and Jury Service. The Council does not recognise non-accumulating compensated absences until the time that the absence occurs.
- Non-monetary Benefits – Where employees have non-monetary benefits (e.g. retirement benefits or life insurance), the associated cost of providing that benefit has been charged to the Comprehensive Income and Expenditure Statement.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service lines in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the Pension Fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Pensions Costs

Employees of the Council are members of three separate pension schemes:

- The Teachers' Pension Scheme is a defined benefit scheme administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).

The assets and liabilities of the Teachers' Pension Scheme are not attributable to the Council, therefore the Council accounts for the scheme as if it were a defined contribution scheme. This

means that the Children and Education Services line in the Comprehensive Income and Expenditure Statement will only include the Council's contributions payable to the scheme.

- NHS Pension Scheme is a defined benefit scheme administered by EA Finance NHS Pensions.

The assets and liabilities of the NHS Pension Scheme are not attributable to the Council, therefore the Council accounts for the scheme as if it were a defined contribution scheme. This means that the Public Health Services line in the Comprehensive Income and Expenditure Statement will only include the Council's contributions payable to the scheme.

- The Greater Manchester Local Government Pension Scheme, administered by the Council, is accounted for as a defined benefit scheme. The liabilities of the scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, and projections of future earnings for current employees.

Pension liabilities are measured using the projected unit method, discounted using the rate on high quality corporate bonds of equivalent term to the liabilities. The discount rate is the weighted average of "spot yields" on AA rated corporate bonds.

The change in the net pensions liability is analysed into the following components:

Service cost comprising:

1. Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
2. Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years will be debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
3. Net interest on the net defined benefit liability i.e. net interest expense for the Council - the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the end of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

Re-measurement comprising:

4. The return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
5. Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the Pension Fund in the year, not the amount calculated according to the relevant accounting standards. Adjustments are therefore made in the Movement in Reserves Statement.

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The debit balance on the Pensions Reserve therefore shows a shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Early Retirement, Discretionary Payments

The Council has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies which are applied to the Local Government Pension Scheme.

c) Lessee Accounting for an Operating Lease

Costs associated with operating leased assets where the Council is the lessee are charged immediately to the Comprehensive Income and Expenditure Statement within the Net Cost of Services on an accruals basis.

d) Revenue Recognition

Revenue from contracts with service recipients, whether for services of the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

Where the Council is acting as Agent of another organisation, the amounts collected on behalf of that organisation are excluded from the Council's revenue.

e) Revenue Grants and Contributions

Grants, contributions and donations (referred to as grants for the purposes of this policy) are recognised as income at the date that the Council has satisfied the conditions of entitlement, and there is reasonable assurance that the monies will be received. Any grant received before these recognition criteria were satisfied would be held as a creditor (income in advance). Any grant which had met the recognition criteria but had not been received would be shown as a debtor.

Revenue grants will either be received to be used only for a specific purpose, or can be used for general purpose. Those for a specific purpose are recognised in the Comprehensive Income and Expenditure Statement within the Net Cost of Services. Those which are for general purpose are shown within Other Operating (Income) and Expenditure in the Comprehensive Expenditure and Income Statement.

The Council recognises capital grants and contributions as being related to capital assets and uses them to fund capital expenditure on those assets. Grants, contributions and donations are recognised as income at the date that the Council has satisfied the conditions of entitlement, and there is reasonable assurance that the monies will be received.

Any grant received before these recognition criteria were satisfied would be held as a creditor. Any grant which had met the recognition criteria but had not been received would be shown as a debtor. This is in line with the Accruals Concept.

Once the recognition criteria above have been satisfied, capital grants are recognised as income in the Comprehensive Income and Expenditure Statement.

In order to not impact on the level of Council Tax, the Council removes the credit from the General Reserves through the Movement in Reserves Statement, and makes a credit to the Capital Grants Unapplied Reserve.

Once expenditure has been incurred on the related asset, the credit is removed from the Capital Grants Unapplied Reserve and credited to the Capital Adjustment Account.

f) Provisions

Provision has been made in the Comprehensive Income and Expenditure Statement for liabilities that have been incurred by the Council, but where the amounts or dates on which they will arise are uncertain.

Provisions are required to be recognised when the Council has a present obligation, as a result of a past event, where it is probable that an outflow of resources embodying economic benefit or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation, (IAS 37 – Provisions, Contingent Liabilities and Contingent Assets).

When expenditure is incurred to which the provision relates, it is charged directly against the provision in the Balance Sheet and not against the Comprehensive Income and Expenditure Statement.

The Council has made a provision for the costs of settling claims for back pay arising from discriminatory payments incurred before the Council implemented its equal pay strategy. However, statutory arrangements allow settlements to be financed from General Fund Balances in the year that payments actually take place, not when the provision is established. The provision is therefore balanced by an entry within the Capital Adjustment Account (CAA) created from amounts credited to the General Fund Balance in the year the provision was made or modified. The balance within the CAA will be debited back to the General Fund Balance in the Movement in Reserves Statement in future financial years as payments are made.

g) Revenue Reserves

The Council holds usable revenue reserves for the purpose of funding future expenditure. The General Fund Balance represents the balance of reserves to meet short term, unforeseeable expenditure and to enable significant changes in resources or expenditure to be properly managed over the period of the Medium Term Financial Strategy. Earmarked Reserves represent balances where approval has been received to use the reserve for a specific purpose.

Unusable revenue reserves represent timing differences such as those associated with the recognition of retirement benefits, Council tax income and financial instruments.

Movement in reserves are accounted through the Movement in Reserves Statement.

h) Council Tax and Business Rates Recognition

Council Tax and Business Rates income included in the Comprehensive Income and Expenditure Statement includes the Council's share of accrued income recognised by billing authorities in the production of the Collection Fund Statements.

The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Reserve is taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement.

Billing authorities act as agents, collecting council tax and business rates on behalf of the major preceptors and, as principals, collecting council tax and business rates for themselves. Billing authorities are required by statute to maintain a separate fund (the Collection Fund) for the collection and distribution of amounts due in respect of council tax and business rates. Under the legislative framework for the Collection Fund, billing authorities and major preceptors share proportionately the risks and rewards that the amount of council tax and business rates collected could be less or more than predicted.

The council tax and business rates income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Reserve is taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for expected credit losses, overpayments and prepayments and appeals.

i) Inventories and Work in Progress

Work in progress is valued at the lower of cost (including all related overheads) or net realisable value.

No amounts are included for such items as small stores at Community Services residential homes, or stocks at special schools and outdoor education centres as these are not regarded as having material value due to their size. It is considered that this difference in treatment (together with the exclusion of certain types of stock) does not have a material effect on the values stated.

j) Provisions for expected credit losses

The Council maintains a provision for expected credit losses for any potential non-payment of debtors at each Balance Sheet date. Assessment is made based on the risk of debtors' ability to pay future cash flows due under the contractual terms. This risk is estimated where possible based on historical loss experience, credit rating for a debtor and other impacting factors.

Provisions for expected credit losses are offset against the debtor amount shown as an asset, the movement in the provision is charged against Financing and Investment in the Comprehensive Income and Expenditure Statement.

4. TREASURY MANAGEMENT

a) Financial Instruments

Financial Assets

Financial Assets e.g. investments and debtors are classified into three types – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL).

The categorisation of financial assets into these types is dependent on the reason for holding these assets (to collect cash flows, to sell assets or both).

Financial assets are brought onto the balance sheet at fair value when the Council becomes a party to contractual provisions.

Amortised Cost

These assets relate to financial instruments where the amounts received relating to them are solely principal and interest and they are held to generate cash flows (e.g. investments of surplus cash with the government's debt management office or loans to third parties).

The interest received on these assets is spread evenly over the life of these instruments. Any gain or loss in the value of these assets is recognised in the net surplus / deficit on the net provision of services at the point of de-recognition (disposal) or reclassification.

Fair Value through Other Comprehensive Income (FVOCI)

These assets relate to financial instruments where the amounts received relating to them are solely principal and interest but they are held to collect cash and sell the assets (e.g. money market funds). The interest received on these assets is spread evenly over the life of these instruments.

Changes in the fair value of these assets are charged to Other Comprehensive Income and Expenditure. Cumulative gains and losses are charged to the surplus / deficit on provision of services when they are disposed of.

Under capital accounting regulations where these assets were treated as capital expenditure the gain or loss is reversed to an unusable reserve - the Financial Instruments Revaluation Reserve.

Fair Value through Profit and Loss (FVPL)

These assets relate to financial instruments where the amounts received relating to them are not principal and interest (e.g. equity investments).

Dividends received are accounted for at the point they are declared.

Charges in fair value are charged to the surplus / deficit on the net provision of services as they occur.

Under capital accounting regulations where these assets were treated as capital expenditure the gain or loss is reversed through the Movement in Reserves Statement and charged to an unusable reserve - the Capital Adjustment Account. . An equity instrument that has been classed as FVPL can be designated as FVOCI if it is not held for trading (e.g. a strategic investment). Once this designation has been made it cannot be reversed. This designation would mean that any gains and losses would be held in the Financial Instruments Revaluation Reserve.

Credit loss

The Council will recognise a loss allowance for expected credit losses, if applicable, on assets where cash flows are solely principal and interest (i.e. financial instruments measured at amortised cost or FVOCI unless they have been designated as such). This does not apply where the counterparty is central government or another local authority.

At each year end the loss allowance for a financial instrument is calculated as equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

If at year end the credit risk has not increased significantly since initial recognition the loss allowance is measured at an amount equal to twelve month expected credit losses.

Where the financial asset was treated as capital expenditure any losses will be reversed via the Movement in Reserves Statement to the Capital Adjustment Account.

Financial Liabilities

Financial liabilities (e.g. borrowings and creditors) are recognised when the other party has met a commitment under the contract that creates an obligation for the Council to transfer economic benefits. For instance, when the Council takes out a loan, the advance of cash from the lender initiates the obligation to repay at some future date, and the loan would be recognised as a liability on the Balance Sheet when the advance is received.

Charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability multiplied by the effective rate of interest for the instrument. (The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised).

For many of the borrowings that the Council has, this means that the amount shown in the Balance Sheet is the outstanding principal repayable plus accrued interest, and the amount charged to the Comprehensive Income and Expenditure Statement is the amount payable per the loan agreement.

For Lender Option Borrower Option (LOBO) loans the effective interest rate has been calculated over the life of the loan. This is an average and differs from the amounts actually paid in the year. The difference between the calculated interest charge and interest paid has been adjusted in the carrying amount of the loan on the balance sheet. The amount charged in the Comprehensive Income and Expenditure Statement is the effective interest rate for the life of the loan rather than the amount payable per the loan agreement.

Where the Council is in receipt of loans that are interest free or at less than prevailing market interest rates if material, the effective interest rate is calculated so that the value of the financial assistance to the Council by the lender is separated from the financial cost of the transaction. This gain is calculated by working out the net present value of all future cash payments using the interest rate for a similar loan taken by the Council. This results in a lower figure for the fair value of the loan with the difference from the loan received treated as a government grant. This gain is reversed out in the Movement in Reserves Statement to the Financial Instruments Adjustment Account.

Gains and losses on the repurchase or early settlement of borrowing are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and

Expenditure Statement in the year of repurchase or settlement. However if the repurchase takes place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is deducted from or added to the amortised cost of the new or modified loan. In this scenario the write down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts (amounts paid or received on the rescheduling of a loan) have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact of premiums on the General Fund balance to be spread over the longer of the outstanding period of the replaced loan or the period of the replacement loan or any other shorter period that the Council wishes to choose. Discounts are required to be credited to revenue over a maximum period equal to the outstanding term of the replaced loan or ten years (if shorter). The difference between the amount charged to the Comprehensive Income and Expenditure Statement and the net charge against the General Fund balance is transferred to or from the Financial Instruments Adjustment Account in the Movement of Reserves Statement.

b) Cash and cash equivalents

Cash equivalents are short term investments that are of a highly liquid nature. The Council has deemed that deposits held within money market funds are categorised as cash equivalents.

c) Interests in Companies and Other Entities

Where the Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint arrangements, it is required to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as investments, i.e. at cost, less any provision for losses. The Council has identified Inspired Spaces Tameside as an associate but group accounts have not been prepared on the grounds of materiality. Information on financial transactions between the Council and this associate are disclosed as related party transactions.

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The following are critical management judgements in applying the accounting policies of the Council that have the most significant effect on the financial statements.

Accounting for Schools – Consolidation

In line with accounting standards and 'the Code' on group accounts and consolidation, all maintained schools in the Borough are now considered to be entities controlled by the Council. Rather than produce group accounts the income, expenditure, assets, liabilities, reserves and cash flows of each school are recognised in the Council's single entity accounts.

Accounting for Schools – Balance Sheet Recognition of Schools

The Council recognises schools in line with the provisions of the Code. Schools are recognised on the Balance Sheet only if the future economic benefits or service potential associated with the school will flow to the Council. The Council regards that the economic benefits or service potential of a school flows to the Council where the Council has the ability to appoint the employees of the school and is able to set the admission criteria.

There are generally five categories of schools:

- Community schools
- Voluntary Controlled (VC) schools
- Voluntary Aided (VA) schools
- Foundation/Trust schools
- Academies

Employees at community schools are appointed by the Council and the Council sets the admission criteria. These schools are therefore recognised on the Council's Balance Sheet.

In order to comply with the Code of Practice on Local Authority Accounting the Council wrote to each of the diocese who occupy schools within the borough of Tameside in order to establish the accounting arrangements.

Diocese of Salford, The Church of England Diocese of Chester, The Church of England Diocese of Manchester and Diocese of Shrewsbury have all responded in writing to confirm that the schools occupy the school premises under the direction of the trustees and that the legal ownership resides with the religious body. The Council has also had confirmation that the religious bodies referred to above account for the school buildings within their Balance Sheets.

The legal ownership of Voluntary Controlled School buildings belong to a charity, normally a religious body, therefore the Council does not recognise these non-current assets on the Balance Sheet. However the adjoining school playing fields remain in Council ownership and are therefore included on the Council's Balance Sheet.

Foundation Trust, Voluntary Aided and Academy school employees are appointed by the schools' governing body, which also set the admission criteria. As a consequence the Council does not receive the economic benefit or service potential of these schools and does not recognise them on the Council's Balance Sheet. However the playing fields surrounding Voluntary Aided schools remain in Council ownership and are therefore included on the Council's Balance Sheet. In addition, the assets relating to PFI VA schools are recognised on the Council's balance sheet, together with the corresponding liability.

Accounting for schools - Transfers to Academy status

When a school that is held on the Council's Balance Sheet transfers to Academy status the Council accounts for this as a disposal for nil consideration on the date that the school converts to Academy

status, rather than as an impairment on the date that approval to transfer to Academy status is announced.

Where the Council has entered into construction contracts for replacement schools on behalf of an Academy, the Council charges the cost of construction against Assets Under Construction (part of Property, Plant and Equipment), whilst the Academy is constructed. Once the construction is complete the asset is transferred to Property, Plant and Equipment on the date of transfer to Academy status. The Council accounts for this as a disposal for nil consideration.

Investment Properties

Investment Properties have been identified using criteria under 'the Code', and are those assets held solely for rental income or for capital appreciation, or both. The assessment of Investment Properties using these criteria is subject to interpretation.

Leases

The Council has examined its leases, and classified them as either operational or finance leases. In some cases the lease transaction is not always conclusive and the Council uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership. In assessing leases the Council has estimated the implied interest rate within the lease to calculate interest and principal payments.

Funding

There remains uncertainty about future levels of funding for Local Government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATED UNCERTAINTY

Property, Plant and Equipment

An asset is depreciated over a useful life that is dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to the individual asset. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance bringing into doubt the useful life assigned to assets. If the useful life of an asset is reduced, the depreciation charge increases and the carrying amount of the asset falls.

An important estimation contained in the accounts is that of the useful economic life of non-current assets (or useful remaining economic life where assets are revalued). This is important as it determines the depreciation charge posted to the Comprehensive Income and Expenditure Statement.

Depreciation is provided for on all non-current assets with a finite useful life (this can be determined at the time of acquisition or revaluation) according to the following policy:

Asset Category	Useful Economic Life
Buildings	2-70 years
Infrastructure assets (such as roads)	Up to 40 years
Other non-current assets (such as vehicles, plant and equipment)	10 years or less
Investment properties	Not depreciated - revalued each year
Surplus assets	Not depreciated - revalued each year

All assets held at current value are revalued as a minimum every five years. Specific assets may be valued more frequently depending on the wider economic context, particularly if it is expected that there has been a material reduction in their value during the year. The total value of assets subject to revaluation at 31 March 2021 was £283.828m. A 1% change in the value of these assets would result in a £2.838m change in the balance sheet value.

Depreciation could also be calculated by adopting a fixed policy regarding economic life for each identified class of asset. However, it has been determined by the Council that a 'catch-all' policy cannot be as accurate as the case-by-case review that is employed, because of the wide variety of assets held.

Business Rates

Since the introduction of the Business Rates Retention Scheme effective from 1 April 2013, Local Authorities are liable for the cost of successful appeals against business rates charged to businesses in their proportionate share. Appeals are managed by the Valuation Office (VOA) on a case by case basis. The Council cannot be fully aware, at all times, of all changes to businesses and to business premises, and it is the responsibility of the individual business to seek adjustments for their business rates bill where this is appropriate. Therefore, a provision is recognised in the accounts for the best estimate of the possible liability to the Council for business rates appeals, to 31 March 2021. This is calculated using the VOA's latest list of appeals, which includes information on the average levels of successful and unsuccessful claims. The provision for losses against the 2017 list is calculated based on average losses of 4.77% on the 2010 list. If the provision calculation assumed losses of 0.5% more or less than this, the gross provision (before utilisation) would be £1.445m more or less than the amount reflected on the balance sheet at 31 March 2021.

Debt Impairment

All debts due to the Council are regarded as collectible, unless firm evidence transpires that they are uncollectible and so are 'bad' debts. However, some debts which are proving difficult to collect may be properly termed 'doubtful'. The Council has included an impairment allowance for doubtful debts in the accounts based on a review of the Council's significant short term debtor balances. In the current economic climate it is not certain that the impairment allowance for doubtful debts would be sufficient. If collection rates were to deteriorate an increase in the impairment allowance would be required. A 5% increase or decrease in the impairment allowance would result in a £0.788m change to the debtors balance at 31 March 2021.

PFI and similar arrangements

PFI and similar arrangements have been considered to have an implied finance lease within the agreement. In reassessing PFI leases the Council has estimated the implied interest rate within the leases to calculate interest and principal payments. The future RPI increase within the contracts has been estimated as remaining constant throughout the remaining period of the contract.

Pension Fund Liability

The estimation of the Pension Fund liability depends on a number of complex judgements relating to the discounts used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The estimation of the defined benefit obligations is sensitive to the actuarial assumptions.

Manchester Airport Group (MAG)

The Council's shareholding in MAG is valued using the earning based method and discounted cash flow method resulting in the asset being valued at fair value rather than historic cost, therefore requiring an annual valuation. A firm of financial experts and valuers have been engaged by the nine minority local authority shareholders to provide an independent valuation which includes reviewing the financial performance, stability and business assumptions of MAG. The valuation provided is based on estimations and assumptions and therefore should the Council sell its shareholding the value held in these statements may not be realised.

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Agenda Item 7.

Report to:	AUDIT PANEL
Date:	15 March 2022
Reporting Officer:	Kathy Roe – Director of Finance Caroline Barlow – Assistant Director of Finance
Subject:	CONSULTATIONS
Report Summary:	This report provides members of the Audit Panel with details of: <ul style="list-style-type: none">• proposed changes to regulations to better enforce the duty of local authorities to make prudent Minimum Revenue Provision each year; and• Emergency proposals for an update of the 2021/22 Code of Practice on Local Authority Accounting in the United Kingdom and the 2022/23 Code.
Recommendations:	The Panel is asked to note the potential implications of the proposed changes set out in these consultations, if the proposals are adopted.
Corporate Plan:	The Corporate Plan helps determine the priorities for Council spending, which will be reported using the policies and accounting requirements referred to in this report.
Policy Implications:	There are no wider policy implications arising from this report.
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	The proposals for changes to regulations to better enforce the duty of local authorities to make prudent Minimum Revenue Provision each year may have revenue implications for the Council. It is not yet clear whether the changes would be applied retrospectively, but the changes may impact on existing shareholder loans with Manchester Airport Group. If changes to the regulations require retrospective application to existing loans, this would have a direct revenue impact of circa £270k per annum of additional costs, despite the fact that full repayment is anticipated. If the change only applies to future agreements, it would make similar arrangements less viable going forwards.
Legal Implications: (Authorised by the Borough Solicitor)	This report has been prepared to highlight the potential impact that changes to the Regulations and Code, which govern the council's accounting procedures may have on the council's budget position. Early planning in expectation of these changes is advisable as the council is required by law to have a robust and balanced budget each financial year and therefore any impact will have to be addressed appropriately.
Risk Management:	The accounting policies help to reduce the risk of error or misstatement within the Council's accounts by ensuring a clear framework for financial reporting. The Accounting Policies must be consistent with financial reporting regulations and statutory guidance.
Background Information:	The background papers relating to this report and any further information can be obtained from the report writer, Heather Green, Finance Business Partner

 Telephone: 0161 342 2929

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

1 INTRODUCTION

- 1.1 There have been two recent consultations which could impact the Council's revenue budget and/or impact on the accounting treatment that is applied to transactions during the financial year. These two separate consultations relate to:
- proposed changes to regulations to better enforce the duty of local authorities to make prudent Minimum Revenue Provision each year; and
 - Emergency proposals for an update of the 2021/22 Code of Practice on Local Authority Accounting in the United Kingdom and the 2022/23 Code.
- 1.2 This paper seeks to provide members of the Audit Panel with an update on the proposals set out in these consultations and the potential impact for Tameside.

2 CONSULTATION ON CHANGES TO THE MINIMUM REVENUE PROVISION GUIDANCE, DECEMBER 2021

Consultation Proposals

- 2.1 This consultation sought views on proposed changes to regulations intended to better enforce the duty of local authorities to make prudent Minimum Revenue Provision each year. Full details of the consultation can be found here [Changes to the capital framework: Minimum Revenue Provision - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/changes-to-the-capital-framework-minimum-revenue-provision)
- 2.2 Local authorities borrow and invest under the Prudential Framework (the Framework), which comprises legislation and 4 statutory codes that authorities must have regard to. Under this system, authorities have wide freedoms to borrow and invest without the need to seek the government's consent, provided that borrowing is affordable. The intent of the Framework is to make sure local decisions are prudent, affordable and sustainable.
- 2.3 Where authorities borrow to finance capital spend, they are required under regulations to set aside money each year from their revenue account. This is referred to as Minimum Revenue Provision (MRP) and is to make sure they can afford to repay the principal of their debt.
- 2.4 Local authorities have flexibility in how they calculate MRP, providing it is 'prudent'. Further guidance on how to calculate a prudent amount is given in the government's *Statutory guidance on Minimum Revenue Provision*, which authorities must have regard to. Notwithstanding these flexibilities, authorities must meet the statutory requirement that the charge is prudent and is made to revenue. Where the duty is not adequately met, this can result in authorities borrowing more than they could otherwise afford, and pushing liabilities and risk into the future.
- 2.5 The government is proposing to make changes to the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 to address the issue that some authorities are not adequately complying with the duty to make Minimum Revenue Provision. Changes are intended to make explicit that:
- Capital receipts may not be used in place of the revenue charge. The intent is to prevent authorities avoiding, in whole or part, a prudent charge to revenue. It is not the intention to prevent authorities using capital receipts to reduce their overall debt position, which may have the effect of reducing the MRP made with respect to the remaining debt balance.
 - Prudent MRP must be determined with respect to the authority's total capital financing requirement. The intent is to stop the intentional exclusion of debt from the MRP determination because it relates to an investment asset or capital loan. Authorities should still be able to charge MRP over the period in which their capital expenditure provides benefits, and begin charging MRP in the year following capital expenditure, in accordance with proper accounting practices set out in the government's statutory guidance on Minimum Revenue Provision.

Tameside Response

- 2.6 The current MRP guidance includes wording which makes it clear that it is for the authority to determine an amount of MRP that it considers to be prudent. This proposed change would impact on the ability of the Council to set a policy that it considers prudent.
- 2.7 Existing guidance states that the underpinning principle of the local authority finance system is that all capital expenditure must be financed by capital receipts, capital grants (or other contributions) or eventually from revenue income. There may be short-term timing differences between capital expenditure and the receipts/grants that support this activity. For example, an authority may be required to spend money on assets that are to be funded by S.106 receipts. This proposed change to the regulation may have unintended consequences on the ability to delay MRP until the receipts are received and used to pay down debt created to fulfil the planning obligation.
- 2.8 In the existing guidance, the Secretary of State accepts that whilst they consider that the methods of making prudent provision include the options set out in the guidance, they also say that this does not rule out or otherwise preclude a local authority from using an alternative method should it decide that is more appropriate (and prudent).
- 2.9 Making an authority follow a regulation that removes some of the flexibility used as part of a prudent MRP policy is not consistent with the views provided by the Secretary of State in the current MRP Guidance and appears inconsistent with the view provided in the consultation that “The government wants authorities to still be able to exercise judgement in determining a prudent amount and does not want to move back to a prescriptive method.”
- 2.10 Under the proposed change there are some circumstances where preventing the use of capital receipts to be used in place of a revenue charge will create a double count and an over provision of resources, which could be viewed as imprudent and this may have an impact on the Council’s ability to deliver services.
- 2.11 The government also needs to clarify how the proposed change will be implemented in relation to the current MRP policies that have already been adopted. Under existing regulations, the use of capital receipts is restricted and can only be used for the items listed within Regulation 23 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003:
- to meet any capital expenditure
 - to repay the principal of any amount borrowed
 - to pay a premium charged in relation to any amount borrowed
 - to meet any liability in respect of credit arrangements, other than any liability which, in accordance with proper practices, must be charged to a revenue account.
- The intention of the proposed changes appears to restrict the use of capital receipts and may conflict with Regulation 23.
- 2.12 It is also not clear how the changes will be implemented, if it would be applied to loans already in place or only applied to new loans provided once the revised regulations are adopted. Tameside does not have any capital loans that are for purely investment purposes, but does have some that have been used to support the local economy (Loans to Manchester Airport Group). If changes are applied to these existing loans then this would have a direct revenue impact of circa £270k per annum of additional MRP costs, despite the fact that full repayment is anticipated. Even if the change only applies to future agreements, it would make these schemes much less viable going forwards. Therefore, it seems appropriate to have some flexibility to allow alternative prudent approaches that will ensure revenue and capital resource mismatching does not create additional unintended revenue budget pressures or prevent schemes meeting local or national policy objectives from going ahead.

3 EMERGENCY PROPOSALS FOR AN UPDATE OF THE 2021/22 CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING IN THE UNITED KINGDOM AND THE 2022/23 CODE, JANUARY 2022

Consultation Proposals

- 3.1 CIPFA LASAAC has issued an exceptional consultation on time limited changes to the code to help alleviate delays to the publication of audited financial statements. Only 9% of local authority accounts in England met the audit publication deadline of 30 September 2021, and only 40% had been signed off at the end of January 2022. Full details of the consultation can be found here [Emergency update of the 2021/22 and 2022/23 codes | CIPFA](#).
- 3.2 In December 2021, the Department of Levelling-up Housing and Communities asked CIPFA LASAAC to consider ways in which the code may help to alleviate delays to the publication of audited financial statements. CIPFA LASAAC considered this request and has issued this exceptional consultation, which explores two possible changes that might be made as an update to the 2021/22 code and to the agreed position in the 2022/23 code. After considering a wide range of options CIPFA LASAAC decided to explore two approaches:
- an adaptation to the code to allow local authorities to pause professional valuations for operational property, plant and equipment for a period of up to two years (though the initial proposal is for the 2021/22 financial year); this approach also explores the use of an index to be used to increase or reduce that valuation
 - deferring the implementation of IFRS 16 Leases for a further year and reversing the planned changes to the 2022/23 code to implement that standard.
- 3.3 CIPFA have set out their views on the proposed changes in their invitation to comment document and provided some detail on how their proposed changes with impact on the preparation of financial statements. It should be notes that the changes are based on requests from the Department of Levelling Up Housing and Communities to address the crisis with the audit publication deadlines in England. It is made clear that there are no similar issues in Northern Ireland, Scotland or Wales.

Tameside Response – Valuation changes

- 3.3 The proposal to pause professional valuations may support some authorities but doesn't consider the fact that work on the 2021/22 valuations may already be in progress or completed. Tameside Council has a two year contract with external valuers for the 2020/21 and 2021/22 accounts, with work in progress on 2021/22 valuations. If the emergency proposals are not adopted, the valuation approach will be required and therefore it is not prudent to pause existing valuation work at this stage.
- 3.4 The move to an indexation approach may require additional workload that has not been planned for. Additional valuation work may also be required to 'catch-up' after the temporary two year pause. For that reason, it is not clear whether this proposed change will bring any substantial benefits to the Council. If such a significant change to the current Code is going to be implemented so close to the financial year end, it should only be made if there is clear evidence that it would deliver the desired outcome. It is not clear that this proposal will deliver the desired improvement in audit timeliness.

Tameside Response – IFRS16

- 3.5 The original deadline for the implementation of IFRS16 has already been postponed three times by CIPFA and replaced with the current 1 April 2022 implementation date. The NHS is proceeding with the adoption of IFRS16 in 2022/23 and the DfE are in the process of getting new school leasing rules signed off by Ministers. If IFRS16 implementation in Local Government is delayed to 2023/24, the public sector could be inconsistent in its approach to adoption, leading to inconsistencies in Whole of Government Accounts (WGA), and the potential for additional work or disclosure for WGA.
- 3.6 The Council has already undertaken preparatory work for IFRS16 in 2020 and is in the process

of refreshing this work in preparation for a 1 April 2022 implementation date. Deferral of implementation to 1 April 2023 would require further work during 2022/23 to refresh preparatory work yet again. For that reason, it is not clear whether this proposed change will bring any substantial benefits to the Council.

4 RECOMMENDATIONS

4.1 As set out on the front of the report.

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Agenda Item 8.

Report To:	AUDIT PANEL
Date:	15 March 2022
Reporting Officer:	Kathy Roe – Director of Finance Wendy Poole – Head of Risk Management and Audit Services
Subject:	DATA PROTECTION / INFORMATION GOVERNANCE UPDATE REPORT
Report Summary:	The report provides an update on Data Protection/Information Governance across the Council and presents some key documents for information.
Recommendations:	Members are asked to: <ol style="list-style-type: none">1) Note the report.2) Approve the Subject Access Request Guidance attached at Appendix 1.3) Approve the Redaction Guidance attached at Appendix 2.4) Approve the Vulnerability Disclosure Procedure attached at Appendix 3.
Corporate Plan:	Strong information governance supports the individual operations, which deliver the objectives of the Council.
Policy Implications:	The documents will add further guidance to the Data Protection/Information Governance Framework to enable staff to adhere to the requirements of the Data Protection Act 2018 and UK General Data Protection Regulations (GDPR).
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	Non-compliance with the Data Protection Act 2018 or the UK GDPR can result in the Information Commissioner's Office imposing financial penalties up to maximum of £17 million or 4% of annual turnover (depending on which is larger) for the most serious breaches.
Legal Implications: (Authorised by the Borough Solicitor)	Robust data and information governance is critical for efficient delivery of services and revenue collection. In addition non-compliance with the Data Protection Act 2018 and UK GDPR would expose the Council to enforcement action and/or a financial penalty from the Information Commissioners Office which as set out in the financial implications can be significant in addition to the reputational damage to the council.

Risk Management:

Information is a valuable asset to the Council and personal information needs to be protected as privacy failures could be very damaging to the Council in terms of reputational damage and they could have significant financial implications. The necessity to update and refresh our Data Protection/Information Governance Framework is critical if we are to comply with the requirements of the Data Protection Act 2018 and UK GDPR.

Access to Information:

This report is to be considered in public.

Background Papers:

The background papers relating to this report can be inspected by contacting Wendy Poole.



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1. INTRODUCTION

- 1.1 The primary pieces of legislation relating to information governance and data protection are the Data Protection Act 2018 and the General Data Protection Regulations (GDPR) which came into force from 25 May 2018 and were update to UK GDPR following the UK's departure from Europe.

2 DATA PROTECTION/INFORMATION GOVERNANCE WORK PLAN

- 2.1 A Work Plan is in place, which is monitored by the Information Governance Group to ensure that the Council continues to review its compliance with the Data Protection Act 2018 and UK GDPR.
- 2.2 A key task included in the Work Plan for the Information Team is to review the Data Protection/Information Governance Framework, which is presented below. The 'bubbles' are shown in different colours to represent the status of the documents, and the key is detailed in the table at 2.3.

Diagram 1 – Data Protection/Information Governance Framework



2.3 Table 1 – Diagram Key

	Document reviewed, presented and approved by the Audit Panel.
	Review in Process.
	Documents present to below to the Audit Panel.
	Review to commence in Quarter 1 of 2022/23.

3 UPDATED FRAMEWORK DOCUMENTS

3.1 The Information Governance Group, considered three documents at its meeting on 2 December 2021 and these are presented in Appendices 1, 2 and 3 for information. Consultation has taken place with the Information Governance Champions and feedback has been incorporated into the documents attached.

Subject Access Request Guidance

3.2.1 UK GDPR and the Data Protection Act 2018 give individuals various rights, including the right of access to personal information held about them by an organisation, known as a Subject Access Request (SAR). The rights of subject access constitute a statutory duty with strict timescales and any requests must be dealt with promptly and appropriately to ensure compliance with the legislation.

3.3.2 The purpose of this guidance is to set out the various roles and responsibilities within the Council when dealing with a Subject Access Request. The guidance provides the following advice:-

- how to recognise a Subject Access Request,
- the key points to consider and
- the procedure to be followed to ensure fulfilment of the request in line with the data protection legislation

3.2.3 The document attached at **Appendix 1** is an update on the existing policy, which has been refreshed to make the guidance clearer. It updates the SAR process to better reflect the procedures in place within the Information and Improvement Team and wider service areas.

3.2.4 Clarity has been added around how to recognise a SAR and the immediate steps to be taken by any employee to ensure the SAR is dealt with in the right way and in line with statutory timescales.

3.2.5 Redaction guidance has been added to provide further clarity on when and how redaction should be carried out. In responding to a SAR, it is paramount to collate all the related information together and then to review it to ensure only that relating to the data subject is released.

3.2.6 The updated policy covers:

- Introduction;
- Definitions;
- Scope;
- The Right of Subject Access;
- Roles and Responsibilities;
 - Employees;
 - Managers;
 - Heads of Service;
 - Directorate IG Champions
 - Subject Access Request Coordinator (Children's and Adult's Services);
- What makes a Valid SAR Request?
 - Format of request;
 - Asking for clarification;
 - Proof of identity;

- Requests made on behalf of others;
 - Requests
- Requests for information about Children;
- Handling the SAR;
 - Time limit for complying with a SAR;
 - Process for handling a SAR
 - Format of information being disclosed;
- Requests involving third party personal data;
 - Duty of confident owed to a third party;
 - Other relevant factors;
 - Information about Council Officers;
- Exemptions;
 - Crime and taxation;
 - Health, social work and education;
 - Confidential references;
 - Publicly available information;
 - Negotiations with the requester;
 - Legal professional privilege;
- Complaints about Subject Access;
- Appendix 1 – Redaction Guidance

Redaction Guidance

- 3.3.1 The document attached at **Appendix 2** is a new guidance document to draw together the current working practices across the Council in respect of redaction, standardise them and provide one central point of reference for all employees to refer to for guidance when faced with a redaction task.
- 3.3.2 The guidance has been brought in line with current legislative and regulatory guidance. In light of various ICO enforcement actions and reprimands against other organisations in recent years for redaction errors, the procedure regarding how to redact has been refined to ensure that all redaction is carried out electronically using software approved and supplied by IT Services.
- 3.3.3 As a result of amendments to the guidance, it is considered that further direction and clarity has been provided to the Council's employees and the guidance better underpins the wider Data Protection/Information Governance Framework.
- 3.3.4 From discussions with both the Information Governance Group and the Information Champions a training course is to be developed to explain not only how to react information using the software but what to redact and why. Officers across the Council with experience and expertise will help to deliver the training.
- 3.3.4 The guidance covers:
- Introduction;
 - Definitions;
 - Scope;
 - Roles and Responsibilities;
 - Employees;
 - Managers;
 - Heads of Service;
 - Directorate IG Champions
 - IT Services
 - What is redaction?; and
 - Redaction Principles

Vulnerability Disclosure Procedure

- 3.4.1 The procedure outlines the process for reporting an external/internal security vulnerability found in any of the Council's hosted systems and/or services to the Council. It sets out expectations of what the reporting individual can expect as part of the reporting process.
- 3.4.2 The guidance covers:
- Reporting;
 - What to Expect;
 - Guidance;
 - You Must Not;
 - You Must;
 - Legalities; and
 - Feedback

4 RECOMMENDATIONS

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



Subject Access Request Guidance

Date: December 2021

Version: V2.0

Document Version Control

Document Version Control		
Version	Date	Approved by
1.0	May 2018	Audit Panel – 29 May 2018
2.0	December 2021	Information Governance Group – 2 December 2021
2.0	March 2022	Audit Panel – 15 March 2022

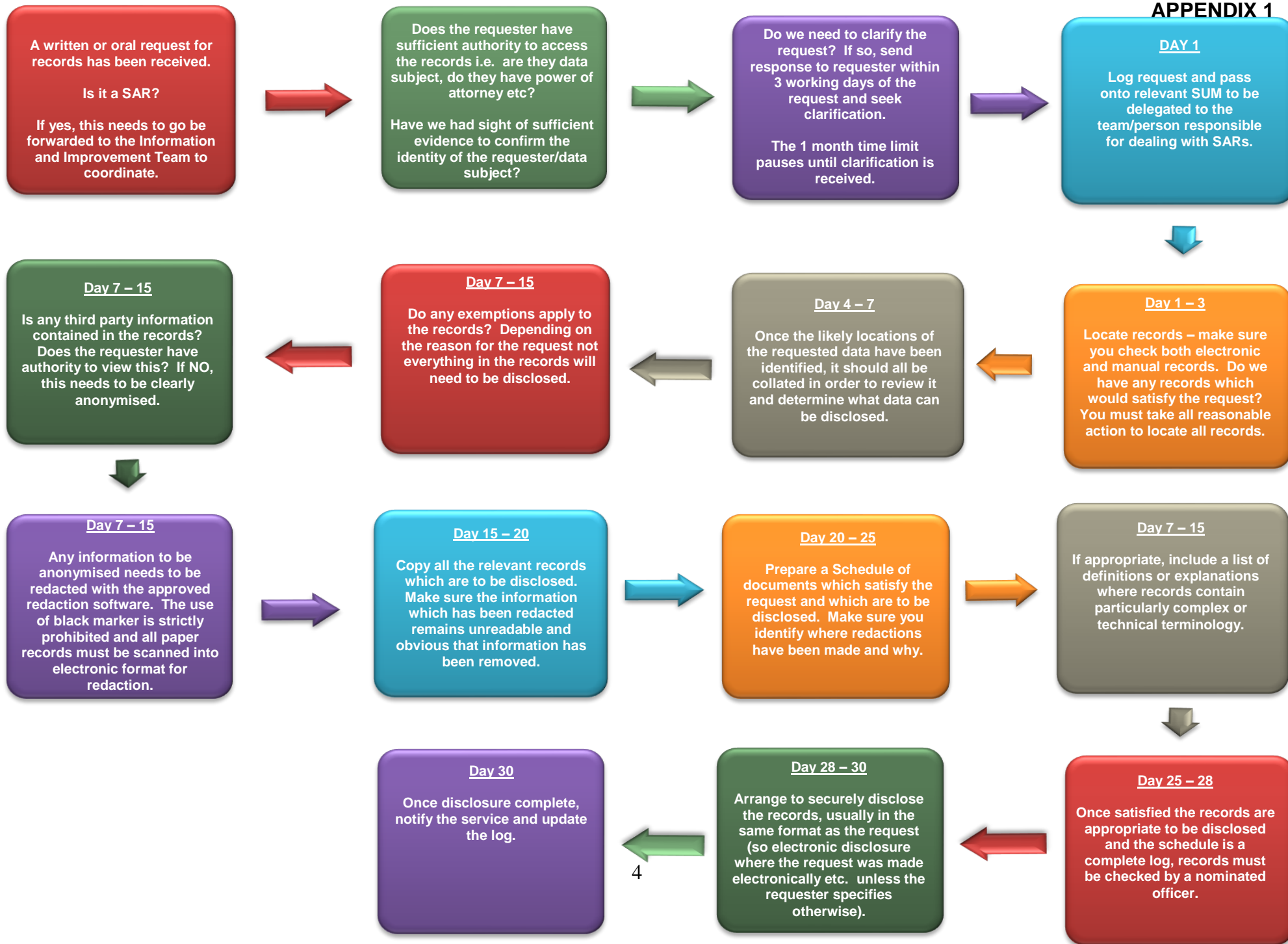
This is a live document effective from the issue date. It supersedes any previous versions of this document, which are now withdrawn.

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SAR PROCESS FLOWCHART

APPENDIX 1



1. INTRODUCTION

- 1.1. The Data Protection Act 2018 (“DPA 2018”) and General Data Protection Regulations (“UK GDPR”) gives individuals the right of access to personal information held about them by an organisation. This right is set out in Article 15 of UK GDPR and s.45 DPA 2018 and such a request is known as a ‘subject access request’ (SAR). The rights of subject access constitute a statutory duty and must be treated as a priority. It is imperative that all SARs are dealt with promptly and within the statutory timescales.
- 1.2. Failure to respond to a SAR within the statutory timescales may result in enforcement action brought by the Information Commissioner’s Office (ICO). If you are unclear about your obligations, please seek advice as soon as possible, from the following:
- For process queries, you should contact the Information and Improvement Team (informationandimprovement@tameside.gov.uk / 0161 342 3017)
 - Disclosure/redaction queries should be directed in the first instance to the Information Governance Team (information.governance@tameside.gov.uk / 0161 342 2170).
 - Information Champions.

2. DEFINITIONS

- 2.1. The following terms are used throughout this document and are defined as follows:

Table 1 – Definitions

Term	Definition
<p>Personal Data</p>	<p>Is any personal data as defined by UK GDPR and the Data Protection Act 2018.</p> <p>It is defined in the Data Protection Act 2018 at s.3(2) as “any information relating to an identified or identifiable living individual.”</p> <p>Broadly, this means any information (relating to a living individual who can be identified or identifiable, directly from the information in question, or indirectly identified from that information in combination with other information that is in the possession of the Council.</p> <p>The UK GDPR provides a non-exhaustive list of identifiers, including:</p> <ul style="list-style-type: none"> • Name; • Identification number; • Location data; and • Online identifier (e.g. IP addresses). <p>Personal data also applies to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of a living person.</p> <p>The Council is legally responsible for the storage, protection and use of personal data / information held by it as governed by UK GDPR and the Data Protection Act 2018.</p>

Term	Definition
Special Category Data	<p>This data is covered by Articles 6 and 9 of the General Data Protection Regulations (UK GDPR). As it is more sensitive it needs more protection and consists of:</p> <ul style="list-style-type: none"> • Racial or ethnic origin • Political opinions / beliefs • Religious or philosophical beliefs • Trade union membership • Genetic data • Biometric data (where used for ID purposes) • Health; • Sex life; or • Sexual orientation. <p>Criminal Offence Data is not Special Category Data, but there are similar rules and safeguards for processing this type of data.</p>
Protected Information	<p>Is any information which is:</p> <p>Personal / Special Category Data; or Confidential to the Council and which could have adverse consequences for the Council if it was released in an uncontrolled way.</p>
Employee(s)	<p>Includes all employees, Members of the Council, Committees, temporary staff, contractual third parties, partners or agents of the Council who have access to any information systems or information for council purposes.</p>
Redaction	<p>Is a process that is undertaken to render data/information unreadable. This is done by blocking out individual words, sentences or paragraphs or by removing whole pages or sections prior to the release of the document.</p> <p>Redactions should not just be a blank space, it should be clear that redactions have been made to a document and the amount of information redacted should also be clear.</p>

3. SCOPE OF THIS GUIDANCE

- 3.1. This guidance has been drawn up to assist employees in understanding how to recognise and respond to a SAR in compliance with the Council's obligations under the DPA 2018 and UK GDPR. It explains the right of access to personal data and the procedures that must be followed. Failure to follow this guidance may result in disciplinary action.
- 3.2. This guidance applies to all employees, including those who may respond to a SAR and should be read in conjunction with the Council's other related documents, found on the Council's [Data Protection/Information Governance Intranet page](#).

4. THE RIGHT OF SUBJECT ACCESS

4.1. The right of subject access includes access to personal data:

- processed electronically on a computer;
- Accessible records (for example housing tenancy files, social work files);
- Manual records held in a relevant filing system;
- In respect of public authorities subject to the Freedom of Information Act 2000 (“FOIA 2000”) only, access to unstructured manual records that are not held in a relevant filing system.

4.2. The right of subject access allows a living individual (“the data subject”) to find out what information (“personal data”) is held by an organisation about them. Upon receipt of a valid SAR, the Council is required to provide the following information to the requester:

- (a) Confirmation as to whether any personal data is being processed;
- (b) A description of the personal data, the reasons it is being processed and whether it has/will be given to other organisations/people;
- (c) A copy of the personal data (which may be copies of the original documents or a transcript which is specially prepared in order to respond to the SAR); and
- (d) Details as to the source of the data (where this is available).

4.3. Information must be provided in a permanent format (e.g. by supplying copies of records where appropriate) and all information must be legible. Any acronyms or jargon should be explained to the data subject in the response. If a data subject only requires a copy of their personal data then you are not required to provide the other information listed above under (a), (b) and (d).

4.4. Further guidance on identifying personal information can be found at [Appendix 1](#).

5. ROLES AND RESPONSIBILITIES

5.1. Most SAR requests are sent directly to the Information and Improvement Team (Executive Support), who log and acknowledge the request and will, if required, conduct identification checks and seek clarification of the SAR. They will then hand over the SAR to the appropriate officer within the relevant Directorate to review and respond. Where a request is received by a service area directly, they will be responsible for ensuring that the request is logged within 24 hours of receiving it by sending a copy of the request by email to Information and Improvement (informationandimprovement@tameside.gov.uk).

5.2. Employees

5.2.1. All employees are responsible for recognising a SAR and following the appropriate steps to progress it, whether this means gathering the information requested personally, or transferring it to the appropriate person to deal with.

5.3. Managers

5.3.1. All managers are responsible for being aware of the SAR procedure and ensuring compliance by their team members. They are also responsible (where nominated by the Head of Service) for approving the response, notifying the Directorate IG Champions with issues and seeking advice and assistance where needed.

5.4. Heads of Service

- 5.4.1. Heads of Service are assigned responsibility for the main systems and information assets within their business area. The Head of Service is responsible for monitoring compliance with the DPA 2018/UK GDPR in respect of the information they 'own', which includes compliance with the right of subject access. They are responsible for selecting appropriate employees within their Service to be responsible for dealing with SARs and identifying different senior employees within their Service to act as Directorate IG Champions. In the event of a complaint about the way a SAR has been handled, the Head of Service is responsible for ensuring the complaint is properly investigated and approving the response.

5.5. Directorate IG Champions

- 5.5.1. Directorate IG Champions have been appointed within Directorates to provide advice and support for officers in relation to data protection and information governance matters and can assist with SARs or signpost further support.

5.6. Subject Access Request Coordinator (Children's and Adult's Services)

- 5.6.1. Children's and Adult Services have their own SAR Request Coordinator, Danielle Cunningham-Hobbs (d.cunningham-hobbs@tameside.gov.uk). All SARs for Children's or Adults Services data should be referred to the Information and Improvement Team in the first instance, who will then liaise with the SAR Coordinator to fulfil the request. All employees within Children's and Adults Services are required to assist the SAR Coordinator where required.

6. WHAT MAKES A VALID SAR REQUEST?

6.1. Format of request

- 6.1.1. A valid SAR can be made either verbally or in writing, including on social media. The request does not need to refer to legislation or mention the phrase "subject access".
- 6.1.2. Even if the request refers to other legislation, such as the FOIA 2000, if it is a request for personal information of the person making the request (the data subject) it should be treated as a SAR. If the request refers to the Freedom of Information Act you will need to send a refusal notice to the FOI request relying on s.40(1) of the FOIA 2000, though the SAR will still have to be dealt with within the appropriate timescales.
- 6.1.3. In some cases, a request for personal data may be handled in the normal course of business, for example, if a customer asks for a further copy of information that they have misplaced. Such a request does not have to be dealt with formally as a SAR so long as it is dealt with promptly, and in any event, within 1 calendar month.
- 6.1.4. Some SARs may reach the Council through a third party that is processing personal data on the Council's behalf ("a data processor"). All SARs notified to the Council by a data processor must be dealt with as set out in this Guidance. In addition, receipt of a SAR from a data processor must be acknowledged in writing and clear instructions given as to any further information or action required from the data processor in dealing with the SAR.

6.2. Asking for clarification

- 6.2.1. If the wording of the request does not clearly identify the information that the requester is seeking, a response must be sent to them promptly (and in any event within 3 working days) which asks them to provide further clarification to assist in locating the required information.

6.2.2. This might include asking the requester to identify particular departments, names of officers or specific dates etc., in relation to the information that they require. Whilst clarification can be sought, it should only be used when clarification is genuinely needed and not as a stalling tactic. Additionally, the requester must not be asked to narrow the scope of their request - if a requester has asked for “all information you hold about me”, they are entitled to do so.

6.3. Proof of identity

6.3.1. It is important that the identity of the requester is verified to avoid information about one individual being sent to somebody else, either in error or as a result of deception. Where necessary, the Information and Improvement Team will, as part of their initial response, ask the requester to provide two forms of identification, one of which should include their current address. The initial response and any ID requests that are required must be sent as soon as possible, and no later than 3 days after the SAR request is received, so it is important that any SAR requests received directly by service areas are forwarded to Information and Improvement Team as soon as possible.

6.4. Requests made on behalf of others

6.4.1. A SAR can be made directly by the data subject, or by a third party on their behalf (e.g. a Solicitor, relative or friend). Documentary proof of this, such as a Form of Authority signed by the data subject or a Power of Attorney, must be provided by the requester. If there is any doubt, about the authority given to the third party, information must not be disclosed and advice should be sought from the Information and Improvement Team.

7. REQUESTS FOR INFORMATION ABOUT CHILDREN

7.1. It is important to remember that personal data about a child, however young, is the child's personal data and is not the personal data of their parent or guardian. The age of consent for children is 13 as prescribed by Article 8 of the UK GDPR.

7.2. A parent or guardian does not have an automatic right to personal data about their child and can only apply on the child's behalf if the child:

- Has given consent; or
- Is too young to have an understanding to make the application.

7.3. There is no fixed age at which a child may exercise their rights under the DPA 2018/UK GDPR, including the right of subject access. Any age may be appropriate if the young person has sufficient maturity/capacity. Children can make a subject access request if they are capable of understanding the nature of the request.

8. HANDLING THE SAR

8.1. Time limit for complying with a SAR

8.1.1. All SARs should be responded to promptly, and in most cases the maximum time limit for responding to a SAR is one calendar month from the date the request was received. This time limit can be paused where:

- Clarification of the request is sought from the requester;
- We request proof of identity from the requester.

- 8.1.2. The time limit pauses at the point our request is made and resumes again once the additional information is provided to us. Whenever requesting clarification of the request, you must inform the requester that the time limit has been paused in order to manage their expectations.
- 8.1.3. The time limit for responding to a SAR can also be extended by a further two months if the request is complex or we have received a number of requests from the individual relating to individuals' rights. Where the time limit is being extended, we must inform the requester at the earliest stage possible in order to manage their expectations.
- 8.1.4. A [SAR Checklist](#) should be completed at all stages. The flowchart at the beginning of this document gives guidance on the handling of a SAR.

8.2. Process for handling a SAR

- 8.2.1. In order for the Council to meet the statutory timescale the following timescales should be followed:
- 8.2.2. Days 1–3 – Acknowledging the request/conducting ID checks/requesting clarification/locating the requested information
 - 8.2.2.1. All Subject Access Requests should be forwarded to the Information and Improvement Team in order to manage the request. An acknowledgment will be sent to the requester and proof of ID will be requested. If necessary, clarification of the request will be sought as soon as possible, and within 3 working days at the maximum.
 - 8.2.2.2. The location of all recorded data on the data subject, whether it is electronic or stored in paper files, must be identified within 3 days of receipt of the complete SAR. In many cases, this will involve searching any electronic system used within your business area (e.g. ICS/IAS) and may also include a search of emails.
 - 8.2.2.3. Where it is identified that information is likely to be stored in email accounts, the officer allocated the SAR must determine who may have emails related to the SAR and request them as a matter of urgency. A reasonable effort must be made to identify if any relevant information may be held within other service areas, which should be disclosed as part of the SAR.
- 8.2.3. Days 4-7 - Collating the requested information
 - 8.2.3.1. Once the likely locations of the requested data have been identified, it should all be collated in order to review it and determine what can be disclosed.
- 8.2.4. Days 7-15 - Reviewing the information, deciding what to disclose, making the redactions and drafting the response letter
 - 8.2.4.1. The information must be carefully reviewed to determine whether some of it may be exempt from disclosure. Further advice about whether an exemption applies may be required, so it is important that this process begins as soon as possible.
 - 8.2.4.2. If there is information to be redacted (this means the removal of information from a document that should not be disclosed to the requester) the following process should be used:
 - Any queries with information to be redacted should be discussed with the Information and Improvement Team, SAR Coordinator, Information Governance Team, Legal Services or the Directorate IG Champion;

- Once approved, all records should be redacted electronically using the Council's approved software.
- All paper records should be scanned into the system in order to convert them so they can be redacted using the software.
- For the avoidance of doubt, the use of a black marker to redact paper records is strictly prohibited as it does not always fully obliterate the data underneath and can allow the requester to identify information they are not permitted to view. In a similar vein, the use non-authorised software or IT tools (such as highlighting over a word in black on Microsoft Word) are strictly prohibited, as the redactions can be completely undone with relative ease.
- Use of any method of redaction other than the approved software will be a breach of this guidance, may lead to the occurrence of a data breach and may lead to disciplinary action;
- The redacted document(s) should be reviewed by a second person to ensure that all data that requires redaction has been redacted and that the redaction cannot be undone;
- The Quality Assurance step detailed below must be followed before any information is disclosed to the requester.

8.2.4.3. If information is withheld in reliance on an exemption, the requester is entitled to receive an explanation in plain English detailing the fact that information has been withheld and the reasons why. The explanation must be more than simply specify that a particular exemption applies.

8.2.5. Days 25-28 - Quality Assurance

8.2.5.1. In any case where it is proposed that an exemption should apply in order to withhold or redact information, this must be reviewed by an appropriate other person. This will normally be a Manager but could be the Directorate IG Champion. The proposed response letter and information for disclosure should be referred back to management for review before it is sent to the data subject.

8.2.5.2. Best practice states that the manager should review the proposed response and information to check that the use of exemptions is appropriate and complete the Quality Assurance section of the SAR Checklist. This should then be referred back to the officer handling the SAR, who will be responsible for making the final disclosure.

8.2.6. Days 28-30 - Making the disclosure

8.2.6.1. Every effort should be made to ensure that the response is addressed to the correct person, has the correct contact details (email/address as appropriate) and the information being disclosed is about the right person.

8.2.6.2. The format for the response to a SAR is usually dependant on how the request was made. Requests made electronically (via email or social media) will usually necessitate a response by electronic means, with the information in a commonly used electronic format, unless the requester has asked for a reasonable alternative means to be used. Disclosure should not be made through social media and instead sent via email. Any email disclosure should be sent securely using Egress. It is appropriate to respond by post in some circumstances (where request by post), although if email can be used it is the preferred option as it is more secure.

8.2.6.3. It is best practice in all cases to confirm how the requester wants to receive the disclosure and in what format it should be provided. Secure email is the default and preferred method of disclosure where the content of the disclosure is particularly sensitive (e.g. Children's Services records) and the requester should be directed towards using secure email where

possible even if they initially indicate a different method for the response. In the rare circumstance that the requester cannot accept disclosure by secure email, then it may be appropriate to provide the information in hard copy postal delivery. As a minimum standard, any postal delivery must be sent by Royal Mail Signed for Delivery and proof of postage and receipt should be retained on file. Confirmation of receipt should also be sought from the requester on conclusion of the case.

8.2.6.4. If the response in paper format is large or Royal Mail delivery is not considered to be appropriate, hand delivery/delivery by courier, or collection of the response by the data subject could be considered with appropriate ID in place.

8.2.6.5. All documents disclosed to the requester must be listed on a document schedule, which will include details of the justification behind information being redacted. Copies of the documents that have been disclosed to the requester must be marked with "Redacted documents disclosed to the Data Subject" and retained. A complete copy of the un-redacted documents must also be retained.

8.2.7. Delays

8.2.7.1. If there will be a delay in providing a complete response to the SAR, for example because of the volume of information or the complexity in redacting the information, the officer handling the SAR must notify the Information and Improvement Team who can then inform the requester. As much information as possible should be given within the 1 calendar month time limit and only delay responding where this is unavoidable. This is important to ensure good customer service and to provide as evidence to the ICO (where appropriate) in respect of a complaint about any delay in responding to a SAR.

8.2.7.2. Failure to comply with the 1 calendar month allowed to respond to a SAR may leave the Council open to not only reputational damage and the scrutiny of the ICO but also potential enforcement action and fines. Where staff fail to comply with this statutory duty under the DPA 2018/UK GDPR disciplinary action may be taken.

8.3. **Format of information being disclosed**

8.3.1. In order to comply with a SAR, in many cases it will be convenient to supply the requester with copies of documents (redacted where appropriate). However, the right of subject access under the DPA 2018/UK GDPR is not a right to copies of documents. In some cases, SAR compliance may be achieved by producing a transcript of the personal data and supplying this to the requester, rather than providing heavily redacted documents.

8.3.2. All information disclosed, whether in the form of a redacted document or a transcript, must be in a clear, easily accessible format.

9. **REQUESTS INVOLVING THIRD PARTY PERSONAL DATA**

9.1. The Council does not have to comply with a SAR to the extent that it would mean disclosing information about another individual who can be identified from that information, except where either:

- The other individual has consented to the disclosure; or
- It is reasonable in all the circumstances to comply with the request without that individual's consent.

9.2. In many cases, the requested information will include the personal data of the requester and will also identify other people. Where information relates to the data subject and also includes information about another individual, an assessment will need to be made as to whether

information identifying another person should be disclosed. For the avoidance of doubt, information that solely relates to the data subject who has submitted the SAR must be disclosed (unless it is otherwise exempt).

9.3. The DPA 2018/UK GDPR suggests various factors which ought to be considered when deciding whether it is reasonable to disclose information where a third party would be identified. These factors are:

- Any duty of confidentiality owed to the third party;
- Any steps taken to try to obtain the consent of the third party;
- Whether the third party is capable of giving consent;
- Express refusal of consent of the third party.

9.4. Duty of confidence owed to a third party

9.4.1. A duty of confidence can arise where information has the necessary quality of confidence (which means that it is not generally available to the public and is not trivial) and is imparted in circumstances whereby the party making the disclosure has a reasonable expectation that the information will remain confidential.

9.4.2. Some relationships carry a general duty of confidence e.g. Doctor/patient, Solicitor/client. As a general rule, where a duty of confidence is owed to a third party, it would not be reasonable to disclose such information.

9.4.3. Advice should be sought if you are unsure whether confidentiality applies to any information requested under a SAR.

9.5. Other relevant factors

The ICO's guidance also suggests other relevant factors that may be considered.

9.5.1. Information generally known by the individual making the request.

9.5.1.1. It is more likely to be reasonable for you to disclose the information if:

- The individual making the request has previously received the third party information;
- The requester already knows the information; or
- The information is generally available to the public.

9.5.2. Circumstances relating to the individual making the request

9.5.2.1. The importance of the information to the requester is also a relevant factor. The need to preserve confidentiality for a third party must be weighed against the requester's right to access information about his or her life. Therefore, depending on the significance of the information to the requester, it may be appropriate to disclose it even where the third party has withheld consent.

9.6. Information about Council officers

9.6.1. As a general presumption, information identifying Council officers acting in their professional capacity may be disclosed. However, this should be considered on a case by case basis according to the principles outlined above. Advice should be sought if the employee dealing with the SAR is unsure.

9.6.2. There are special rules about the disclosure of third party data where the third parties are professionals in health, education or social work, (see Section 10.3 below). In general terms,

such information does not need to be redacted unless disclosure of the officer's identity would put their health and safety at risk. Advice should be sought if the employee dealing with the SAR is unsure.

10. EXEMPTIONS

10.1. In some cases exemptions may be applied, which means that certain information may not need to be disclosed to the data subject in response to their SAR. The DPA 2018/UK GDPR includes a number of exemptions but this Guidance only explains those that are most relevant to the information held by the Council. If there are still concerns about disclosing information, then advice should be sought from your Directorate IG Champion.

10.2. Crime and taxation

10.2.1. Information can be exempt if the disclosure of that information in response to the SAR would prejudice the prevention or detection of crime, the apprehension or prosecution of offenders, or the collection of any tax or duty. For example, this might apply to information about an individual that has been shared with the Police in respect of an ongoing investigation. It might also apply to information about an individual who is being investigated for council tax fraud.

10.2.2. If this exemption does apply to information, care must be taken when responding to the SAR. In some cases, the response may "tip off" an individual by explaining the reasons why information is being withheld under this exemption. It is therefore suggested that advice is sought where this exemption applies.

10.3. Health, social work and education

10.3.1. Some information relating to health, social work and education may be exempt from disclosure in certain circumstances. If the documents include medical information, which came from a health professional, the general rule is that a health professional must be consulted to establish whether disclosing the information could be detrimental to the individual concerned. There are exceptions to this so advice must be sought where there is doubt about whether consultation with a health professional is required.

10.3.2. If the documents include health data about the requester (other than information which was provided by a health professional) and it is considered that disclosure may cause serious harm to the physical or mental health of the individual or any other person, advice should be sought as there may be requirement to consult with a health professional before any disclosure is made.

10.3.3. Special rules apply where releasing information about social services and related activities that could impact on delivery of social work by causing serious harm to the physical or mental health of the individual or any other person. Any such information must be redacted. Occasions where this exemption applies are few but if it may apply, the relevant and involved Social Worker must be consulted and advice sought from the Directorate IG Champion. Data should not be withheld simply because the individual is likely to make a complaint about a social worker when they see the information.

10.4. Confidential references

10.4.1. A reference provided in confidence about the data subject will be caught under this exemption. This applies whether the reference was given or received by the Council and applies to both companies involved. If the reference is not given or received in confidence, then the exemption will not apply.

10.5. Publicly available information

10.5.1. Any personal data that the Council is required to publish is exempt.

10.6. Negotiations with the requester

10.6.1. This exemption may apply to information about the Council's intentions in negotiations with an individual to the extent that complying with a SAR would be likely to prejudice the negotiations. For example, this exemption might apply in relation to negotiations relating to Employment Tribunal proceedings.

10.6.2. This exemption does not set out any limits regarding the timing of negotiations and does not require that negotiations still be ongoing. You may be able to apply the exemption after negotiations have ended, but only if you can justify why it would be likely to prejudice negotiations, i.e. it would prejudice the Council's position in future negotiations. The key is that we must be able to demonstrate that complying with the SAR will prejudice the Council's position.

10.7. Legal professional privilege

10.7.1. Where legal advice has been sought or where there are or have been legal proceedings, information may be covered by legal professional privilege and may be exempt from disclosure.

10.7.2. Legal Services should always be consulted in these cases before making any disclosure.

11. COMPLAINTS ABOUT SUBJECT ACCESS

11.1. Where a requester is not satisfied with the response to their SAR, the Council offers an internal review. Where a complaint is received directly by the service the Information and Improvement Team must be notified as a matter of urgency so that the appropriate course of action can be determined.

11.2. In addition to the internal review process, a data subject may also refer their complaint to the ICO, or may take action through the courts to enforce their right of subject access.

11.3. A separate protocol is in place for dealing with requests from the Police and the Crown Prosecution Services (CPS). Requests of this nature in relation to Children are sent to the Single Point of Contact (SPoC), Danielle Cunningham-Hobbs (Children's Services). Other requests may be received by Exchequer Services or the Risk, Insurance and Information Team.

REDACTION GUIDANCE

The below guidance is an extract from the Redaction Guidance Document which can be found on the Data Protection/Information Governance Framework. Employees are directed to review the full Redaction Guidance.

1. WHAT IS REDACTION?

- 1.1. Redaction is a process which is undertaken to render data/information unreadable. There may be different reasons why data/information should be withheld, but one common reason for redacting documents and files is to ensure information about others is not disclosed inappropriately when sending out responses to SARs.
- 1.2. Redaction is done by blocking out individual words, sentences or paragraphs or by removing whole pages or sections prior to the release of the document. Redactions should not just be a blank space, it should be clear that redactions have been made to a document and the amount of information redacted should also be clear.

2. REDACTION PRINCIPLES

- 2.1. Redaction must never be undertaken on an original document. Employees must always make a copy of the original document(s), and perform the redaction on the copied version. The copy document must be saved as the same name as the original document with the word 'redacted' inserted in the title. Failure to follow this naming convention correctly on the original and redacted documents may result in accidental disclosure of the unredacted version, which could cause a data breach and may lead to disciplinary action.
- 2.2. The original document(s) will be retained (either in hard copy or electronic format) for the appropriate retention period as set out in the [Retention and Disposal Guidance and Schedule](#).
- 2.3. When dealing with SARs that involve hard copy/paper records, those records must be scanned into the Council's system to be redacted electronically.
- 2.4. Redactions should be made using the software approved and supplied by IT Services, currently PDF Studio. Redactions on Microsoft Word and Adobe are not appropriate as they can be undone by the recipient. A user guide for the redaction software can be found on the IT Helpdesk by searching for "redaction".
- 2.5. Within the current redaction software provided, it is not sufficient simply to use the redaction tool (under the Document Tab on PDF Studio) to highlight text to be redacted and then save it. You must then 'apply' the redactions and follow this up by 'sanitising' the document to remove any hidden data/metadata/comments/layers in the document. The sanitise function is accessed under Secure Tab>Sanitize on PDF Studio. Once the redactions are applied and sanitised, the document must be 'flattened' (under the Document Tab on PDF Studio) which prevents the redactions being undone. Failure to follow this process in full can lead to the redaction being left in a reversible state, or hidden data being accessible to the recipient.
- 2.6. Only the original version of the document(s)/data/information and the fully redacted version should be retained. Employees should not save a copy of the document with the redaction marks visible but reversible 'just in case' as this creates an increased risk that the wrong version of the document is disclosed or published. If the recipient queries or challenges the level of redaction carried out, comparison can be made between the original document

(completely unredacted) and the redacted copy document and if necessary, the challenged sections can be redacted again and disclosed or republished.

- 2.7. The redacted document/data/information should be converted into a pdf format (using the redaction software) prior to publication or disclosure to prevent carryover of any tracked changes which may allow reversal of the redaction and to prevent unauthorised alteration of the end document by the recipient.
- 2.8. When redacting data/information from electronic files/documents, you must ensure that there is no hidden data within the file document (e.g. hidden columns/rows or even worksheets on an Excel spreadsheet, white coloured text on a Word document, embedded documents or files within another document etc.). However, conversion to a pdf document, as per 6.7 above, may not completely remove hidden data, which could then be copied and pasted back into a Word Document to enable it to be seen. Care must be taken to ensure that all data (including hidden data) is checked and redacted (or removed if appropriate) before the data/information is published and disclosed.
- 2.9. When considering the withholding or disclosure of information under UK GDPR/DPA 2018, FOIA 2000 and EIR 2004 there is an obligation to communicate as much of the requested information as possible. As a result, blanket exemptions or exceptions to a whole document being disclosed/published will not normally apply or be lawful. The council can only withhold the whole document or data set when all the data/information contained within is exempt or excepted from disclosure or publication.
- 2.10. Redaction is normally carried out to remove words, sentences or paragraphs, but if so much information has to be redacted to that a document becomes unreadable, it may be appropriate to withhold individual sections, pages or even the entire document. However, if a document needs to be so heavily redacted, but there is information that is relevant and still makes sense after redaction; it may be more appropriate to type the unredacted information out separately or reference it in the response to the disclosure request or at the outset of publication of the data/information.
- 2.11. A whole sentence or paragraph should not be redacted if only one or two words are non-disclosable, unless release would place the missing words in context and make their content or meaning clear, or allow an individual to be identified either from the context of the sentence or in conjunction with wider information available elsewhere in the disclosure document(s).
- 2.12. It is important that redactions made to any data/information are consistent and logical, so that if a word is redacted in one part of the document for one reason, if that reason could apply to other text, redactions are also made to the other text based on that same reasoning.
- 2.13. Be clear on what data falls within the scope of the request you are dealing with, just because you have access to information does not mean you are authorised to disclose that information or that it falls within the scope of the request. Examples of this include:
 - Information you hold on behalf of another organisation or third party;
 - Information you have access to through a shared system.

If any of the above scenarios are applicable then the requester should be sign posted to the relevant organisation or third party for the information.

- 2.14. After all the information has been redacted from the physical document, it must be checked to ensure all the redacted information is unreadable and that the redaction cannot be undone.
- 2.15. The following information does not normally require redaction:

- Information originally provided by the requester, or parties in legal proceedings;
 - Information previously provided to the requester/parties, except where information was provided to them in error;
 - Information already known by the requester/parties;
 - Information generally available to the public.
- 2.16. Where you are disclosing data/information in response to a SAR, you must prepare a schedule of documents that are being disclosed, including what information you have redacted and why.
- 2.17. Above all, if you are in any doubt about whether information should be redacted seek advice from your directorate IG Champion, the Information and Improvement Team (where in relation to a SAR, FOI or EIR request), the Information Governance Team or Legal Services.



Redaction Guidance

Date: December 2021

Version: V1.0

Document Version Control

Document Version Control		
Version	Date	Approved by
1.0	November 2021	Information Governance Group – 2 December 2021
1.0	March 2022	Audit Panel – 15 March 2022

This is a live document effective from the issue date. It supersedes any previous versions of this document, which are now withdrawn.

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1. INTRODUCTION

1.1. In the course of its activities, Tameside Metropolitan Borough Council (“The Council”) is required to disclose or publish information:

- In response to general enquiries, a Subject Access Request under the Data Protection Act 2018 (“DPA 2018”), or information requests under the Freedom of Information Act 2000 (“FOIA 2000”) or Environmental Information Regulations 2004 (“EIR 2004”);
- As part of papers supporting activities (e.g. Court papers) or meetings (e.g. Committees);
- To comply with a statutory duty (e.g. Court Order, Local Government Transparency Code);
- As part of media or promotional activities;
- As part of research or within case studies; or
- In making data available for re-use under the Reuse of Public Sector Information Regulations

1.2. Before disclosing or publishing information, it is important to check that it does not include any information that is exempt from disclosure or not intended for publication, such as:

- Personal identifiable information other than that which is the personal data of an individual making a SAR request;
- Data that would jeopardise the safety of an individual or group;
- Data that would jeopardise the prevention or detection of crime, the apprehension or prosecution of offenders or the collection of taxes;
- Data in relation to negotiations, which would prejudice those negotiations;
- Data that would, or would be likely to, prejudice commercial interests;
- Data covered by legal professional privilege; or
- Data which would prejudice management forecasting or planning.

1.3. Disclosure of such information could result in a data breach with privacy or safety implications for the individuals concerned, commercial implications, complaints, reputational damage, enforcement action and/or financial penalties.

2. DEFINITIONS

2.1. The following terms are used throughout this document and are defined as follows:

Table 1 – Definitions

Term	Definition
Personal Data	<p>Is any personal data as defined by UK GDPR and the Data Protection Act 2018.</p> <p>It is defined in the Data Protection Act 2018 at s.3(2) as “any information relating to an identified or identifiable living individual.”</p> <p>Broadly, this means any information (relating to a living individual who can be identified or identifiable, directly from the information in question, or indirectly identified from that information in combination with other information that is in the possession of the Council.</p> <p>The UK GDPR provides a non-exhaustive list of identifiers, including:</p>

Term	Definition
	<ul style="list-style-type: none"> • Name; • Identification number; • Location data; and • Online identifier (e.g. IP addresses). <p>Personal data also applies to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of a living person.</p> <p>The Council is legally responsible for the storage, protection and use of personal data / information held by it as governed by UK GDPR and the Data Protection Act 2018.</p>
Special Category Data	<p>This data is covered by Articles 6 and 9 of the General Data Protection Regulations (UK GDPR). As it is more sensitive it needs more protection and consists of:</p> <ul style="list-style-type: none"> • Racial or ethnic origin • political opinions / beliefs • religious or philosophical beliefs • trade union membership • genetic data • biometric data (where used for ID purposes) • health; • sex life; or • sexual orientation. <p>Criminal Offence Data is not Special Category Data, but there are similar rules and safeguards for processing this type of data.</p>
Confidential information	<p>Is any information has the necessary quality of confidence (which means that it is not generally available to the public and is not trivial) and is imparted in circumstances whereby the party making the disclosure has a reasonable expectation that the information will remain confidential.</p>
Protected Information	<p>Is any information which is:</p> <ul style="list-style-type: none"> • Personal / Special Category Data; or <p>Confidential to the Council and which could have adverse consequences for the Council if it was released in an uncontrolled way.</p>
Employee(s)	<p>Includes all employees, Members of the Council, Committees, temporary staff, contractual third parties, partners or agents of the Council who have access to any information systems or information for council purposes Including:-</p> <ul style="list-style-type: none"> • Customers • Current, past and prospective employees • Contractors

Term	Definition
	<ul style="list-style-type: none"> • Councillors • Suppliers • Service Users • Carers (including Foster Carers) • Residents • Others with whom the Council communicates.

3. SCOPE OF THIS GUIDANCE

- 3.1. This guidance has been drawn up to provide clear guidance on the Council's approach to redaction and ensure a consistent, standardised approach by all employees to protecting personal and confidential information. A failure to follow this guidance may result in disciplinary action.
- 3.2. This guidance applies to all employees and should be read in conjunction with the Council's other related documents, in particular the [Subject Access Request Guidance](#), found on the Council's Data Protection/[Information Governance Intranet page](#).
- 3.3. This guidance will be reviewed annually to make sure it reflects changes in the organisation, data protection legislation and taking into account guidance from the Information Commissioners Office (ICO).

4. ROLES AND RESPONSIBILITIES

4.1. Employees

- 4.1.1. All employees responsible for publishing and disclosing data/information and documents must be aware of the types and categories of data/information and the circumstances that require redaction. Employees must follow the guidance set out in this document and other Data Protect/Information Governance Framework documents in order to ensure that data/information is redacted appropriately and irreversibly where required.
- 4.1.2. Employees must use the redaction software authorised and provided by IT services. Use of any other method of redaction (black marker, highlighting text in black in Microsoft Word / Adobe Acrobat Reader) is strictly prohibited as the redaction may not fully obliterate the text beneath it, or could even be fully reversed.

4.2. Managers

- 4.2.1. All managers are responsible for being aware of the Redaction Guidance and ensuring compliance by their team members.
- 4.2.2. Where team members have responsibility for redaction, managers are responsible for ensuring that the team member has access to and full use of the redaction software authorised and provided by IT services. For the avoidance of doubt, redaction may only be undertaken using the approved software and managers must not allow any redaction to take place by an employee until they have access to the software.
- 4.2.3. Managers are also responsible for double checking any redaction undertaken before the data/information is published or disclosed, notifying the Directorate IG Champions with issues and seeking advice and assistance where needed.

4.3. Heads of Service

- 4.3.1. Heads of Service are assigned responsibility for the main systems and information assets within their business area. The Head of Service is responsible for monitoring compliance with the UK GDPR and the DPA 2018 in respect of the information they 'own', which includes compliance with protection of personal and confidential data/information. They are responsible for selecting appropriate employees within their Service to be responsible for dealing with redaction tasks and identifying different senior employees within their Service to act as Directorate IG Champions. In the event of a complaint about the way redaction has been applied, the Head of Service is responsible for ensuring the complaint is properly investigated and approving the response.

4.4. Directorate IG Champions

- 4.4.1. Directorate IG Champions have been appointed within Directorates to provide advice and support in relation to data protection/information.

4.5. IT Services

- 4.6. IT Services will provide appropriate systems, software and guidance to any employee with responsibility for carrying out redaction. Where new employees require access to the redaction software, IT Services will, on request, arrange to set up access to this software and provide appropriate training materials to any new user. IT Services will to publish user guides for the software on the service desk and will ensure any updated guides provided by the software publisher are rolled out in a timely manner. The current redaction software is PDF Studio, and the user guide can be found on the IT service desk on the Intranet.

5. WHAT IS REDACTION?

- 5.1. Redaction is a process which is undertaken to render data/information unreadable. There may be different reasons why data/information should be withheld, but one common reason for redacting documents and files is to ensure information about others is not disclosed inappropriately when sending out responses to requests for data/information.
- 5.2. Redaction is done by blocking out individual words, sentences or paragraphs or by removing whole pages or sections prior to the release of the document. Redactions should not just be blank space, it should be clear that redactions have been made to a document and the amount of information redacted should also be clear.

6. REDACTION PRINCIPLES

- 6.1. Redaction must never be undertaken on an original document. Employees must always make a copy of the original document(s), and perform the redaction on the copied version. The copy document must be saved as the same name as the original document with the word 'redacted' inserted in the title. Failure to follow this naming convention correctly on the original and redacted documents may result in accidental disclosure of the unredacted version, which could cause a data breach and may lead to disciplinary action.
- 6.2. The original document(s) will be retained (either in hard copy or electronic format) for the appropriate retention period as set out in the [Retention and Disposal Guidance and Schedule](#).
- 6.3. When dealing with requests that involve hard copy/paper records, those records must be scanned into the Council's system to be redacted electronically.

- 6.4. Redactions should be made using the software approved and supplied by IT Services, currently PDF Studio. Redactions on Microsoft Word and Adobe are not appropriate as they can be undone by the recipient. A user guide for the redaction software can be found on the IT Helpdesk by searching for “redaction”.
- 6.5. Within the current redaction software provided, it is not sufficient simply to use the redaction tool (under the Document Tab on PDF Studio) to highlight text to be redacted and then save it. You must then ‘apply’ the redactions and follow this up by ‘sanitising’ the document to remove any hidden data/metadata/comments/layers in the document. The sanitise function is accessed under Secure Tab>Sanitise on PDF Studio. Once the redactions are applied and sanitised, the document must be ‘flattened’ (under the Document Tab on PDF Studio) which prevents the redactions being undone. Failure to follow this process in full can lead to the redaction being left in a reversible state, or hidden data being accessible to the recipient.
- 6.6. Only the original version of the document(s)/data/information and the fully redacted version should be retained. Employees should not save a copy of the document with the redaction marks visible but reversible ‘just in case’ as this creates an increased risk that the wrong version of the document is disclosed or published. If the recipient queries or challenges the level of redaction carried out, comparison can be made between the original document (completely unredacted) and the redacted copy document and if necessary, the challenged sections can be redacted again and redisclosed or republished.
- 6.7. The redacted document/data/information should be converted into a pdf format (using the redaction software) prior to publication or disclosure to prevent carryover of any tracked changes which may allow reversal of the redaction and to prevent unauthorised alteration of the end document by the recipient.
- 6.8. When redacting data/information from electronic files/documents, you must ensure that there is no hidden data within the file document (e.g. hidden columns/rows or even worksheets on an Excel spreadsheet, white coloured text on a Word document, embedded documents or files within another document etc.). However, conversion to a pdf document, as per 6.7 above, may not completely remove hidden data, which could then be copied and pasted back into a Word Document to enable it to be seen. Care must be taken to ensure that all data (including hidden data) is checked and redacted (or removed if appropriate) before the data/information is published and disclosed.
- 6.9. When considering the withholding or disclosure of information under UK GDPR, DPA 2018, FOIA 2000 and EIR 2004 there is an obligation to communicate as much of the requested information as possible. As a result, blanket exemptions or exceptions to a whole document being disclosed/published will not normally apply or be lawful. The council can only withhold the whole document or data set when all the data/information contained within is exempt or excepted from disclosure or publication.
- 6.10. Redaction is normally carried out to remove words, sentences or paragraphs, but if so much information has to be redacted that a document becomes unreadable, it may be appropriate to withhold individual sections, pages or even the entire document. However, if a document needs to be so heavily redacted, but there is information that is relevant and still makes sense after redaction, it may be more appropriate to type the unredacted information out separately or reference it in the response to the disclosure request or at the outset of publication of the data/information.
- 6.11. A whole sentence or paragraph should not be redacted if only one or two words are non-disclosable, unless release would place the missing words in context and make their content or meaning clear, or allow an individual to be identified either from the context of the sentence or in conjunction with wider information available elsewhere in the disclosure document(s).

6.12. It is important that redactions made to any data/information are consistent and logical, so that if a word is redacted in one part of the document for one reason, if that reason could apply to other text, redactions are also made to the other text based on that same reasoning.

6.13. Be clear on what data falls within the scope of the request you are dealing with, just because you have access to information does not mean you are authorised to disclose that information or that it falls within the scope of the request. Examples of this include:

- Information you hold on behalf of another organisation or third party;
- Information you have access to through a shared system.

If any of the above scenarios are applicable then the requester should be sign posted to the relevant organisation or third party for the information.

6.14. After all the information has been redacted from the physical document, it must be checked to ensure all the redacted information is unreadable and that the redaction cannot be undone.

6.15. The following information does not normally require redaction:

- Information originally provided by the requester, or parties in legal proceedings;
- Information previously provided to the requester/parties, except where information was provided to them in error;
- Information already known by the requester/parties;
- Information generally available to the public.

6.16. Where you are disclosing data/information in response to a request it is best practice to confirm whether data/information has been redacted and why.

6.17. Above all, if you are in any doubt about whether information should be redacted, seek advice from your directorate IG Champion, the Information and Improvement Team (where in relation to a SAR, FOI or EIR request), the Information Governance Team or Legal Services.

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Vulnerability Disclosure Procedure

Date: December 2021

Version: V1.0

Document Version Control

Document Version Control		
Version	Date	Approved by
1.0	November 2021	Information Governance Group – 2 December 2021
1.0	March 2022	Audit Panel – 15 March 2022

This is a live document effective from the issue date. It supersedes any previous versions of this document, which are now withdrawn.

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1. INTRODUCTION

- 1.1 This vulnerability disclosure procedure applies to any vulnerabilities you are considering reporting to us Tameside Metropolitan Borough Council (the "Council"). We recommend reading this vulnerability disclosure procedure fully before you report any vulnerabilities. This helps ensure that you understand the procedure, and act in compliance with it.
- 1.2 We actively encourage and support working with ethical security researchers and security professionals to improve our online security.
- 1.3 We value those who take the time and effort to report security vulnerabilities according to this procedure. However, we do not offer monetary rewards for vulnerability disclosures.

2. REPORTING

- 2.1 Please report any security vulnerabilities to us via the contact method(s) below: security@tameside.gov.uk

Please do not include any sensitive information in your initial message, we will provide a secure communication channel in our reply to you.

- 2.2 In your report, please include details of:
 - The website, IP or page where the vulnerability can be observed;
 - A brief description of the type of vulnerability, for example; "XSS vulnerability"; and
 - Steps to reproduce the vulnerability.

3. WHAT TO EXPECT

- 3.1 After you report a vulnerability to the Council, you will receive an acknowledgement reply usually within 5 working days of your report being received.
- 3.2 The team will triage your report and respond as soon as possible to let you know whether further information is required, whether the vulnerability is in or out of scope, or is a duplicate report. If remediation works are necessary, it will be assigned to the Council's appropriate teams and/or supplier(s), supported by the Council's Cyber Security Team.
- 3.3 Priority for bug fixes and/or mitigations will be assessed by looking at the impact, severity and exploit complexity. Vulnerability reports might take some time to triage and/or address. You are therefore welcome to enquire on the status of your report, but should avoid doing so more than once every 14 days; this will allow our teams to focus on the reports and mitigation work as much as possible.
- 3.4 When the reported vulnerability is resolved, or remediation work is scheduled, the Council's Cyber Security Team will notify you; in some case's you may be invited to confirm that the remediation work carried out covers the vulnerability adequately.
- 3.5 You are particularly invited to give us feedback on our disclosure handling process, the clarity and quality of the communication relationship, and of course the effectiveness of the vulnerability resolution. This feedback will be used in strict confidence to help us improve our processes for handling reports, developing services, and resolving vulnerabilities.

4. GUIDANCE

4.1 You must not:

- Access unnecessary amounts of data. For example, 2 or 3 records is enough to demonstrate most vulnerabilities, such as an enumeration or direct object reference vulnerability;
- Use high-intensity invasive or destructive technical security scanning tools to find vulnerabilities;
- Violate the privacy of Council users, staff, contractors, services or systems. For example by sharing, redistributing and/or not properly securing data retrieved from our systems or services;
- Communicate any vulnerabilities or associated details using methods not described in this procedure, or with anyone other than their assigned Council security contact;
- Modify data in Council's systems or services, which do not belong to the researcher.
- Disrupt Council services or systems;
- Social engineer, 'phish' or physically attack the Council's staff or infrastructure;
- Disclose any vulnerabilities in the Council's systems or services to third parties or the public, prior to the Council confirming that those vulnerabilities have been mitigated and/or rectified;
- This is not intended to stop you notifying a vulnerability to 3rd parties for whom the vulnerability is directly relevant;
(An example would be where the vulnerability being reported is in a software library or framework. Details of the specific vulnerability as it applies to the Council must not be referenced in such reports. For clarification about whether or when you can notify third parties, [contact us](#), making sure the subject is "VDP"); and
- Require financial compensation in order to disclose any vulnerabilities (such as holding an organisation to ransom).

4.2 You must:

- Delete securely any and all data retrieved during your research as soon as it is no longer required; or within 1 month of the vulnerability being resolved, whichever occurs first; and
- If at any time you are unsure if your intended or actual actions are acceptable, you should contact the Council's [Cyber Security Team](#) for guidance.

5. LEGALITIES

5.1 This procedure is designed to be compatible with common good practice among well-intentioned security researchers. It does not give you permission to act in any manner that is inconsistent with the law, or which might cause the Council to be in breach of any of its legal obligations, including but not limited to (as updated from time to time):

- The Computer Misuse Act (1990);
- The UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018; and
- The Copyright, Designs and Patents Act (1988).

5.2 The Council affirms that it will not seek prosecution of any security researcher who reports any security vulnerability on a TMBC service and/or system, where the researcher has acted in good faith and in accordance with this disclosure procedure.

6. FEEDBACK

6.1 If you wish to provide feedback or suggestions on this procedure, contact the [Cyber Security Team](#). The procedure will be updated from time to time; your input is therefore welcome and

will be valued to ensure that the procedure remains clear, complete, and relevant. This procedure was originally adapted from the MoJ Vulnerability Disclosure Policy, which is made available under the Open Government Licence v3.0.

Agenda Item 9.

Report To:	AUDIT PANEL
Date:	15 March 2022
Reporting Officer:	Wendy Poole – Head of Risk Management and Audit Services
Subject:	PROGRESS REPORT ON RISK MANAGEMENT AND AUDIT ACTIVITIES APRIL 2021 TO JANUARY 2022
Report Summary:	To advise members of the work undertaken by the Risk Management and Audit Service from April 2021 to January 2022 and to comment on the results.
Recommendations:	That members note the report and the performance of the Service Unit from April 2021 to January 2022.
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 Borough Treasurer)	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)	<p>The purpose of this report is to provide Members with the assurance that the Council is operating in compliance with the Accounts and Audit Regulations 2015 (as amended) which regulate the proper administration of the Council's affairs.</p> <p>Internal Audit when engaging and supporting individual operations needs to be able to evidence prudent management of affairs to secure economic, efficient and effective use of Council resources.</p> <p>Such prudent management is all the more critical during periods when the council is operating in a challenging financial climate and to ensure that where necessary lessons are learned and management improved.</p>
Risk Management:	Assists in providing the necessary levels of assurance that the significant risks relating to the Council's operations are being effectively managed.
Access to Information:	<p>The background papers can be obtained from the author of the report, Wendy Poole, Head of Risk Management and Audit Services by contacting:</p> <p> Telephone: 0161 342 3846</p> <p> e-mail: wendy.poole@tameside.gov.uk</p>

1. INTRODUCTION

- 1.1 This is the third progress report for the current financial year and covers the period April 2021 to January 2022.
- 1.2 The main objective of this report is to summarise the work undertaken by the Risk Management and Audit Service during the ten-month period from April 2021 to January 2022 in respect of the approved Plan for 2021/22, which was presented to the Audit Panel on 16 March 2021.

2. RISK MANAGEMENT AND INSURANCE

- 2.1 The Risk, Insurance and Information Governance Team provide services to the whole Council. The key priorities for the team during 2021/22 are detailed in Table 1 below together with a progress update to January 2022.

Key Priorities 2021/22	Progress Report – January 2022
<p>To continue to work with the Single Leadership Team to review the Corporate Risk Register ensuring that it is linked to the Corporate Plan Themes and Priorities, to review the process for recording and evaluating risks and develop operational risk registers. A key priority will be to develop the monitoring of risk registers to ensure they are reported appropriately to officers and members.</p>	<p>The updated Risk Management Policy and Strategy is now on Staff Portal and disseminated to managers.</p> <p>The Corporate Risk Register is now updated and presented to the Single Leadership Team and the Audit Panel quarterly.</p> <p>Work with service areas to develop operational risk registers has been delayed to 2022/23 due to capacity issues.</p>
<p>To deliver the Information Governance Work Plan which is being developed with the Information Governance Group to ensure that the Council is compliant with all Data Protection legislation.</p>	<p>Delivery of the Work Plan is progressing well and a number of policies and procedures have been updated and approved.</p> <p>A revised Intranet page has been developed and launched.</p> <p>A Data Protection/Information Governance Report is now regularly presented to the Audit Panel.</p>
<p>To work with senior managers to ensure that Service Area/Units Business Continuity Plans are robust and fit for purpose and regularly reviewed to support management in responding to a major incident.</p>	<p>This work is awaiting the outcome of the Work Smart Project, once disseminated plans can be updated and refreshed to reflect the new working model.</p>
<p>To review the insurance database used to ensure it is fit for purpose and that the reporting functionality is efficient and effective.</p>	<p>This review has commenced, however, the officer responsible for the research has now left the Council and other priorities have delayed completion until the recruitment process is concluded.</p>
<p>To review the information held and introduce regular reports for management in terms of</p>	<p>The format of the report is being reviewed by the Risk, Insurance and Information Governance Manager and the proposed</p>

Key Priorities 2021/22	Progress Report – January 2022
claims received to inform and improve the risk management process.	format will be discussed with the Assistant Director of Finance prior to it being presented to officers and members.
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.	The Team continue to provide advice and support to services areas across all four disciplines as requested:- <ul style="list-style-type: none"> • Risk Management • Insurance • Information Governance • Business Continuity Planning
To attend management team meetings quarterly to provide updates on insurance, information governance, risk management and business continuity.	Ongoing.

3. INTERNAL AUDIT OVERVIEW

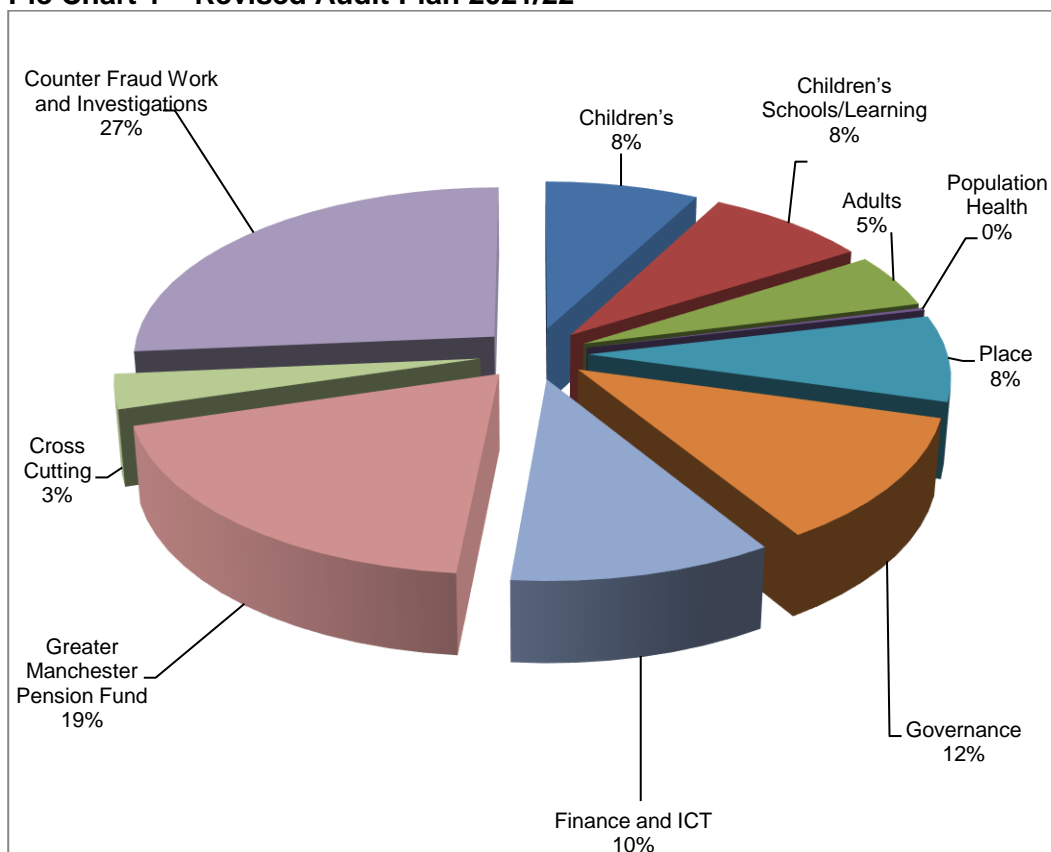
- 3.1 The Audit Plan approved on 16 March 2021 covered the period April 2021 to March 2022 and totalled 1,666 Days. This was made up of 1,272 days on planned audits and 393 days on reactive counter fraud work/investigations.
- 3.2 The Audit Plan was revised at the end of September and approved by the Audit Panel in November 2021. The Revised Plan totals 1,584 days, with 1,166 days on planned audits and 418 days on reactive counter fraud work/investigations
- 3.3 Table 1 below provides a summary of the Audit Plan 2021/22 and details the Approved Plan Days, Revised Plan Days, Actual Days delivered to January 2022 and the Days to be delivered in Quarters 4. The actual days are 1,231. **Appendix 1** provides a detailed breakdown of the 2021/22 Audit Plan and shows; the Audit Activity, Approved Audit Plan 2021/22, Revised Plan 2021/22, Actual Days, Days to be Delivered in Quarter 4, Status and Level of Assurance.
- 3.4 The status for all audit activities has been updated to reflect the current position, as we approach the end of the year, to take account of available resources for Quarter 4.
- 3.5 The non-delivery of some audit activities are as a result of the following:-
- Additional audits/activities added to the Revised Plan;
 - Advice in relation to the payment of the Household Support Fund;
 - Assurance Work – Term Time Only Calculations ;
 - Omicron Hospitality and Leisure Grant;
 - System Sign offs for Digital Tax and BACS systems
 - Delayed appointment of the Senior Auditor earlier in the year, which accounted for a shortfall of approximately 50 days and additional training days.
 - Training days for an Auditor, who is now studying for the Association of Accounting Technicians qualification via an apprenticeship, being higher than anticipated;
 - Actual days on audits exceeding those estimated due to issues identified, on the job training and problems encountered due to virtual working.
 - Resignation of an auditor in February 2022, resulting in the loss of a further 20 days.

3.6 **Table 1 – Annual Audit Plan Summary 2021/22**

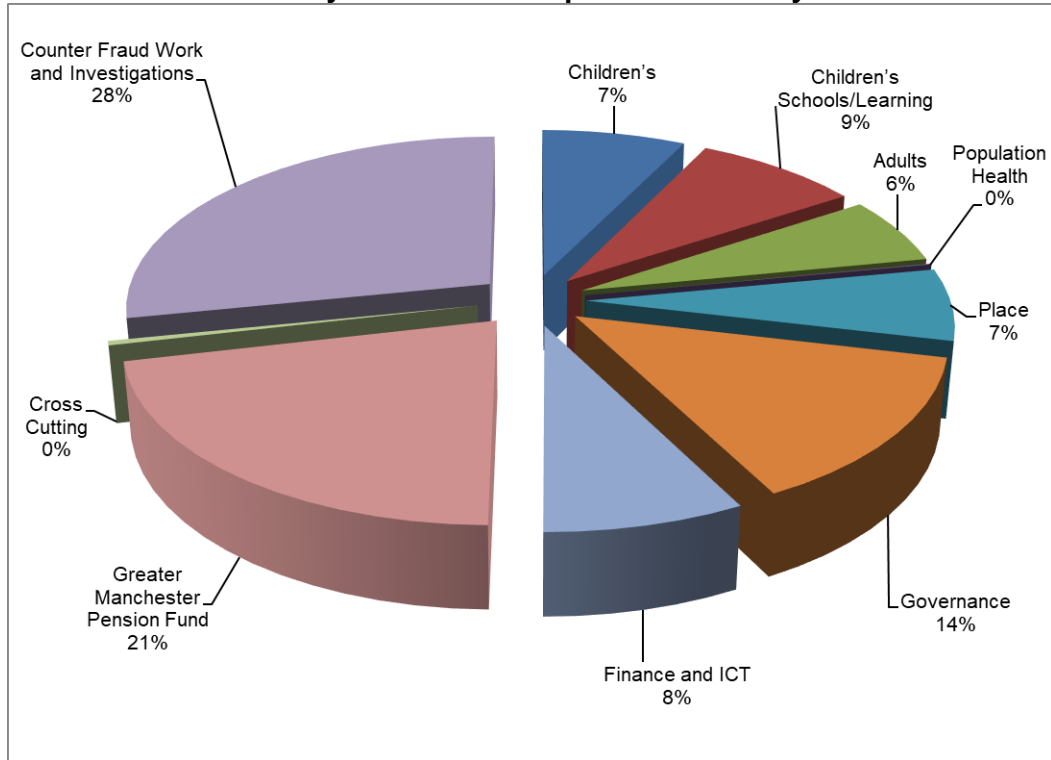
Service Area / Directorate	Approved Plan 2021/22	Revised Plan 2021/22	Actual Days Q2 (Jan 2022)	Days to be Delivered in Q4
Children's	90	123	90	33
Children's Schools/Learning	128	131	104	27
Adults	87	80	76	4
Population Health	21	4	1	3
Place	163	127	82	45
Governance	206	187	169	18
Finance	194	163	95	68
Greater Manchester Pension Fund	300	300	262	38
Crosscutting	84	51	5	46
Total Planned Days 2021/22	1,273	1,166	884	282
Counter Fraud Work/Investigations	393	418	347	71
Total Planned Days for 2021/22	1,666	1,584	1231	353

3.7 The Pie Charts below present the Revised Plan 2021/22 and the Actual Days delivered to January 2022.

Pie Chart 1 – Revised Audit Plan 2021/22



Pie Chart 2 – Actual Days Delivered to April 21 to January 2022



3.8 The Risk Management and Audit Team have continued to work from home during this period and continue to develop new ways of working to collect evidence and assurance in the virtual world.

4. AUDIT ACTIVITY FROM APRIL 2021 TO JANUARY 2022

4.1 In the ten-month period to January 2022, twelve 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 2021/22

Reports Issued	April to September	Total for 2020/21
High	7 (6)	5 (3)
Medium	5 (2)	7 (4)
Low	-	4
Sub Total	12 (8)	16 (7)
Control Reports	4	3
Consultancy Reviews	2 (1)	-
Totals	18 (9)	19 (7)

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

4.2 In addition to the Final Reports issued above, six Draft 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;
- GMPF Assurance Work (e.g. iConnect);
- Post Payment Assurance work in relation to COVID-19 Business Grants;

- System Upgrades/Sign Offs;
- Advice and Support in relation to the Payment of additional Covid Grants; and
- Grant Assurance Work.

4.4 Five Final Audit Reports in relation to Schools were issued during April 2021 to January 2022 and the results are summarised in Table 4 below.

Table 4 – Final Reports Schools

Reports Issued	April to September	Total for 2020/21
High	1	3
Medium	4	5
Low	0	2
Totals	5	10

4.5 In addition to the final reports issued above, two further audits have been completed and the Draft Reports 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. Nine Post Audit Reviews have been completed during October 2021 to January 2022 and a summary is presented in Table 5 below and details the number of recommendations implemented. In total twenty-two Post Audit Reviews have now been completed during 2021/22 and the percentage rate of recommendations implemented is currently 85%. 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 thirteen 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.	%	
Quarter 1 – Recommendation Summary	156	133	85	Eleven Post Audit Reviews
Quarter 2 Recommendation Summary	17	4	24	Two Post Audit Reviews
Broadbent Fold Primary School	16	16	100	
Control Report – Waste Collection	3	3	100	
Control Report – NNDR	8	8	100	
IT Third Party Supplier Management	4	4	100	
Transfer to Defined Contribution Schemes	3	3	100	
Softbox	10	9	90	One outstanding issue in relation to payment reports needs to be resolved by management.
General Ledger	30	28	93	Issues relating to journal approvals and evidence retention need to be addressed.

Post Audit Reviews	Recommendations			Comments
	Made	Implemented		
	No.	No.	%	
Pension Fund IG/GDPR	18	16	89	Data Management Strategy to be reviewed and Process Mapping completed by April 2022.
Jigsaw Homes	14	13	93	One recommendation relating to the communication with members needs to be addressed.
	279	237	85	

5. REVIEW OF INTERNAL AUDIT

- 5.1 The Service Development Plan 2021/22 is detailed in Table 6 below together with progress update to September 2021.

Table 6 – Service Developments 2021/22

Developments	Progress to Date – September 2021
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.	Due to the impact of COVID-19 and capacity issues on the Risk, Insurance and Information Governance Team, the roles relating to Information Governance have not yet been assessed. A Work Plan is now in place and will be monitored by the Council's Information Governance Group.
To review the Post Audit Review process to ensure the process is effective, conducted in a timely manner and reported appropriately. The use of the Audit Management system 'Galileo' will be reviewed to ascertain whether it will realise any further efficiencies in the process.	Complete. The process has now been reviewed and a revised monitoring spreadsheet has been introduced.
To review the audit process and the Quality Control Checklist to ensure they work efficiently in the virtual world and audits are completed in a timely manner.	Work in Progress.
To review the Fraud Response Plan in light of virtual working and the Savings Recording Spreadsheet to ensure it is fit for purpose.	This review is ongoing and some progress has been made, however, priority is being given to the cases under investigation to ensure they are completed in a timely manner.
To continue 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.	Work has been deferred awaiting the outcome of the NHS reorganisation of CCG's.

Developments	Progress to Date – September 2021
A formal assurance mapping exercise needs to be undertaken and documented. An Assurance Framework is being developed in conjunction with the North West Chief Audit Executive Group.	An Assurance Framework is being developed in conjunction with the North West Chief Audit Executive Group. Deadline March 2022.
An independent review needs to be undertaken to evaluate the effectiveness of the organisation's risk management processes.	A peer review system is under consideration by the North West Chief Audit Executive Group as the function is managed by a large number of Audit Managers, which causes conflict if the review is conducted internally.

6. ANNUAL GOVERNANCE STATEMENT

- 6.1 The Annual Governance Statement Progress Report to January 2022 is a separate item on the agenda.

7 IRREGULARITIES/COUNTER FRAUD WORK

- 7.1 Fraud, irregularity and whistle-blowing investigations are conducted by two members of the Internal Audit Team under the direction of a Principal Auditor and the Head of Risk Management and Audit Services to ensure consistency of approach.
- 7.2 All investigations and assistance cases are reported to the Standards Panel 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.
- 7.3 Ongoing assistance cases can range from obtaining information for an investigating officer to actually undertaking some analysis work and providing 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.
- 7.4 The number of cases investigated during the period April to January 2022 is summarised below in Table 7.

Table 7 – Investigations Undertaken from April to January 2022

Detail	No. of Cases
Cases B/Forward from 2020/21	36
Current Year Referrals	38
Total	74
Cases Closed	44
Cases Still under Investigation	30
Total	74
Assistance Cases	24

- 7.5 The above investigations can be categorised by fraud type and grant type as shown in Tables 8 and 9 below.

7.6 **Table 8 – Investigations by Fraud Type**

Fraud Type	No. of Cases	Estimated Value £
Adult Social Care	6	23,504
COVID-19 Business Support Grants	52	250,332
Children's Social Care	3	5,286
Council Tax	5	-
Blue Badge	3	-
Pensions	2	8,486
Procurement	1	-
Theft	0	-
Other	2	-
Total	74	287,607

7.7 **Table 9 – Investigation by Fraud Type – Grants to Businesses**

Fraud Type	No. of Cases	Estimated Value £	Cases Still under Investigation £	Payments Stopped To Date £	Grants being Recovered via Invoice £
Business Rate	35	178,910	48,240	14,000	116,670
Discretionary	17	71,422	6,550	64,872	0
Total	41	250,332	54,790	78,872	116,670

7.8 The fraudulent claims paid totalling £116,670 are being reviewed in conjunction with the Assistant Director of Exchequer and the Head of Legal to ensure a robust and cost effective recovery process is put in place. The challenge added by referring claims to the Fraud Investigators has prevented claims being paid totalling £78,872. As the grants have paid out over two financial years, a final summary will be provided in the Risk Management and Audit Annual Report, which will be presented to the Audit Panel in July 2022.

7.10 The data sets for the National Fraud Initiative (NFI) 2020 Exercise were received in February 2021 and are currently being reviewed and investigated. Table 10 below provides details of the findings to date. Updates will be provided to future Panel Meetings as further investigations are conducted and data sets released by the Cabinet Office.

7.11 Investigations to date have highlighted 32 frauds and 211 errors totalling £156,585 and where appropriate work is ongoing to recover these amounts.

7.12 **Table 10 – National Fraud Initiative (NFI) Findings to October 2021**

NFI Data Set	NFI Report Ref.	Number of Matches	Report Match Rating	Comments		
				Processed	In Progress	No. of Error/Fraud and Value
Pensions to DWP Deceased Persons	52	936	High	936		29 Frauds 7 Errors £35,947
Pensions to Payroll	54 and 55	1256	High	-	1256	-
Deferred Pensions to DWP Deceased	53	158	High	152	6	96 Errors
Housing Benefits to Student Loans	2	15	High	12	3	2 Errors £3,129

NFI Data Set	NFI Report Ref.	Number of Matches	Report Match Rating	Comments		
				Processed	In Progress	No. of Error/Fraud and Value
Housing Benefits Claimants to DWP Deceased	49.1	32	High	32	-	-
Council Tax Reduction Scheme to Pensions	435.1 436.1 439.1	844	High	360	484	84 Errors £60,170
Council Tax Reduction Scheme to Payroll	435 436	50	High	27	23	2 Errors £2,055
Council Tax Reduction Scheme to Council Tax Reduction Scheme	446	17	High	5	12	1 Error £2,338
Council Tax Reduction Scheme to Taxi Drivers	459.2	32	High	7	25	1 Error £1,069
Council Tax Reduction Scheme to DWP Deceased	482	77	High	77	-	-
Blue Badge to DWP Deceased	172.1	297	High	297		6 Errors
Payroll to Payroll	66	22	High	6	16	1 Fraud £20,113
Housing Benefit Claimants to Taxi Drivers	47.1 47.2	58	High	11	47	-
Within Council Tax Rising 18s	802	41	High	15	26	10 Errors £534
COVID-19 Grants	1700 - 1710	91	High	39	52	2 Frauds £11,230 2 Errors £20,000
Totals		3,780		619	3,161	32 Frauds 211 Errors £156,585

8 NATIONAL ANTI FRAUD NETWORK (NAFN) DATA AND INTELLIGENCE SERVICES

8.1 NAFN exists to support members in their protection of the public purse and acts as an Intelligence Hub providing a single point of contact for members to acquire data and intelligence in support of investigations, enforcement action and debt collection. A breakdown of the membership is provided in Table 10.

Table 10 – NAFN Membership

Member Type	June 2021	Sept 2021	Dec 2021	Diff
Local Authorities	364	362	367	+5
Housing Associations	68	67	68	+1
Other Public Bodies	29	32	33	+1
Totals	461	461	468	+7
Registered Users	14,089	14,064	14,763	+699

- 8.2 Membership has grown and NAFN has exceeded its overall target for the year – currently 93% of all local authorities in the UK are NAFN members, and the outlook for 2022/23 is positive. To date NAFN has recruited thirteen councils, three housing associations and six wider public authorities. The NR3 register continues to be a driver for councils with the IPA Service is attracting a number of wider public authorities. The introduction of the National Automatic Number Plate Recognition Service (NAS ANPR) shared service represents further opportunity in this sector. The continuous housekeeping practice of cleansing the database means that whilst user numbers decrease due to deactivation and deletion, active user numbers increase.
- 8.3 During 2020/21 intake was below that in previous years principally because of the COVID-19 national emergency, which impacted all NAFN members in terms of their priorities and overall resources. It is very encouraging that this period of low intake appears to be at an end, with NAFN members now pursuing fraud investigations with greater vigour, using NAFN as their key resource for data and intelligence. NAFN are working with the Driver and Vehicle Standards Agency (DVSA) to assess service value and their access under the current Investigatory Powers Act (IPA) powers, with a view to broadening the wider public authority recruitment pool.
- 8.4 2021/22 Q1-Q3 has seen a significant growth in intake across all request types for the NAFN Service Delivery Team. The most significant increases were for Investigatory Powers Act (up 157% on Q1 last year and well above the forecasted intake), DVLA requests (up 76%) and Type B online requests (up 42%), (See Table 11 below).

Table 11 – NAFN Requests Received

Type of Request	2021/22 Q1	2021/22 Q2	2021/22 Q3	Totals 2021/22 Q1 – Q3	Totals 2020/21	Totals 2019/20
General Data Protection	5,505	5,950	6,249	17,704	23,648	31,294
Driver and Vehicle Licensing Agency	2,993	3,100	2,854	8,947	10,082	14,044
Investigatory Powers Act – Communications Data	889	1,072	695	2,656	2,312	1,725
Prevention of Social Housing Fraud Act/Council Tax Reduction Scheme	2,539	2,608	2,773	7,920	10,001	11,638
Type B (Online)	43,038	43,688	42,141	128,867	150,858	174,474
Grand Total	54,964	56,418	54,712	166,094	196,901	233,175

- 8.5 New working relationships created during the Covid-19 emergency have been maintained and new opportunities for collaboration and joint working continue to arise. For example, following the success of the Covid Grant Fraud Intel Alert programme, NAFN has been approached by the Department of Business, Energy and Industrial Strategy (BEIS) with a request to set-up a ‘secure wiki space’ providing a searchable contact list for all local and national regulators, HMRC and the Police. Bank account validation work with NHS Test and Trace continues and conversations with NHS Counter Fraud Authority about corporate membership have been re-established, whilst discussions are underway with HMRC to explore data sharing opportunities.

The success of the Covid Grant Fraud Alert programme has been widely recognised nationally, illustrated by this statement from BEIS Counter Fraud Lead, Chris Gipson:

“The work with NAFN since the pandemic hit last March has been invaluable, its highlights the good work being undertaken by Local Authorities and how working together can make

such a difference. The flow of information between Local Authorities and NAFN has been a key part of the prevent strategy, the rapid intel alerts have been quickest way of getting information out to all LA's and that wouldn't happen without LA's sharing that information in to NAFN which benefits all members."

- 8.6 NAFN have updated their suite of communications assets to reflect one clear brand identity, cohesive across all current communication channels. Regular communication with members via monthly newsletters, service updates and intelligence alerts is well received. The service has rationalised its communications practices to automate where possible, resulting in a significant reduction in administration time, particularly where the Webinar programme is concerned. The streamlined live Webinar programme will continue to run into Q2 of 2022/23 alongside the digitisation of these sessions. Once all Webinar modules have been digitised, the content will be hosted on NAFN's E-Learning and CPD platform.
- 8.7 NAFN have pre-registered 5,730 members who have access to IPA data onto the Me Learning platform. Currently less than 10% have completed the five IPA CPD accredited modules, and a campaign to increase uptake is planned for Q1 of 2022/23. A sandbox for the new FORM Learning Management System (LMS) platform, Me Learning's second iteration of the current BLUE LMS, has been created, with additional functionality that will simplify and streamline the training, event and meeting process. It is anticipated that the migration of data will take place once all testing has been completed.
- 8.8 Extensive consultation with members in Q1-Q2 of 2021/22 ascertained the appetite for ICT transformation and business improvement. The first part of the mapping process – "As Is" – has been completed, with part two - "Will be" – to commence in Q4 of 2021/22, once a new Business Analyst is in place. During 2022/23, the intention is to complete the documentation of existing systems, finalise a requirement specification and complete option appraisal to identify a preferred business solution. The on boarding of the new Project Manager will begin in May. NAFN continues to seek the insights and viewpoints of its members through regular updates, short polls and questionnaires.
- 8.9 The annual inspection of NAFN by the Investigatory Powers Commissioner's Office in relation to the acquisition of Communications Data conducted in November 2021 highlighted no areas of non-compliance. It detailed three observations for action and three observations of good practice.
- 8.10 The Enhanced Intelligence Service trial yielded positive and compelling outcomes for members. It clarified the potential of establishing this service as a new offer to members to be trialled for two years. Cost recovery would be through an hourly recharge. The NAFN Leadership Team is currently working on a detailed business case for presentation to the NAFN Executive Board.

9 RECOMMENDATION

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

INTERNAL AUDIT PLAN 2021/22 - PROGRESS TO JANUARY 2022

APPENDIX 1

Audit Activity	Planned Days 2021/22	Revised Plan 2021/22	Actual Days Jan 2022	Variance	Status	Level of Assurance
CHILDREN'S						
Supporting Families	0	15	22.5	-8	Final Report Issued	Medium
Safeguarding	15	0	0.0	0	Rescheduled to 2022/23	
Children's Homes	5	0	0.0	0	See Children's Home Audit - Review of Expenditure	
Fostering	15	26	26.5	-1	Draft Report Issued	
Conference and Review Process	15	0	0.0	0	Rescheduled to 2022/23	
Transition of Clients From Children's to Adults Services	15	15	2.3	13	Rescheduled to 2022/23	
Control Report - Agency Workers Timesheets	2	5	4.4	0	Draft Report Issued	
Procurement of Placements for Children	1	5	4.5	0	Final Report Issued	Medium
Children's Homes - Review of Expenditure	5	10	9.8	0	Final Report Issued	N/A
Procurement of Placements for Children	0	15	0.0	15	Q4	
ICS Early Help Module	10	10	0.0	10	Q4	
PAR - Budgetary Control and Financial Management	1	4	3.9	0	Completed	
Planning and Control	5	12	10.2	1	Ongoing	
Advice and Support	2	8	6.3	2	Ongoing	
TOTALS - CHILDREN'S	90	123	90.4	33		

CHILDREN'S SCHOOLS AND LEARNING						
Arlies Primary and Nursery	6	6	6.7	-1	Draft Report Issued	
Millbrook Prim and Nursery	6	6	9.3	-3	Final Report Issued	Medium
Russell Scott Primary	6	6	5.1	1	Work In Progress	
Livingstone Primary	6	6	0.0	6	Q4	
Aldwyn Primary	6	6	0.0	6	Rescheduled to 2022/23	
Corrie Primary and Nursery	6	6	8.1	-2	Draft Report Issued	
Milton St Johns C E Primary	6	9	9.1	0	Final Report Issued	High
St Pauls R C Primary and Nursery Hyde	6	6	0.0	6	Rescheduled to 2022/23	
St Peters RC Primary and Nursery Stalybridge	6	6	0.0	6	Rescheduled to 2022/23	
St Raphael's R C Primary	6	11	18.2	-7	Final Report Issued	Medium
Holy Trinity C E Primary	6	7	9.7	-3	Final Report Issued	Medium
St Josephs R C Primary and Nursery	6	6	2.8	3	Work In Progress	
Thomas Ashton Primary and Secondary Centres	10	10	0.0	10	Q4	
Samuel Laycock School	10	1	1.1	0	Cancelled - Academy Conversion	
St James R C Primary and Nursery Hattersley Hyde	1	2	1.7	0	Final Report Issued	Medium
PAR - St Stephens C E Primary Audenshaw	0	1	0.7	0	Completed	
PAR - Greswell Primary and Nursery	0	1	0.6	0	Completed	
PAR - Broadbent Fold Primary	1	2	1.9	1	Completed	
PAR - Hurst Knoll C E Primary	0	1	1.4	0	Work In Progress	
PAR - Oakdale Primary	2	2	1.6	0	Completed	
PAR - Audenshaw Primary School	1	1	0.9	0	Completed	
PAR - Canon Burrows C E Primary	2	2	2.3	0	Work In Progress	
PAR - St James R C Primary and Nursery Hattersley Hyde	0	1	1.3	0	Work In Progress	
PAR - Milton St Johns C E Primary	0	1	0.0	1	Q4	
Planning and Control	10	15	14.2	0	Ongoing	
Advice and Support	10	10	6.9	3	Ongoing	
Post Audit Reviews	9	0	0.0	0	Days Allocated	
TOTAL - CHILDREN'S SCHOOLS AND LEARNING	128	131	103.5	27		

Audit Activity	Planned Days 2021/22	Revised Plan 2021/22	Actual Days Jan 2022	Variance	Status	Level of Assurance
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ADULTS						
Contract Monitoring - Care Homes	9	13	13.2	0	Work In Progress	
Home Care	15	0	0.0	0	Deferred	
Safeguarding - Adult Services	15	20	31.7	-12	Draft Report Issued	
Out Of Hours	15	0	0.0	0	Rescheduled to 2022/23	
Budgetary Control and Financial Management	15	15	3.0	12	Work In Progress	
Learning Disabilities Client Accounts	0	21	21.0	0	Final Report Issued	N/A
PAR - Locality Teams - Care Management	0	1	0.6	0	Completed	
PAR - Homemaker Service	0	0	0.0	0	Work In Progress	
Planning and Control	5	5	4.3	1	Ongoing	
Advice and Support	5	5	2.6	2	Ongoing	
Post Audit Reviews	8	0	0.0	0	Days Allocated	
TOTALS - ADULTS	87	80	76.3	4		

POPULATION HEALTH						
Public Health - Contract Monitoring Sexual Health	15	0	0.0	0	Deferred	
Planning and Control	3	3	0.9	2	Ongoing	
Advice and Support	1	1	0.0	1	Ongoing	
Post Audit Reviews	2	0	0.0	0	Days Not Required	
TOTALS - POPULATION HEALTH	21	4	0.9	3		

PLACE						
Post Payment Assurance - Discretionary Business Grants	10	10	6.1	4	Ongoing	
Processing - Business Grants	0	4	5.3	-1	Ongoing	
Hattersley Collaboration Agreement	6	6	0.3	6	Work In Progress	
Monitoring of the Facilities Management Contract	15	0	0.0	0	Rescheduled to 2022/23	
Monitoring Of The Catering Contract	15	15	0.0	15	Deferred	
Building Control	15	0	0.0	0	Rescheduled to 2022/23	
Hattersley Collaboration Agreement	3	9	10.2	-1	Final Report Issued	N/A
Capital Project - Control Report - Hyde Community College	1	12	13.0	-1	Work In Progress	
Transys - System Sign Off	7	7	1.1	6	Work In Progress	
Control Report - Waste Collection	0	0	0.2	0	Completed	
Homelessness and Advice	15	15	0.8	14	Work In Progress	
Welfare Rights - System Sign Off	5	5	0.0	5	Rescheduled to 2022/23	
Bereavement Services	15	0	0.0	0	Deferred	
Procurement	15	0	0.0	0	Deferred	
Local Authority Bus Subsidy Grant	2	2	2.3	0	Completed	
Control Report - A Bed Each Night (ABEN)	0	4	4.3	0	Final Report Issued	N/A
Taxi Compliance Booking System - System Sign Off	0	6	6.8	-1	Completed	
Household Support Fund	0	0	12.6	-13	Ongoing	
PAR - Planning Process	1	4	3.9	0	Completed	
PAR - Capital Projects - Education	0	3	0.0	3	Rescheduled to 2022/23	
PAR - Control Report - Waste Collection	0	2	0.8	1	Final Report Issued	N/A
PAR - Section 106 Agreements and Levies	1	2	1.2	0	Work In Progress	
PAR - Provision of the Integrated Transport Service	0	3	0.0	3	Rescheduled to 2022/23	
Planning and Control	10	10	8.2	2	Ongoing	
Advice and Support	9	9	5.0	4	Ongoing	

Audit Activity	Planned Days 2021/22	Revised Plan 2021/22	Actual Days Jan 2022	Variance	Status	Level of Assurance
Post Audit Reviews	18	0	0.0	0	Days Allocated	
TOTALS - PLACE	163	127	82.0	45		

GOVERNANCE						
Post Payment Assurance - Business Grants	20	15	11.0	4	Ongoing	
Capita System Review	0	5	5.1	0	Work in Progress	
Debtors - Full System	15	15	2.8	12	Rescheduled to 2022/23	
Review of Financial Systems - Housing Benefits	15	0	0.0	0	Rescheduled to 2022/23	
Council Tax Full System	15	25	34.8	-10	Work in Progress	
Term Time Only Changes - December Back Pay	0	0	9.1	-9	Completed	
i TRENT Self Service	3	3	2.9	0	Work in Progress	
Payroll - External Audit Checks	10	0	0.0	0	Days Not Required	
Registrars (Births, Deaths and Marriages)	5	8	7.9	0	Work in Progress	
Members Allowances - Publication	3	3	2.6	1	Completed	
ATS - Applicant Tracking System - Greater Jobs	5	0	0.0	0	Rescheduled to 2022/23	
Softbox Upgrade	0	8	8.4	0	Completed	
Term Time Only Changes	0	11	12.0	-2	Completed	
Procure to Pay System	0	0	0.8	0	Final Report Issued	Medium
Capita One System	15	15	0.0	15	Deferred	
Duplicate Payment Exercise	3	4	5.7	-1	Ongoing	
Car Allowances Annual Review	2	2	1.9	0	Completed	
Project Assurance Work	10	0	0.0	0	Days Not Required	
Monthly Data Collection Teachers Pensions Phase 2	2	2	0.0	2	Rescheduled to 2022/23	
Data Quality across systems - YOT, Adults, Waste	15	0	0.0	0	Deferred	
Support to the Transformation Team	0	20	0.5	20	Ongoing	
IG Assurance Work	0	2	0.0	2	Q4	
ICS Data Checks	15	4	3.8	0	Completed	
Advice - Omicron, Hospitality and Leisure Grant	0	0	7.4	-7	Ongoing	
PAR - Control Report - NNDR Fraud	2	2	2.9	-1	Completed	
PAR - Determination/Recovery of Adult Service Care Charges	3	8	14.9	-7	Work in Progress	
PAR - Payroll System	2	2	1.0	0	Work in Progress	
PAR - Creditors Full System	0	2	0.7	1	Work in Progress	
PAR - Softbox	0	2	2.1	0	Completed	
PAR - Liquid Logic	0	0	0.3	0	Completed	
Planning and Control	13	24	13.3	11	Ongoing	
Advice and Support	25	5	16.9	-12	Ongoing	
Post Audit Reviews	10	0	0.0	0	Days Allocated	
TOTALS - GOVERNANCE	206	187	168.8	18		

FINANCE						
Information Governance	15	15	0.0	15	Rescheduled to 2022/23	
Review of Financial Regulations	0	4	4.3	0	Completed	
Achievement of Savings Plans	15	0	0.0	0	Deferred	
VAT	15	2	1.5	0	Rescheduled to 2022/23	
Monitoring of Capital Programme	15	15	0.0	15	Rescheduled to 2022/23	
Treasury Management	15	15	14.8	0	Final Report Issued	High
Fixed Assets	15	15	0.0	15	Work In Progress	
George Byron Trust Audit of Accounts	1	1	2.3	-1	Completed	

Audit Activity	Planned Days 2021/22	Revised Plan 2021/22	Actual Days Jan 2022	Variance	Status	Level of Assurance
External Audit Checks - General Expenditure	10	0	0.0	0	Work Not required	
Risk Management	15	15	0.0	15	Deferred	
Digital Tax - System Sign Off	0	0	2.7	-3	Work In Progress	
Advice - Adult Social Care Infection Control and Testing Grant	0	0	0.5	0	Work In Progress	
Cooperative Network Infrastructure (CNI)	8	20	21.9	-2	Draft Report Issued	
Network Management	3	4	0.7	3	Work In Progress	
Access Control Management	5	6	10.9	-5	Work In Progress	
Vulnerability Management	5	7	2.0	5	Work In Progress	
ICT Business Continuity and Disaster Recovery	16	14	2.6	11	Work In Progress	
Physical and Environmental Controls	5	6	3.3	2	Work In Progress	
New BACS - System Sign Off	0	0	1.1	-1	Work In Progress	
Second PAR - Cyber Security Review	1	2	2.0	0	Completed	
PAR - Income Management	0	0	0.2	0	Completed	
PAR - Review of Financial Systems - General Ledger	0	2	2.5	-1	Completed	
PAR - Third Party Supplier Management	0	2	1.8	0	Completed	
Planning and Control	10	11	10.4	1	Ongoing	
Advice and Support	9	9	9.2	0	Ongoing	
Post Audit Reviews	16	0	0.0	0	Days Allocated	
TOTALS - FINANCE	194	163	94.6	69		

GREATER MANCHESTER PENSION FUND						
Treasury Management	0	10	10.3	0	Final Report Issued	High
Debtors	15	10	8.2	2	Work In Progress	
Agresso Project	10	0	0.0	0	Cancelled	
Website Security	7	5	6.9	-2	Work In Progress	
Changes in LGPS Regulations	15	0	0.0	0	Cancelled	
Contact Centre	10	10	0.0	10	Rescheduled to 2022/23	
Property Transfer	15	5	0.8	4	Completed	
Creditor Supplier Closure Routine	0	1	0.0	1	Completed	
Treasury Management Workflow - Sign Off	0	1	0.0	1	Completed	
Local Disposal of Computer Waste	0	1	0.0	1	Cancelled	
Advice and Support - Pensions Smarter Scan System Sign Off	0	2	1.5	0	Completed	
Advice and Support - NFI follow up work	0	5	4.7	0	Ongoing	
Advice and Support - IKEN System Sign Off	0	16	12.5	3	Suspended	
Capital Call Execution Service	15	0	0.0	0	Rescheduled to 2022/23	
Fund Manager - Sci Beta	10	10	5.8	4	Work In Progress	
Northern Private Equity Partnership - NPEP	15	15	6.8	8	Work In Progress	
New Custodian - Northern Trust	0	1	0.7	0	Final Report Issued	High
Fund Manager - Stone Harbor	1	9	8.6	0	Final Report Issued	High
Compliance Function	15	0	0.0	0	Cancelled	
iConnect - Monthly Data Collection (Post Implementation Review)	15	16	8.8	7	Work in Progress	
Restructure - Probation Service	5	1	0.6	0	Completed	
Cyber Security (Salford)	5	5	9.9	-5	Final Report Issued	Medium
MS 365	5	5	3.0	2	Work In Progress	
My Pension	5	5	5.7	-1	Final Report Issued	High
SharePoint-One Drive (Salford)	6	6	0.0	6	Rescheduled to 2022/23	
AVC's (Contracts with Third parties)	15	15	10.1	5	Work In Progress	
Employer Agreements (Covenants)	15	0	0.0	0	Not Required	

Audit Activity	Planned Days 2021/22	Revised Plan 2021/22	Actual Days Jan 2022	Variance	Status	Level of Assurance
Ill Health Insurance Arrangement	0	4	3.9	0	Final Report Issued	High
i Connect - Assurance Work	0	24	23.2	1	Work In Progress	
Visits to Contributing Bodies	35	24	0.9	23	Days Allocated As Required	
Visit To Contributing Body - Trafford Council	0	8	12.5	-5	Draft Report Issued	
Visit To Contributing Body - Salford City Council (Consultancy)	0	1	0.9	0	Final Report Issued	N/A
Visits to Contributing Bodies - Jigsaw Homes	0	3	3.1	0	Final Report Issued	Low
Visit To Contributing Body - Tameside Council	0	10	12.9	-3	Draft Report Issued	
Visits to Contributing Bodies - LTE Group	0	6	11.5	-5	Work In Progress	
Visits to Contributing Bodies - GM Police	0	0	4.6	-5	Work In Progress	
Penetration Testing	0	0	2.0	-2	Completed	
Local Investments - GMPVF	6	12	11.3	1	Final Report Issued	High
PAR - Creditors	0	0	0.2	0	Completed	
2nd PAR - Creditors	0	1	1.4	0	Work In Progress	
PAR - First Bus Asset Transfers	0	1	1.1	0	Completed	
PAR - Retirement Process	0	2	1.7	0	Completed	
PAR - Information Governance and GDPR	0	4	5.5	-1	Completed	
PAR - Ill Health and Early Retirement	0	0	0.0	0	Work In Progress	
PAR and Review of 19-20 Year End Return - Jigsaw Homes	0	2	9.5	-7	Completed	
PAR - Transfers to Defined Contribution Schemes	0	1	1.4	0	Completed	
PAR - Pension Benefits Payable	0	2	1.4	0	Work In Progress	
PAR - Visit to Contributing Body - University of Bolton	0	1	0.8	0	Work In Progress	
PAR - Visit To Contributing Body - Salford City Council	0	2	0.8	1	Work In Progress	
Investigation of Fraud and Irregularities/NFI	5	7	8.7	-2	Work In Progress	
Information Security Incidents	5	0	0.0	0	No longer required	
Planning and Control	20	20	21.8	-2	Ongoing	
Advice and Support	15	14	16.0	-2	Ongoing	
Post Audit Reviews	15	0	0.0	0	Days Allocated	
TOTALS - GREATER MANCHESTER PENSION FUND	300	300	262.0	38		

CROSSCUTTING						
Rochdale STAR Audit - New Supplier Set Up	0	0	0	0	Completed	
Domestic Abuse - Contract Monitoring	15	16	5	11	Work In Progress	
Direct Payments	15	20	0	20	Rescheduled to 2022/23	
GM Combined Authority - Mandatory Grant Certification	20	0	0	0	Days Not Required	
Recruitment and Selection	15	0	0	0	Rescheduled to 2022/23 - System Changes	
Procurement	15	15	0	15	Rescheduled to 2022/23 - System Changes	
Post Audit Reviews	4	0	0	0	Days Not Required	
TOTALS - CROSSCUTTING	84	51	5	46		

TOTAL PLANNED DAYS 2021/22	1273	1166	884	283		
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COUNTER FRAUD AND INVESTIGATIONS	393	418	347	71		
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TOTAL DAYS FOR 2021/22	1666	1584	1231	353		
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Agenda Item 10.

Report To:	AUDIT PANEL
Date:	15 March 2022
Reporting Officer:	Wendy Poole – Head of Risk Management and Audit Services
Subject:	RISK MANAGEMENT AND AUDIT SERVICE PLANNED WORK 2022/23
Report Summary:	The report presents the planned work for the Risk Management and Audit Service for 2022/23.
Recommendations:	<ol style="list-style-type: none">1. Members approve the Draft Internal Audit Plan for 2022/23 shown at Appendix 1 and note the planned work for the Risk, Insurance and Information Governance Team and the National Anti-Fraud Network Data and Intelligence Service.2. Members approve the Audit Strategy for 2022/23 shown at Appendix 2.3. Members approve the Audit Charter for 2022/23 shown at Appendix 3.4. Members approve the Quality Assurance and Improvement Programme for 2022/23 shown at Appendix 4.5. Members support and approve adopting the North West Chief Audit Executive Peer Review system for the External Review due by March 2023.
Corporate Plan:	Internal Audit supports the individual operations, which deliver the objectives within the Community Strategy.
Policy Implications:	Effective Risk Management and 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 and Chief Finance Officer)	Effective Risk Management and 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 to a minimum and provides assurance that a sound control environment is in place.
Legal Implications: (Authorised by the Borough Solicitor)	<p>The 2015 Accounts and Audit Regulations set out requirements in relation to internal control, the exercise of public rights in relation to the accounts and rules for the preparation, approval and publication of the Council's statement of accounts.</p> <p>This report sets out the planned programme of works to ensure that Members are appropriately sighted and engaged with the work being undertaken by the audit and risk team.</p> <p>Section 13 of this report also details the proposals for an external review which needs to be planned for.</p> <p>The audit Function also provide some of the statutory support that the statutory Monitoring Officer entitled to for whistleblowing responsibilities.</p>

Risk Management:

By assisting in the effective management of risks, Risk Management and Audit help to reduce costs and improve service delivery.

Access to Information:

The background papers can be obtained from the author of the report, Wendy Poole, Head of Risk Management and Audit Services by:



Telephone: 0161 342 3846



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

1. INTRODUCTION

1.1 The report presents the planned work for the Risk Management and Audit Service for 2022/23. It sets out in detail the work of Internal Audit and presents the Annual Audit Plan for 2022/23 for approval. It highlights the planned work in relation to:-

- Counter Fraud/Investigation Work;
- Risk, Insurance and Information Governance Team; and
- National Anti-Fraud Network (NAFN) – Data and Intelligence Services.

2. INTERNAL AUDIT PLANNING PROCESS

2.1 The Internal Audit Service plans its work with a view to achieving the following key objectives:

- Supporting the Council's Vision;
- Providing optimum coverage across all services to ensure the best use of resources;
- Targeting resources towards priority (high-risk) areas;
- Satisfying legislative requirements;
- Providing assurances to Members and Senior Managers as to the effectiveness of the Council's internal controls;
- Responding to the needs of service managers; and
- Maintaining a regular level of audit presence in all areas.

2.2 The plan is reviewed and revised each year to take into account service and legislative changes, which can result in large shifts in priorities and culminates in the production of the Annual Audit Plan.

2.3 The audit management system used ("Galileo") holds the entire list of all audits to be undertaken "the Audit Universe" and this is used as part of the consultation process.

2.4 Audits are prioritised based on an assessment of risk and allocated a numerical risk score which equates to either High, Medium/High, Medium, Low/Medium or Low and the following factors are taken into account:-

- Susceptibility to Error/Fraud;
- Control Environment;
- Sensitivity and Reputation of the Council;
- Complexity;
- Volume and Value of Transactions;
- Management Concerns;
- Management Changes;
- Specific Business Risks/Business Importance;
- Quality, Integrity and Security of Information; and
- Years since Previous Audit.

2.5 Consultation involves Executive Members, Directors, Assistant Directors, Heads of Service and in some cases Service Unit Managers. The meetings which were carried out in January/February 2022 help to inform the risk assessments undertaken on audit activities and provide members and officers with the opportunity to discuss areas of concern or provide further details of up and coming changes to structures, key personnel, systems, procedures and/or legislation. In addition to agreeing priority audits, the discussions also include a report on previous audit work undertaken and the level and quality of the service provided. Risks identified in the Corporate Risk Register and other sources of assurance across the Council are also taken into account during the planning process.

2.6 Allegations of fraud investigated during the year together with intelligence gained from external sources (e.g. Chartered Institute of Public Finance and Accountancy Fraud Centre, National Anti-Fraud Network and networking events) are used to identify potential risks and

new fraud areas which are then taken into account either directly as an audit or used to inform the audit work scheduled in a particular area.

- 2.7 Taking all the above information into account, the draft plan is produced. This plan is then balanced to resources and priorities and amended accordingly, as requested audits exceed resources available. This stage of the process is conducted by the Head of Risk Management and Audit Services supported by the Principal Auditors who manage the plans on a day-to-day basis and is based on professional judgement and the potential risk exposure posed to the Council. Audits that cannot be covered in the current plan year are highlighted as priorities for next year's audit plan and held in contingency in case difficulties arise in achieving any of the audits included in the annual plan.
- 2.8 The Director of Finance (Section 151 Officer) and the Assistant Director of Finance have been consulted to ensure that the levels of coverage will provide the necessary information and assurance to support the Section 151 Officer Role and the preparation of the Annual Governance Statement.
- 2.9 Whilst the work of Internal Audit, External Audit and Scrutiny are different, consultation has taken place in producing the Draft Internal Audit Plan for 2022/23 and will continue during the year to ensure our respective work programmes are complementary and that areas are not "over audited/inspected".

3. INTERNAL AUDIT ANNUAL AUDIT PLAN 2022/23

- 3.1 The Annual Audit Plan is summarised in Table 1 and Pie Chart 1 below and totals 1,595 Days, 1,207 Days on Planned Work and 388 Days on Counter Fraud Work/Investigations.
- 3.2 The Approved Plan for 2021/22 totalled 1,665 Days, which included 1,272 Days on Planned Work and 393 Days on Counter Fraud Work/Investigations.

Table 1 – Annual Audit Plan Summary 2022/23

Service Area / Directorate	Original Plan 2021/22	Nov 2021 Revised Plan 2021/22	Proposed Plan 2022/23	% Plan 2022/23
Children's	85	123	121	8
Children's Schools/Learning	146	131	138	9
Adults	84	80	80	5
Population Health	20	4	22	1
Place	162	127	148	9
Governance	197	187	172	11
Finance and Digital Tameside	194	163	148	9
Greater Manchester Pension Fund	300	300	300	19
Cross Cutting	84	51	58	4
Days to Complete 2021/22 Plan	-	-	20	1
Total Planned Days for 2022/23	1,272	1,166	1,207	76
Counter Fraud Work/Investigations	393	418	388	24
Total Planned Days for 2022/23	1,665	1,584	1,595	100

- 3.3 The Annual Audit Plan of 1,595 Days detailed above has been balanced to resources available. However, productive days are estimated and any changes to the assumptions used will be reflected during the year and reported to the Audit Panel and the Greater Manchester Pension Fund Local Board. A member of the team resigned in February 2022 to take up a promotion with the DWP and so this has affected resources available. We have

anticipated having somebody in post by June 2022, but training and support at this level is intensive as experienced auditors are very difficult to recruit.

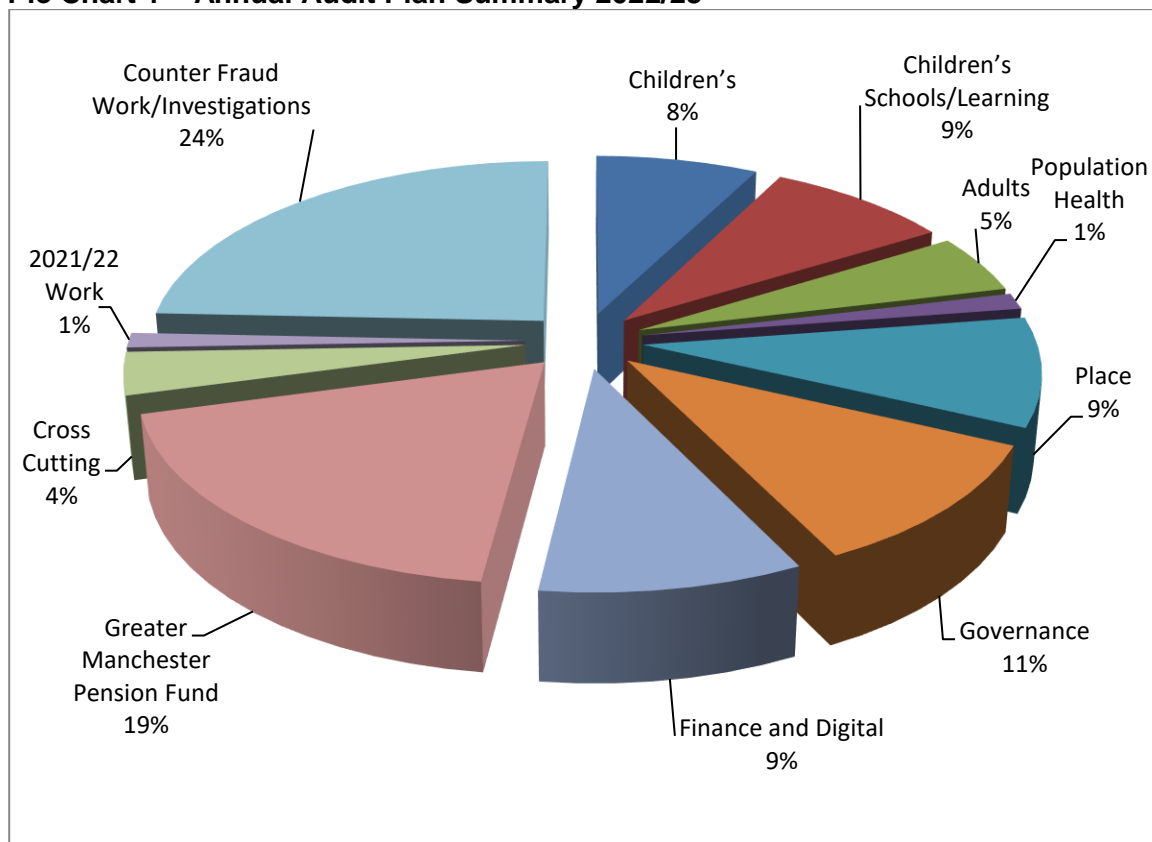
3.4 The details of the Original Plan 2021/22 and the Revised Plan 2021/22 approved on 9 November 2021 are provided as a comparison to provide assurance that coverage across the various directorates is consistent year on year.

3.5 As explained in Section 2 the audits included in the 2022/23 Plan are a combination of management requests, risk assessments and professional audit experience and judgement. The draft plan has been discussed and agreed with the Assistant Director of Finance (Deputy Section 151 Officer).

3.6 As in previous years the demand for audit work has exceeded the days available and therefore the Annual Audit Plan for 2022/23 presented for approval includes only Mandatory and High Risk Audits as defined below:-

- Mandatory – Audits/Audit Processes that need to be included e.g. grant certification work.
- High/Medium/Low – Each audit in the ‘Audit Universe’ is risk assessed within the Audit Management System ‘Galileo’ and allocated a numerical score. Those with the highest scores are included in the plan until all available resources have been accounted for.

3.7 **Pie Chart 1 – Annual Audit Plan Summary 2022/23**



3.8 The detailed Annual Audit Plan for 2022/23 is included at **Appendix 1** and covers:-

- Links to the Corporate Plan;
- Links to the Corporate Risk Register;
- Auditable Area;
- Purpose of the Audit;
- Priority;
- Audit Category; and
- Planned Days for 2022/23.

3.9 Each audit activity in the 2022/23 Plan has been linked to one of the themes within the Corporate Plan as shown below:-

Table 2 – Corporate Plan Themes



3.10 Where appropriate each audit has been linked to a risk in the Corporate Risk Register to ensure that the plan is providing audit coverage in the areas deemed to be of significant risk to the Council. For the Greater Manchester Pension Fund audits have been linked to their specific service risk registers.

3.11 Each audit in the Annual Audit Pan has been allocated to an Audit Category, which are explained in Table 3 below. Table 4 and Pie Chart 2 present the Annual Audit Plan analysed by those Categories.

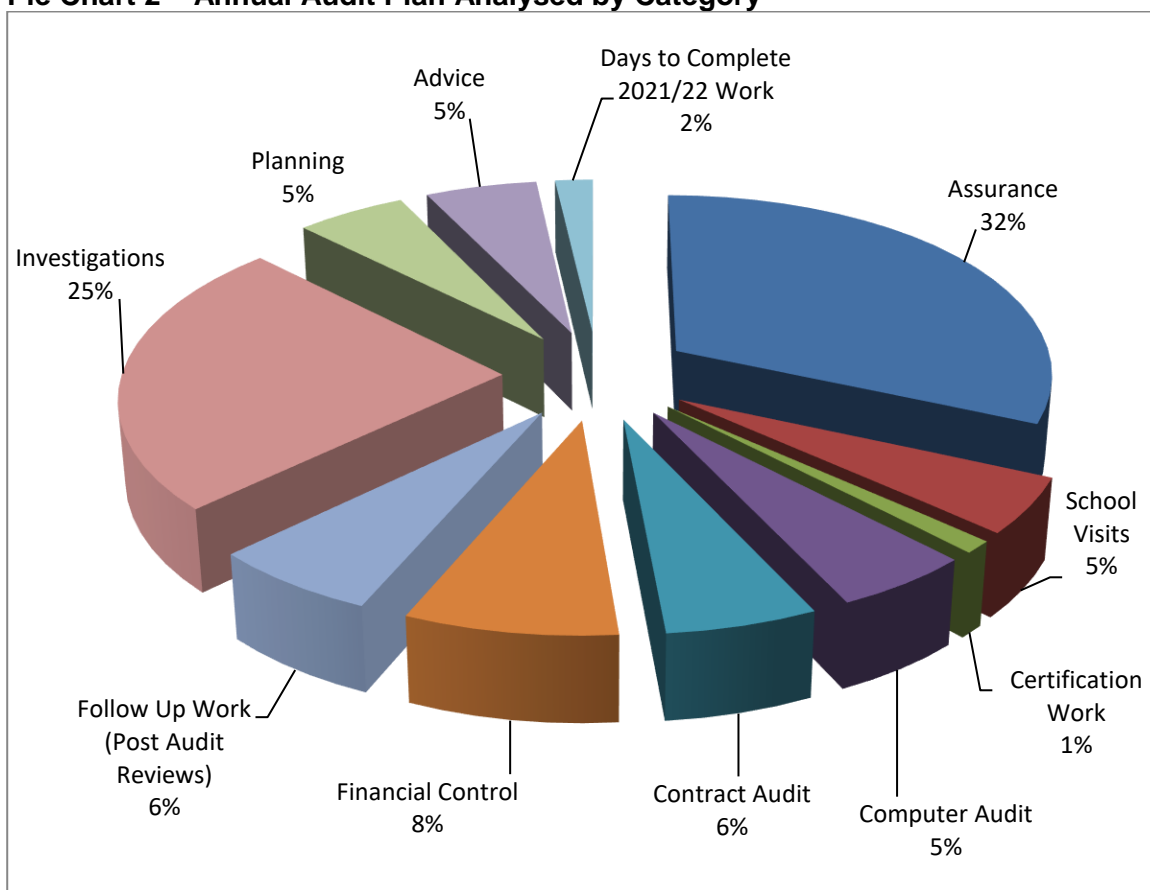
Table 3 – Audit Categories

Category	Description
Assurance	To provide assurance to management that the key risks are being managed and that processes in place are robust and fit for purpose.
Financial Control	A programme of financial system reviews considered high risk to provide assurance that the risks are being managed and the systems in place are robust and fit for purpose.
Advice	Ongoing advice provided at the request of management and stakeholders.
Follow Up	Work undertaken to ensure recommendations documented in Final Reports have been implemented.
School Visits	A programme of school visits identified as highest risk taking into account any key changes in personnel, systems and finances.
Investigation	Ad hoc investigations into suspected fraud, irregularities and information incidents.
Computer Audit	Commissioned audit reviews of a technical nature from Salford Computer Audit Services, combined with reviews to be delivered in-house.
Contract Audit	Reviews on specific procurement activities and contracts considered high risk.
Certification Work	Independent verification work required by grant funding bodies, legislation and Final Accounts certification.

3.12 **Table 4 – Annual Audit Plan 2022/23 Analysed by Category**

Category	Planned Days 2022/23	% Planned Days
Assurance	504	32
School Visits	80	5
Grant Certification Work	18	1
Computer Audit	83	5
Contract Audit	90	6
Financial Control	126	8
Follow Up Work (Post Audit Reviews)	101	6
Investigations	393	25
Planning, control and Reporting	85	5
Advice and Support	86	5
2021/22 Plan Work	29	2
Total Planned Days 2022/23	1,595	100

3.13 **Pie Chart 2 – Annual Audit Plan Analysed by Category**



3.14 The plan will be kept under constant review and regular meetings will be held with Executive Members and the Senior Management Team to ensure that it reflects the keys risks for the Council going forward as it continues to change both in shape and in size to meet the financial challenges placed upon it.

4. INTERNAL AUDIT STAFFING

4.1 The structure of the team is shown in Table 5 below. One of the Auditors has just obtained the Chartered Institute of Public Finance and Accountancy (CIPFA) qualification and the other is waiting to start the Association of Accounting Technicians (AAT) supported by the

Apprenticeship Levy. We also have one of the Counter Fraud/Investigators embarking on a further fraud qualification again supported by the Apprenticeship Levy.

4.2 **Table 5 – Internal Audit Staffing Structure**

Post	Qualification	Audit Experience
Head of Risk Management and Audit Services	CIPFA/PGCM	Over 20 Years
Principal Auditor	CIPFA/PGCM	Over 20 Years
Principal Auditor	ACCA/IIA	Over 20 Years
Senior Auditor	CIPFA	Over 20 Years
Senior Auditor	ACCA Part Qualified	Over 20 Years
Senior Auditor	Studying IIA	Over 5 Years
Counter Fraud/Investigator	CIPFA ACFTech	Over 10 Years
Counter Fraud/Investigator	Studying Fraud Qualification	Under 5 Years
Auditor	Vacant – March 2022	Under 5 Years
Auditor	Studying AAT	Under 5 Years

4.3 The Service Unit does not employ a specialist Computer Auditor for the provision of technical computer audit support and this is procured from Salford MBC Computer Audit Services using the AGMA Collaboration Computer Audit Agreement to help deliver the ICT – Computer Audit Plan.

4.4 The Internal Audit Team has complete organisational independence and is not responsible for any non-audit work. Staff are very aware of the need to remain independent and ensure that requests for advice and support do not compromise this position.

4.5 The Head of Risk Management and Audit Services is responsible for the Risk, Insurance and Information Governance Team and is the Council's Senior Information Risk Owner (SIRO), which does challenge her independence. Any reviews conducted in these areas would be reported in the name of an independent manager, namely the Assistant Director of Finance (Deputy Section 151 Officer), to ensure that independence is not compromised or the review would be completed by another Internal Audit Team.

4.6 All members of the Internal Audit Team sign an annual declaration form, and this includes confirming that they have read and agreed to adhere to the Tameside Code of Conduct for Employees and the Public Sector Internal Audit Standards - Code of Ethics.

5. INTERNAL AUDIT REPORTING PROCESS

5.1 At the completion of an audit review a draft report is produced which is issued to the appropriate auditees and managers within the area (this will vary depending on the review, but usually includes members of the senior management team) for them to check the factual accuracy of the report and to provide their management responses to the recommendations identified. Closure meetings are held with all parties to expedite the process.

5.2 A quality control and review process is in place within the team that ensures all audits are conducted to a high standard and that working papers, conclusions and recommendations are sound and justified.

5.3 A final audit report is then produced incorporating the management responses and circulated to: -

- Executive Member – responsible for area under review;
- Chief Executive;
- Director of Governance and Pensions (Monitoring Officer);

- Director of Finance (Section 151 Officer);
- Assistant Director of Finance (Deputy Section 151 Officer);
- Director;
- Appropriate Service Area Managers;
- Financial Management Business Partner; and
- External Audit.

- 5.4 Six months after completion, a Post Audit Review is undertaken to establish whether the agreed recommendations have been implemented, however, where a low level of assurance is issued the area is re-visited within 3 months. This report is circulated to those members and officers who received the final report so that they can check that progress has been made. Areas of concern are escalated to the Head of Risk Management and Audit Services and/or the Director/Assistant Director of Finance for discussion with the relevant service managers to ensure that progress is made. Post Audit Reviews with significant outstanding items will, in turn, be reported to the Audit Panel.
- 5.5 All reports issued are reviewed and quality checked within the team by the Principal Auditors before they are released. The Head of Risk Management and Audit Services also reviews all Final Reports and Post Audit Reviews. Low level assurance audits are discussed with Assistant Directors to gain assurance that resources will be targeted to resolve issues identified.
- 5.6 In addition, progress reports are produced for the Audit Panel, which summarise the audits issued by level of assurance, issues highlighted from completed audits and any concerns resulting from Post Audit Reviews.
- 5.7 At the end of the financial year, an annual report is produced summarising the work undertaken during the year and providing an opinion on the overall control environment. In broad terms, the opinion is based on the audit opinions issued during the year, the nature of the audits and the type and severity of recommendations made.
- 5.8 The Internal Audit service conforms to the Public Sector Internal Audit Standards (PSIAS), and this was confirmed by the External Peer Review Assessment in March 2018 and subsequent self-assessments completed for 2018/19, 2019/20 and 2020/21, which were reported to the Audit Panel in June 2019, June 2020 and July 2021. The self-assessment review based on 2021/22 will be presented to the next meeting of the Audit Panel and this will inform the Review of the Effectiveness of the System of Internal Control required by the Accounts and Audit Regulations 2015 Section 6.
- 5.9 The self-assessment against the Chartered Institute of Public Finance and Accountancy Statement for the Head of Internal Audit for 2021/22 will also be reported to the next meeting of the Audit Panel as part of the assurance work for the preparation of the Annual Governance Statement.

6. ANNUAL GOVERNANCE STATEMENT

- 6.1 The Accounts and Audit Regulations 2015 require audited bodies to conduct a review, at least once a year, of the effectiveness of its systems of internal control. The findings of the review shall be considered by a committee of the relevant body, or by members of the relevant body meeting as a whole, and following consideration, shall approve a governance statement, prepared in accordance with proper practices in relation to internal control.
- 6.2 The work of Internal Audit is fundamental to the production of this statement as the work conducted provides evidence and ongoing assurance that the systems of internal control have been reviewed and that risks are being effectively managed.

6.3 The Risk Management and Audit Service Annual Report for 2021/22 will be presented to the next meeting of the Audit Panel.

7. INTERNAL AUDIT STRATEGY AND CHARTER

7.1 In order to comply with the Public Sector Internal Audit Standards it is necessary for the Audit Panel to approve the Internal Audit Strategy (attached at **Appendix 2**) and the Internal Audit Charter (attached at **Appendix 3**) annually.

7.2 The Strategy provides an overview of Internal Audit and covers:-

- Introduction;
- Main Drivers in setting the Direction;
- What this means we need to do; and
- How will we do this?

7.3 The Internal Audit Charter is more operational and includes:-

- Background;
- Missions and Definition of Internal Audit;
- Standards;
- Responsibility and Objectives of Internal Audit;
- Responsibility of the Council;
- Independence of Internal Audit;
- Head of Risk Management and Audit (Chief Audit Executive/Head of Audit)
- Relationships;
- Opinion and Non-Opinion Work;
- Fraud;
- Reporting;
- Internal Audit Access Rights; and
- Internal Audit Resources.

8. QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

8.1 Standard 1300 of the Public Sector Internal Audit Standards require:
“That the Chief Internal Auditor must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity”.

8.2 The Quality Assurance and Improvement Programme (attached at **Appendix 4**) includes:-

- Introduction;
- Internal Assessments;
- External Assessments;
- Service Development; and
- Review of the Quality Assurance and Improvement Programme.

9. PROACTIVE FRAUD WORK/IRREGULARITY INVESTIGATIONS

9.1 Whilst unplanned in their nature, time is required each year for the investigation of frauds and irregularities that are notified to Internal Audit. There is a dedicated resource within the service unit, which provides support to management to ensure that such problems are dealt with as effectively as possible. A control report is provided in response to investigations/advice and support work to ensure that the control environment is improved to try to minimise any future re-occurrence. Learning points are noted for wider dissemination where appropriate and any recommendations are followed up at a later date by a Post Audit Review to ensure the required improvements have been implemented.

- 9.2 Update reports will be provided to the Audit Panel as part of the quarterly progress reports provided by the Head of Risk Management and Audit Services.
- 9.3 Intelligence from all corporate fraud/irregularities notified to and investigated by Internal Audit is used to:-
- Evaluate our response plan;
 - Inform the audit planning process to ensure fraud risks are taken into account; and
 - Inform the risk assessment tool within Galileo (audit management system) to ensure all auditable activities are correctly assessed.

10. RISK, INSURANCE AND INFORMATION GOVERNANCE

- 10.1 The Risk, Insurance and Information Governance Team provide services to the whole Council. Table 6 below details the structure of the team. Unfortunately, the team is currently carrying two vacancies, which is affecting capacity to deliver, however, recruitment is ongoing.

Table 6 – Risk, Insurance and Information Governance Team

Post	Qualification/Experience	Experience with Council
Risk, Insurance and Information Governance Manager	Insurance Qualification Local Government/Insurance Sector experience.	Less than 5 Years
Risk, Insurance and Information Governance Officer		Less than 5 Years
Risk, Insurance and Information Governance Officer	Vacant – Left October 2021	
Risk, Insurance and Information Governance Officer	Legal Qualification/Insurance Sector experience	Less than 5 Years
Risk, Insurance and Information Governance Assistant	Vacant – Left Feb 2022	

- 10.2 The key priorities for the team during 2022/23 are:-
- To continue to develop the Risk Management system across the Council including the development of operational risk registers.
 - To continue to deliver the Information Governance Work Plan which is being developed with the Information Governance Group to ensure that the Council is compliant with all Data Protection legislation.
 - To provide Data Protection/Information Governance advice and guidance to support services ensure new systems, processes and partnership working involving the collection, sharing, processing and storage of personal data are compliant with Data Protection legislation
 - To work with senior managers to ensure that Business Continuity Plans are robust and fit for purpose and regularly reviewed to support management in responding to a major incident.
 - To review the insurance database used to ensure it is fit for purpose and that the reporting functionality is efficient and effective.
 - To review the information held and introduce regular reports for management in terms of claims received to inform and improve risk management process.
 - 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 successfully recruit to the vacancies on the team to maximise capacity and ensure high quality services are provided.

11. NATIONAL ANTI-FRAUD NETWORK - DATA AND INTELLIGENCE SERVICES

11.1 The National Anti-Fraud Network will continue to work with key stakeholders and partners to further develop the services offered to members to ensure that emerging business needs are met in response to changing legislation. The Head of Risk Management and Audit who continues to Chair the NAFN Executive Board will work with the NAFN Team at Tameside to ensure the key priorities below are delivered:-

- To continue to maintain and where necessary improve operational controls in pursuit of operational excellence to meet Government standards on data and intelligence;
- To work with the Investigatory Powers Commissioner's Office (IPCO) to maintain high standards of integrity and legitimate use for communications data and ensure compliance with the Investigatory Powers Act;
- To review the ICT platform and systems to ensure they are robust, meet all security protocols and user expectations.
- To deliver the service transformation project identified during 2021.
- Extending membership to all local authorities, housing associations and wider public bodies;
- Review the NAFN Constitution and Membership Agreement following any changes to service provision from the transformation project;
- Following a decision on the preferred business solution for transforming the service there will be a need to formally review the NAFN Membership Fee Model and associated usage charges;
- Further develop the NAFN e-learning and CPD system including formal certification and by upgrading the webinar system;
- Following the enhanced Intelligence Service pilot, develop a business case for the Executive Board to consider incorporating the service into business as usual, including promoting the new service to members and creating an equitable charging system; and
- Undertake an options appraisal on procurement of a Customer Relationship Management System ahead of a formal recommendation to the Executive Board.

12. PERFORMANCE MONITORING

12.1 The performance of the service is monitored against targets and performance indicators. Individually auditors are monitored against performance targets and appraisal sheets are completed for audits highlighting issues and potential training needs. Customer questionnaires are also used at the conclusion of each audit to test customer reaction to the audit and to help identify any training needs or service improvements.

12.2 The Audit Plan will be continually monitored via monthly progress meetings between the Audit Management Team and regular update meetings with Executive Members, Senior Managers and External Audit and quarterly reports to the Audit Panel and the Greater Manchester Pension Fund Local Board.

12.3 The Public Sector Internal Audit Standards are the benchmark against which the performance and effectiveness of the Internal Audit service will be measured.

12.4 The performance indicators monitored and measured are detailed in Table 7 below.

Table 7 – Performance Indicators

	Indicator	Target
1	Compliance with Public Sector Internal Audit Standards	100%
2	% of Plan Completed	90%
3	Customer Satisfaction (Questionnaires \geq 65%)	90% of customers
4	% Recommendations Implemented	90%
5	No. of Irregularities Reported/Investigated	Downward Trend

	Indicator	Target
6	No. of Recommendations made	Downward Trend
7	Percentage No. of High Recommendations made	Downward Trend

12.5 The target for achievement is 90% of the agreed plan. However, high priority requests that arise during the year, changes in available audit resources and problem areas highlighted may affect the achievement of this target and result in the need for revisions to the agreed plan. All significant changes are agreed with relevant managers and Executive Members where appropriate and will be brought to the Panel for approval.

13. EXTERNAL REVIEW

13.1 Public Sector Internal Audit Standard 1312 requires that an External Assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation.

13.2 It further states that the Chief Audit Executive (Head of Risk Management and Audit) must discuss with the board (the Audit Panel):

- The form of external assessments; and
- The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest.

13.3 The 2018 review, was conducted adopting the system of Peer Reviews developed by the North West Chief Audit Executive Group. Each North West Internal Audit Team committing to the process is reviewed by a Review Team consisting of two Auditors from two independent councils and participates in undertaking two reviews across the North West.

13.4 The reviews are supported by:-

- A Memorandum of Understanding;
- A tried and tested formal documented review and moderation process; and
- Conducted by experienced audit professionals' independent to the organisation, who understand the public sector and local government.

13.5 The review in 2018 was conducted by Blackpool and Bolton in a very professional manner and the interviews conducted and the report presented at the conclusion of the review were well received. The system presents opportunities to share learning and expertise across local government teams and provides a cost effective solution.

13.6 An external review for Tameside is due by March 2023 and it is proposed that we support the North West Chief Audit Executive Peer Review System again. A provisional data of Feb/March 2023 has been allocated.

14. MEMBER TRAINING

14.1 During the year, general training on Audit, Risk Management, Information Governance, Insurance and Business Continuity will be considered in accordance with member needs with targeted training being provided for members of the Audit Panel and the Greater Manchester Pension Fund Local Board as and when requested.

15. RECOMMENDATIONS

15.1 As set out on the front of the report.

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DRAFT INTERNAL AUDIT PLAN 2022/23

CORPORATE PLAN THEME	LINK TO RISK REGISTER	AUDITABLE AREA	PURPOSE OF THE AUDIT	PRIORITY	AUDIT CATEGORY	PLANNED DAYS 2022/23
CHILDREN'S						
Starting Well	5	Safeguarding	To provide assurance that internal controls are in place to ensure that effective safeguarding procedures are in place.	High	Assurance	15
	5	Deprivation Of Liberty Orders (DOLS)	To provide assurance that internal controls are in place to ensure that effective procedures are in place to manage Deprivation of Liberty Orders.	High	Assurance	15
	5	Missing Children	To provide assurance that internal controls are in place to ensure that effective procedures are in place to manage missing children.	High	Assurance	15
	5	Conference and Review Process	To provide assurance that internal controls are in place to ensure that effective procedures are in place for the Conference and Review Process.	High	Assurance	15
	5 and 9	Transition of Clients From Children's to Adults Services	To provide assurance that internal controls are in place to ensure that effective procedures are in place for the Transition of Clients from Children's to Adults.	High	Assurance	10
	5	Supporting Families	To provide assurance that effective controls are operating effectively in relation to Supporting Families.	Mandatory	Assurance	15
	5 and 21	Direct Payments	To review the procedure in place for Direct Payments in relation to Children to ensure the controls are operating effectively.	High	Assurance	10
Audit Management and Support		Planning and Control	Provision of days for planning/controlling the plan including activity reporting, meetings with Senior Management and Executive Members to ensure that changes throughout the year are reflected in the plan where appropriate.	Mandatory	Planning	10
		Advice and Support	Provision of days to support management in the development and maintenance of effective controls in light of new risk exposures and service changes.	Mandatory	Advice	6
		Post Audit Reviews	Follow up work to ensure that audit recommendations have been implemented.	Mandatory	Follow Up	10
TOTAL PLANNED DAYS FOR CHILDREN'S						121
CHILDREN'S - SCHOOLS/LEARNING						
Starting Well	18	Primary Schools (10)	To review the Financial Management/ICT Procedures/Information Governance Procedures of the school to ensure robust processes and procedures are in place in accordance with best practice to deliver a strong control environment.	High	School Visits	60
	18	High Schools (2)		High	School Visits	20
	6	Special Educational Needs and Disability (SEND)	To provide assurance that effective controls are operating effectively in relation to Special Educational Needs and Disability (SEND).	High	Assurance	15
Audit Management and Support		Planning and Control	Provision of days for planning/controlling the plan including activity reporting, meetings with Senior Management and Executive Members to ensure that changes throughout the year are reflected in the plan where appropriate.	Mandatory	Planning	15
		Advice and Support	Provision of days to support management in the development and maintenance of effective controls in light of new risk exposures and service changes.	Mandatory	Advice	10
		Post Audit Reviews	Follow up work to ensure that audit recommendations have been implemented.	Mandatory	Follow Up	18
TOTAL PLANNED DAYS FOR SCHOOLS/LEARNING						138
ADULTS						
Ageing Well	9	Out of Hours	To provide assurance that effective internal controls are in operation in respect of the Out of Hours service.	High	Assurance	15
	5 and 9	Transition of Clients From Children's to Adults Services	To provide assurance that internal controls are in place to ensure that effective procedures are in place for the Transition of Clients from Children's to Adults.	High	Assurance	10
	9	Learning Disabilities Client Accounts	To provide assurance that effective internal controls are in operation in respect of Learning Disabilities Client Accounts and that the potential for fraud is minimised.	Mandatory	Assurance	15

DRAFT INTERNAL AUDIT PLAN 2022/23

CORPORATE PLAN THEME	LINK TO RISK REGISTER	AUDITABLE AREA	PURPOSE OF THE AUDIT	PRIORITY	AUDIT CATEGORY	PLANNED DAYS 2022/23
Ageing Well	9	Greater Manchester Care Record - System Sign Off	To provide assurance that the systems in place to transfer data into the GM Care Record are robust, secure and in accordance with the DPIA and Data Sharing Agreement.	Mandatory	Assurance	6
	9 and 21	Direct Payments	To review the procedure in place for Direct Payments in relation to Adults to ensure the controls are operating effectively.	High	Assurance	10
Audit Management and Support		Planning and Control	Provision of days for planning/controlling the plan including activity reporting, meetings with Senior Management and Executive Members to ensure that changes throughout the year are reflected in the plan where appropriate.	Mandatory	Planning	5
		Advice and Support	Provision of days to support management in the development and maintenance of effective controls in light of new risk exposures and service changes.	Mandatory	Advice	5
		Post Audit Reviews	Follow up work to ensure that audit recommendations have been implemented.	Mandatory	Follow Up	14
TOTAL PLANNED DAYS FOR ADULTS						80
POPULATION HEALTH						
Living Well	8	Health Protection	To provide assurance that effective controls are in place in relation to Health Protection.	High	Contract	15
Audit Management and Support		Planning and Control	Provision of days for planning/controlling the plan including activity reporting, meetings with Senior Management and Executive Members to ensure that changes throughout the year are reflected in the plan where appropriate.	Mandatory	Planning	3
		Advice and Support	Provision of days to support management in the development and maintenance of effective controls in light of new risk exposures and service changes.	Mandatory	Advice	1
		Post Audit Reviews	Follow up work to ensure that audit recommendations have been implemented.	Mandatory	Follow Up	3
TOTAL PLANNED DAYS FOR POPULATION HEALTH						22
PLACE						
Great Place Inclusive Growth	4	Estate Management	To provide assurance that effective controls are in place in respect of Estate Management.	High	Assurance	15
	12	Monitoring Of The Facilities Management Contract	To provide assurance that effective controls are in place in respect of monitoring of the Facilities Management Contract.	High	Contract	15
	17 and 20	Development Projects	To provide assurance that effective controls are in place in respect of delivering and monitoring Development Projects.	High	Contract	15
	12	Godley Green Capital Project	To provide assurance that effective controls are in place in respect of the Godley Green Project.	High	Contract	15
	20	Building Control	To provide assurance that effective controls are in place in respect of building control.	High	Assurance	15
	21	Post Payment Assurance - Discretionary Business Grants	Assurance work to confirm that payments have been made in accordance with the defined scheme.	Mandatory	Assurance	5
	1	Hattersley Collaboration Agreement	To undertake an audit of the Final Accounts.	Mandatory	Certification	6
1	Local Authority Bus Subsidy Grant	Certification to confirm that expenditure has been incurred in accordance with the grant conditions.	Mandatory	Certification Work	2	
Living Well	7	Health and Safety	To provide assurance that effective controls are in place in respect of the Health and Safety Unit.	High	Assurance	15
	2	Transport Transys - System Sign Off	To provide assurance that effective controls are in place in respect of the new Transport System (Transys) relating to Home to School/Adult Clients Transport.	Mandatory	Assurance	6
	2	Welfare Rights - System Sign Off	To provide assurance that the new system is robust and fit for purpose.	Mandatory	Assurance	6
Audit Management and Support		Planning and Control	Provision of days for planning/controlling the plan including activity reporting, meetings with Senior Management and Executive Members to ensure that changes throughout the year are reflected in the plan where appropriate.	Mandatory	Planning	10

DRAFT INTERNAL AUDIT PLAN 2022/23

CORPORATE PLAN THEME	LINK TO RISK REGISTER	AUDITABLE AREA	PURPOSE OF THE AUDIT	PRIORITY	AUDIT CATEGORY	PLANNED DAYS 2022/23
Audit Management and Support		Advice and Support	Provision of days to support management in the development and maintenance of effective controls in light of new risk exposures and service changes.	Mandatory	Advice	10
		Post Audit Reviews	Follow up work to ensure that audit recommendations have been implemented.	Mandatory	Follow Up	13
TOTAL PLANNED DAYS FOR PLACE						148

GOVERNANCE						
Corporate Support and Enabling Services	1	Review of Payroll Payments	To undertake assurance checks on the integrity, completeness and accuracy of Payroll Payments (20% above contractual Pay).	High	Assurance	15
	1	Support to the Transformation Team	To provide support to the Transformation Team as and when requested.	High	Assurance	20
	1	Debtors	To provide assurance that effective controls are operating effectively in relation to the Debtors System.	Mandatory	Financial Control	15
	1	Housing Benefits	To provide assurance that effective controls are operating effectively in relation to the Housing Benefits System.	Mandatory	Financial Control	20
	1	NNDR	To provide assurance that effective controls are operating effectively in relation to the NNDR Tax System.	Mandatory	Financial Control	15
	1	Teachers Pensions Monthly Contributions Reconciliation (MCR)	To undertake assurance checks on the integrity, completeness and accuracy of the data.	Mandatory	Assurance	1
	2 and 23	iTRENT Self Service	To ensure that appropriate procedures have been followed prior to implementation and that the system is fit for purpose and secure.	Mandatory	Assurance	10
	2 and 23	Agresso Upgrade	To provide assurance that the upgrades to the system are robust and fit for purpose.	Mandatory	Assurance	10
	1	Registrars Financial Audit	An allocation is included in the Plan each year to review the records and income in respect of individual Registrars, on cyclical basis.	Mandatory	Assurance	5
	1	Members Allowances - Publication	To provide data assurance in relation to the publication of members allowances.	Mandatory	Assurance	2
	1	Greater Jobs/ATS	To provide assurance that the new system is robust and fit for purpose.	Mandatory	Assurance	2
	1	Duplicate Payment Exercise	To work with the service to identify potential duplicate payments for investigation.	Mandatory	Assurance	3
1	Car Allowances Annual Review	To provide data assurance in relation to Car Allowances	Mandatory	Assurance	2	
21	Post Payment Assurance - Business Grants	Assurance work to confirm that payments have been made in accordance with the defined scheme.	Mandatory	Assurance	5	
Audit Management and Support		Planning and Control	Provision of days for planning/controlling the plan including activity reporting, meetings with Senior Management and Executive Members to ensure that changes throughout the year are reflected in the plan where appropriate.	Mandatory	Planning	15
		Advice and Support	Provision of days to support management in the development and maintenance of effective controls in light of new risk exposures and service changes.	Mandatory	Advice	23
		Post Audit Reviews	Follow up work to ensure that audit recommendations have been implemented.	Mandatory	Follow Up	9
TOTAL PLANNED DAYS FOR GOVERNANCE						172

FINANCE AND DIGITAL						
Corporate Support and Enabling Services	11	Information Governance	A review of the arrangements in place in respect of Information Governance, to ensure compliance with UK GDPR and the Data Protection Act 2018.	High	Assurance	15
	2 and 23	Network Management (Salford)	This audit will examine the management of the network and the security measures in place to safeguard the Council's systems and information assets.	High	Computer	3
	2 and 23	Vulnerability Management (Salford)	This audit will examine the management of system in place to ensure that the network is not vulnerable to cyber threats.	High	Computer	5

DRAFT INTERNAL AUDIT PLAN 2022/23

CORPORATE PLAN THEME	LINK TO RISK REGISTER	AUDITABLE AREA	PURPOSE OF THE AUDIT	PRIORITY	AUDIT CATEGORY	PLANNED DAYS 2022/23
Corporate Support and Enabling Services	2 and 23	ICT Business Continuity and Disaster Recovery (Salford)	To provide assurance that the plans in place are robust and that the contingencies included are effective to enable the Council to continue to deliver services in the event of an IT incident.	High	Computer	11
	2 and 23	Payment Security PCI DSS (Salford)	To provide assurance that the Payment Security PCI DSS system and processes are compliant with best practice and are robust and fit for purpose.	High	Computer	8
	2 and 23	Request/Incident Management (Salford)	To provide assurance that internal controls are operating effectively in relation to IT Services Request and Incident Management.	High	Computer	10
	2 and 23	Software Licence Management (Salford)	This audit will examine the system and controls in place to ensure that software licences are managed effectively.	High	Computer	10
	1	Bank Reconciliation Procedures	To provide assurance that internal controls are operating effectively in relation to the VAT processes in place.	Mandatory	Financial Control	10
	1	New BACS System - System Sign Off	To provide assurance that internal controls are operating effectively in relation to the Bank Reconciliation processes in place.	Mandatory	Financial Control	6
	1	VAT	To provide assurance that internal controls are operating effectively in relation to the VAT processes in place.	Mandatory	Financial Control	15
	1	Monitoring of Capital Programme	To provide assurance that controls are operating effectively in relation to the Monitoring of the Capital Programme.	Mandatory	Financial Control	15
Audit Management and Support		George Byron Trust Audit of Accounts	To provide assurance that the accounts presented are in accordance with the supporting information provided.	Mandatory	Assurance	1
		Planning and Control	Provision of days for planning/controlling the plan including activity reporting, meetings with Senior Management and Executive Members to ensure that changes throughout the year are reflected in the plan where appropriate.	Mandatory	Planning	12
		Advice and Support	Provision of days to support management in the development and maintenance of effective controls in light of new risk exposures and service changes.	Mandatory	Advice	11
		Post Audit Reviews	Follow up work to ensure that audit recommendations have been implemented.	Mandatory	Follow Up	16
TOTAL PLANNED DAYS FOR FINANCE AND DIGITAL						148

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GREATER MANCHESTER PENSION FUND

Corporate Support and Enabling Services	PF Funding 3	Property Management Contracts	To ensure that officers of the Pension Fund are monitoring the performance/compliance by the third party property management company (the contractor) in relation to the Property Management Contract.	High	Assurance	15
	PF Funding 4	Conveyancing Function	To review the procedures in place in respect of the conveyancing function within the Legal team to ensure the controls are operating effectively.	High	Assurance	15
	PF Funding 3	Capital Call Execution Service - Custodian/Local Investments/Agresso	To review the controls in place between the Fund and the Custodian in relation to draw down of funds for local investments	High	Assurance	15
	PF Funding 3	Fund Manager - UBS	To review the procedures in place in respect of the selected Fund Manager to ensure the controls are operating effectively.	High	Assurance	15
	PF Funding 1	Northern LGPS	An allocation to carry out a joint piece of audit work with the other audit teams that form part of the NLGPS to give assurance that the areas within the pooling arrangement are operating effectively.	High	Assurance	15
	PF Admin 9	Pension Benefits Payable	To ensure that there are adequate controls in place in the administration of benefits payable processed by the Pension Fund.	High	Financial Control	15
	PF Admin 12	Deferred Pensions	To ensure that there are adequate controls in place in the administration of deferred pensions processed by the Pension Fund.	High	Financial Control	15
	PF Admin 9	Altair - Admin to Payroll further upgrade	The Payroll module of Altair is being upgraded and Internal Audit have been asked to perform some data assurance checks prior to the new upgrade going live.	High	Assurance	10

DRAFT INTERNAL AUDIT PLAN 2022/23

CORPORATE PLAN THEME	LINK TO RISK REGISTER	AUDITABLE AREA	PURPOSE OF THE AUDIT	PRIORITY	AUDIT CATEGORY	PLANNED DAYS 2022/23
Corporate Support and Enabling Services	PF Admin 9	Pensions Dashboard	An allocation of days to support the work that will be needed for the Fund to be able to participate in the Government's Pension Dashboard scheme.	High	Assurance	10
	PF Admin 13	McCloud	An allocation of days to support the work that will be needed to implement the McCloud remedy.	High	Assurance	15
	PF Funding 5 Admin 11	Visits to Contributing Bodies	An allocation of days is included annually for Internal Audit to carry out visits to a sample of Employers. The audit reviews the data held on the Employer's payroll system to ensure that the correct contributions are being paid over to the Pension Fund.	High	Assurance	50
	PF Admin 8	IT Service Desk	Review of the operation of the new IT service desk system to ensure the controls are satisfactory, it is robust and fit for purpose.	High	Assurance	10
	PF Admin 8	SharePoint/One Drive (Salford)	To provide advice, support and assurance that the system is configured securely and operating effectively.	High	Computer	6
	PF Admin 8	Contact Centre (Salford)	To review the controls in place for the new contact centre software to ensure the controls are satisfactory, it is robust and fit for purpose.	High	Computer	10
	PF Admin 8	IT Supplier Management (Salford)	To review the controls in place for the management of third party contracts with IT suppliers.	High	Computer	10
	PF Reputational 17	Pensions Regulator - Single Code of Practice	The Pensions Regulator is currently consulting on a single code of practice which we will assess compliance against.	High	Assurance	10
PF Admin 9	Investigation of Fraud and Irregularities/NFI	Investigation of irregularities/frauds that may occur and the production of control reports.	Mandatory	Investigations	5	
Audit Management and Support		Planning and Control	Provision of days for planning/controlling the plan including activity reporting, meetings with Senior Management and Members to ensure that changes throughout the year are reflected in the plan where appropriate.	Mandatory	Planning	15
		Advice and Support	Provision of days to support management in the development and maintenance of effective controls in light of new risk exposures and service changes.	Mandatory	Advice	20
		Post Audit Reviews	Follow up work to ensure that audit recommendations have been implemented.	Mandatory	Follow Up	15
		Days required to complete 2021/22 Work				9
TOTAL PLANNED DAYS FOR GREATER MANCHESTER PENSION FUND						300
CROSS-CUTTING						
Living Well	12	STAR - Contract Monitoring	To provide assurance that effective controls are in place in respect of monitoring the STAR Procurement Contract.	High	Contract	15
Corporate Support and Enabling Services	1	GMCA - Grant Assurance Work	To provide assurance in relation to grant certification work.	Mandatory	Certification	10
	1	Recruitment and Selection	To provide assurance that effective controls are in place in relation to the recruitment of staff, agency and interim engagements.	High	Assurance	15
	12	Procurement Work - STAR	Review days included in the plan to work in collaboration with the other STAR Councils to provide assurance that effective controls are in place.	Mandatory	Contract	15
Audit Management and Support		Post Audit Reviews	Follow up work to ensure that audit recommendations have been implemented.	Mandatory	Follow Up	3
TOTAL PLANNED DAYS FOR CROSS CUTTING						58
TOTAL PLANNED DAYS FOR 2022/23						1187
DAYS TO COMPLETE 2021/22 PLAN						20
COUNTER FRAUD AND INVESTIGATIONS						388
TOTAL DAYS FOR 2022/23						1595

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Internal Audit Services



Internal Audit Strategy 2022/23

INTRODUCTION

This document sets out the overall strategy for the Internal Audit Service for the 2022/23 financial year and the strategic approach to delivering Internal Audit Services in future years.

This longer-term perspective is necessary to give some indication of how assessed risks will be reviewed, as not all risks can, due to resource constraints, be subject to review within any one year. This longer-term perspective gives direction to service delivery.

MAIN DRIVERS IN SETTING THE DIRECTION

The work of the Internal Audit Team responds to a number of needs, some of a statutory nature, some related to supporting others, and some arising from within the Council itself. In summary, the main service drivers are:-

- The Accounts and Audit Regulations 2015 (as amended);
- The requirements to meet the service scope and standards set out in the Public Sector Internal Audit Standards 2017;
- The corporate responsibilities for Section 151 of the 1972 Local Government Act and the requirement to provide assurance and support to the appointed Section 151 Officer;
- The requirements of the External Auditor;
- The desire to contribute to the achievement of council priorities, targets and objectives;
- The desire and need to meet the needs of the organisation and internal customers and external customers;
- The contributory role, in assisting with, the embedding and informing about risk management across the Council;
- Seeking to be more efficient and effective in service provision in accordance with good practice and Council policy; and
- The need for the Council to maintain an effective counter-fraud culture.

The Accounts and Audit Regulations 2015 (as amended) sets out the requirements for local authorities to undertake internal audit:

“A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

The Public Sector Internal Audit Standards (PSIAS) 2017 in conjunction with the Chartered Institute of Public Finance and Accountancy (CIPFA) Application Note of 2019 provide the mission and definition of internal audit as:-

Mission – *To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.*

Definition – *Internal Auditing is an independent, objective assurance and consultancy activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.*

The PSIAS encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) as follows:-

- Mission of Internal Audit;
- Definition of Internal Auditing;
- Core Principles for the Professional Practice of Internal Auditing;
- Code of Ethics; and
- The Standards.

Section 151 of the Local Government Act requires the Council (through the Chief Financial Officer) to ensure the proper administration of the Council's financial affairs. The work of the Internal Audit supports the appointed Section 151 Officer to administer the Council's finances in a sound manner related to the associated risks, and it provides information and assurance to the Chief Finance Officer on the extent of proper administration.

The service will continue to strive to be responsive to customers and their individual needs and to add value to the organisation where it can. It largely does this through acting as a control assurance function providing assurance to managers and to the organisation on its internal control and governance arrangements. It also adds value by highlighting inefficiencies and by supporting managers in the assessment and management of risk as new service delivery models are considered.

Advice - Internal Audit staff continuously provide advice on internal control and governance issues, and the management of risks, as risk and control experts. They do this when in the field on their designated audit, or in response to direct approaches to the internal audit office by customers seeking help and support. This helps to ensure the sound and effective control of business, strategic and operational risks within the Council as changes are considered.

Counter Fraud Culture - the work of Internal Audit through testing for and preventing and detecting fraud contributes to the corporate counter fraud culture. The service will also contribute to the Anti-Fraud, Bribery and Corruption Statement of Intent and will participate in activities set out in the Fraud Response Plan.

WHAT THIS MEANS WE NEED TO DO:-

In meeting these drivers and organisational needs, the Internal Audit Service will:-

- Provide assurance on the Council's internal control system, by auditing both financial and non-financial risks;
- Audit the main financial systems and other systems related to possible material misstatements, regardless of comparative risk;
- Deliver risk based assurance on those controls that mitigate significant risks;
- Fully comply with best practice as defined by Public Sector Internal Audit Standards;
- Better integrate the outcomes and other information gathered as part, of the internal audit process, with the risk management processes of the Council;
- Maintain ongoing effective relationships with the External Auditor and deliver complimentary plans of work so as to deliver an efficient audit service collectively, for the Council;
- Ensure that appropriate resources, suitably experienced, and with skills to deliver the whole plan of work are maintained within the Internal Audit Service or procured from approved providers e.g. Shared Services;
- Improve the efficiency and effectiveness of operations of the service;
- Promote good corporate governance and control practices and contribute to a good governance culture; and
- Work in a positive manner alongside customers, supporting them in the effective management of risk and service delivery.

HOW WILL WE DO THIS?

Review the whole internal control environment - We will deliver a comprehensive plan of work such that the key elements of the internal control environment, including non-financial areas are covered on a cyclical basis. This will be evidenced through our Audit Plans. We will use this evidence to deliver an annual opinion on the internal control environment.

Review of Main Financial and Material Systems - We will deliver the review of the risk and controls in the Council's main financial systems on a cyclical basis to support the Chief Finance Officer (Section 151 Officer) to discharge her responsibilities.

A System of Risk-Based Auditing - is fundamental to our ability to comply with the assurance framework requirements that must be in place to comply with professional standards. We will continue to develop our risk based approach to ensure it is effective in providing assurance to managers within the Council and to members. We will continue to identify and review those areas which are most significant to the control of those risks that threaten the achievement of the Council's priorities and objectives.

Compliance with Best Practice – we have developed a methodology to measure our achievement of compliance with the PSIAS. We will monitor ourselves against these professional standards and rectify any gaps that are within our control.

Relationship with Risk Management - We are not responsible for the management of the Council's risks; this is entirely the responsibility of the Council's management. However, we will take account of the corporate risk management processes in the way we relate to managers in the control of risks. We will endeavour to emphasise the importance of risk management to all managers in the Council as part of the delivery of our service. We recognise that through our work we are assisting managers to better understand risk management. This is an important educational/informative role that adds value to the organisation. We will submit information of risks to the corporate owner of the Council's Corporate Risk Register as well as to managers to help keep the registers up-to-date and relevant.

Relationship with External Auditor – we will endeavour to work with the Council's External Auditor to share plans and maintain a process of regular liaison meetings to deliver an effective corporate assurance service to the Council.

Relationship with other Internal Auditors – As the Council continues on its integration journey with health partners we will endeavour to work with other Internal Auditors (Merseyside Internal Audit Agency), share plans and maintain a process of regular liaison meetings to deliver an effective corporate assurance service to the Strategic Commission.

Appropriate Resources – we will endeavour to maintain an effective number of staff to undertake the required workload supported by effective systems of operation. We will apply staff in the most effective way in accordance with their experience and skills and in accordance with the PSIAS. We will develop the experience of our staff by a development programme that gives them new pertinent skills, through a systematic development and training process. We will procure specialist services from approved suppliers where these skills are not available from within internal resources. The Computer Audit Plan is supplemented by procuring additional days from Salford MBC under the AGMA Computer Audit Shared Service Agreement.

Efficiency Improvements – We seek to minimise the time spent on audits whilst at the same time delivering effective audits. Our efficiency will also support more efficient service delivery by our customers as we try to minimise disruption and distraction to normal service delivery. We will comment on the efficient, economic and effective use of resources where appropriate in our Internal Audit work.

Promoting Good Corporate Governance – in all we do we will seek to promote good corporate governance, including the giving of advice and the assessment of internal controls. We will also contribute to both the Council's counter fraud culture and the development of its Anti-Fraud, Bribery and Corruption Statement of Intent through the programme of anti-fraud checks, and recommending updates to the above document. We will promote this via our work and in coordination with the External Auditor and other key governance managers within the Council.

Internal Audit Services



Internal Audit Charter 2022/23

BACKGROUND

The purpose of this Internal Audit Charter is to define Internal Audit's purpose, authority and responsibility. It establishes Internal Audit's position within the Council and reporting lines; authorises access to records, personnel and physical property relevant to the performance of audit work; and defines the scope of internal audit activities.

This Charter also covers the arrangements for the appointment of the Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) and Internal Audit Staff, and identifies the nature of professionalism, skills and experience required.

The internal Audit function is required to comply with the Public Sector Internal Audit Standards (PSIAS). The Relevant Internal Audit Standard Setters, which includes the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA) in respect of local government, have adopted the common set of standards. The initial PSIAS were introduced with effect from 1 April 2013, they were updated in 2017, and recently CIPFA published a Local Government Application Note for the UK PSIAS (February 2019). The PSIAS encompass all of the mandatory elements of the Chartered Institute of Internal Auditors International Professional Practices Framework (IPPF). Compliance with the Standards is subject to an ongoing quality assurance and improvement programme (QAIP) developed and introduced by Internal Audit to ensure continuous compliance with the Standards.

The mission and definition for Internal Audit are defined by the Public Sector Internal Audit Standards and detailed below:

MISSION

To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

DEFINITION

Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

STANDARDS

The Public Sector Internal Audit Standards require that the Internal Audit Charter defines the terms 'board' and 'senior management' in relation to the work of Internal Audit. For the purposes of internal Audit work, the 'board' refers to the Council's Audit Panel/Greater Manchester Pension Fund Local Board which have delegated responsibility for overseeing the work of Internal Audit. Senior management is defined as the Chief Executive and members of the Council's Single Leadership Team.

RESPONSIBILITY AND OBJECTIVES OF INTERNAL AUDIT

Internal Audit is responsible for establishing procedures and applying the required resources to ensure that the service conforms with the Definition of Internal Auditing and the Standards. The members of the Internal Audit Team must demonstrate conformance with the Code of Ethics and the Standards.

The Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) must deliver an annual audit opinion and report that can be used by the organisation to inform its Annual Governance Statement. The Annual Audit Opinion must conclude on the overall adequacy and effectiveness of

the organisation's framework of governance, risk management and control. This is the 'assurance role' for internal Audit.

Internal Audit may also provide an independent and objective consultancy service, which is advisory in nature and generally performed at the specific request of the organisation. The aim of the consultancy service is to help line management improve the Council's risk management, governance and internal control. This is the 'Consultancy' role for Internal Audit and contributes towards the overall opinion.

RESPONSIBILITIES OF THE COUNCIL

The Council is responsible for ensuring that Internal Audit is provided with all necessary assistance and support to ensure that it meets the required standards.

The Section 151 Officer will make appropriate arrangements for the provision of an Internal Audit Service. This will include the formal adoption of this Charter by the Audit Panel and the adoption of corresponding elements in the Financial Regulations.

The Council will ensure it has taken all necessary steps to provide Internal Audit with information on its objectives, risks, and controls to allow the proper execution of the Audit Strategy and adherence to internal audit standards. This will include notifying internal audit of any significant changes in key control systems which may affect the Internal Audit Plan.

The Council, through the Chief Executive, Section 151 Officer and other relevant managers, will respond promptly to audit plans, reports and recommendations.

Responsibility for monitoring and ensuring the implementation of agreed recommendations rests with the managers within the Council.

INDEPENDENCE OF INTERNAL AUDIT

The internal Audit activity must be independent and Internal Auditors must be objective in performing their work. The Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) must confirm, at least annually, the organisational independence of the internal audit activity. Internal Audit should have no operational responsibilities within the line management structure.

HEAD OF RISK MANAGEMENT AND (CHIEF AUDIT EXECUTIVE/HEAD OF AUDIT)

The Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) will be appointed in accordance with the Council's Recruitment and Selection Policy and will have sufficient skills, experience and competencies to work with the Single Leadership Team, the Audit Panel and the Greater Manchester Pension Fund Local Board to influence the risk management, governance and internal control of the Council. The Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) is responsible for ensuring that there is access to the full range of knowledge, skills, qualifications and experience to deliver the Audit Plan and meet the requirements of the PSIAS. In addition to internal audit skills, the Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) will specify any other professional skills that may be needed by the Internal Audit Team. The Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) will hold a full, professional qualification, defined as CCAB, CMIIA or equivalent professional membership and adhere to professional values and the Code of Ethics.

RELATIONSHIPS

The Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) reports directly to the Assistant Director of Finance (Deputy Section 151 Officer) and the Director of Finance (Section 151 Officer). The Head of Risk Management and Audit (Chief Audit Executive/Head of Audit), or an appropriate representative of the Internal Audit Team, shall attend meetings of the Audit Panel and

the Greater Manchester Pension Fund Local Board unless, exceptionally, the Panel/Board decides that they should be excluded from either the whole meeting or for particular agenda items.

The Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) shall have an independent right of access to the Chair of the Audit Panel and Greater Manchester Pension Fund Local Board. In exceptional circumstances, where normal reporting channels may be seen to impinge on the objectivity of the audit, the Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) may report directly to the Chair of the Audit Panel or Greater Manchester pension Fund Local Board.

Internal Audit and External Audit will agree a protocol for co-operation which will make optimum use of the available audit resources.

SCOPE OF INTERNAL AUDIT

The Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) should develop and maintain a strategy for providing the Chief Executive and the Section 151 Officer economically and efficiently, with objective evaluation of, and opinions on, the effectiveness of the Council's risk management, governance and internal control arrangements. The Audit Plan will be risk based, prepared in consultation with Directorate Management Teams and Executive Members and be presented to the Audit Panel and Greater Manchester Pension Fund Local Board for approval. The Head of Risk Management and Audit's (Chief Audit Executive/Head of Audit) Annual Opinion is a key element in the framework of assurance that the Chief Executive and the Executive Leader of the Council need to inform the completion of the Annual Governance Statement (AGS).

OPINION WORK

The internal Audit activity must evaluate and contribute to the improvement of governance, risk management and control processes using a systematic and disciplined approach that is aligned with all of the strategies, objectives and risks to the Council.

GOVERNANCE

Internal Audit must assess and make appropriate recommendations for improving the governance process in its accomplishment of the following objectives:-

- promoting appropriate ethics and values within the organisation;
- ensuring effective organisational performance management and accountability;
- communicating risk and control information to appropriate areas of the organisation; and
- co-ordinating the activities of and communicating information among the Audit Panel and Greater Manchester Pension Fund Local Board, External and Internal Auditors and management.

RISK MANAGEMENT

Internal Audit must evaluate the effectiveness and contribute to the improvement of risk management processes by assessing that:-

- organisational objectives support and align with the organisation's vision;
- significant risks are identified and assessed;
- appropriate risk responses are selected that align risks with the organisation's risk appetite; and
- relevant risk information is captured and communicated in a timely manner across the organisation, enabling staff, management and the board to carry out their responsibilities.

INTERNAL CONTROL

Internal Audit must assist the organisation in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement. The Internal Audit activity must evaluate the adequacy and effectiveness of controls in responding to risks within the organisation's governance, operations and information systems regarding the:

- achievement of the organisation's strategic objectives;
- reliability and integrity of financial and operational information;
- economical, effective and efficient use of resources;
- effectiveness and efficiency of operations and programmes;
- safeguarding the Council's assets and interests from losses of all kinds, including those arising from fraud, irregularity corruption or bribery; and
- compliance with laws, regulations, policies, procedures and contracts.

Internal Audit utilise a dynamic risk based planning system designed to proactively identify audits to address any emerging and developing risks on an ongoing and 'future focussed' basis.

Internal Audit will promote and contribute to continuous ongoing improvements in systems across the Council by identifying and recommending best practice actions following audit work completed.

Where key systems are being operated on behalf of the Council or where key partnerships are in place the Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) must ensure arrangements are in place to form an opinion on their effectiveness.

Where the Council operates systems on behalf of other bodies, the Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) must be consulted on the audit arrangements proposed or in place.

It is management's responsibility to ensure the provision for relevant audit rights of access in any contract or Service Level Agreement the Council enters into, either as provider or commissioner of the service.

NON – OPINION WORK

Internal Audit may provide, at the request of management, a consultancy service which evaluates the policies, procedures and operations put in place by management. A specific contingency should be made in the Internal Audit Plan to allow for management requests and consultancy work.

The Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) must consider the effect on the opinion work before accepting consultancy work or management requests over and above the contingency allowed for in the Internal Audit Plan. In the event that the proposed work may jeopardise the delivery of the Audit Opinion, the Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) must advise the Section 151 Officer before commencing the work. The Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) must consider how the consultancy work contributes towards the overall opinion.

FRAUD

Managing the risk of fraud is the responsibility of line management; however, the Section 151 Officer retains specific responsibilities in relation to the detection and investigation of fraud. The Internal Audit Service provides a counter fraud function that includes undertaking work of a proactive nature, conducting substantive audits in key risk areas as well undertaking some reactive work of an investigatory nature involving suspected fraud. In addition, the service is responsible for maintaining effective counter fraud policies and procedures for the Council including the Counter Fraud, Money Laundering and Bribery and Corruption policies. Internal Audit should be notified of all suspected or

detected fraud, corruption or impropriety, to inform their opinion on the control environment and their audit plan.

REPORTING

The Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) will agree reporting arrangements with the Chief Executive and the Section 151 Officer which will include procedures for the:-

- distribution and timing of draft audit reports;
- Council's responsibilities in respect of responding to draft audit reports;
- distribution of finalised audit reports;
- follow up by Internal Audit of agreed recommendations; and
- escalation of recommendations where management responses are judged inadequate in relation to the identified risks.

The Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) will present a formal report annually to the Chief Executive, Section 151 Officer and the Audit Panel and Greater Manchester Pension Fund Local Board giving an opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management, and internal control. This report will conform to the PSIAS for the Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) and will be timed to support the production of the Council's Annual Governance Statement. Reports of progress against the planned work will be presented to the Audit Panel and Greater Manchester Pension Fund Local Board on a regular basis during the year.

INTERNAL AUDIT ACCESS RIGHTS

Designated auditors are entitled, without necessarily giving prior notice, to require and receive from the Council and any associated or contracted bodies including any shared service providers or trading companies:-

- access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;
- access at all reasonable times to any land, premises, officer and member of the Council;
- the production of any cash, stores or other property of the Council under an officer's and member's control; and
- explanations concerning any matter under investigation.

INTERNAL AUDIT RESOURCES

If the Head of Risk Management and Audit (Chief Audit Executive/Head of Audit) or the Audit Panel and Greater Manchester Pension Fund Local Board consider that the level of audit resources or the terms of reference in any way limit the scope of Internal Audit, or prejudice the ability of Internal Audit to deliver a service consistent with the Definition of Internal Auditing and the Standards, they should advise the Chief Executive and the Section 151 Officer accordingly.

Internal Audit Services



Quality Assurance and Improvement Programme 2022/23

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1. Introduction

- 1.1 Internal Audit's Quality Assurance and Improvement Programme is designed to provide reasonable assurance to the various stakeholders of the Internal Audit activity that Internal Audit:-
- Performs its work in accordance with its Charter, which is consistent with the Public Sector Internal Audit Standards Mission for Internal Audit, Definition of Internal Auditing and Code of Ethics;
 - Operates in an effective and efficient manner; and
 - Is perceived by stakeholders as adding value and improving Internal Audit's operations.
- 1.2 Internal Audit's Quality Assurance and Improvement Programme covers all aspects of the Internal Audit activity in accordance with the Public Sector Internal Audit Standards, Standard 1300 (Quality Assurance and Improvement Programme), including:-
- Monitoring the Internal Audit activity to ensure it operates in an effective and efficient manner;
 - Ensuring compliance with the Public Sector Internal Audit Standards, Mission for Internal Audit, Definition of Internal Auditing and Code of Ethics;
 - Helping the Internal Audit activity add value and improve organisational operations;
 - Undertaking both periodic and on-going internal assessments; and
 - Commissioning an external assessment at least once every five years, the results of which are communicated to the Audit Panel and the Greater Manchester Pension Fund Local Board in accordance with Standard 1312.
- 1.3 The Head of Risk Management and Audit Services is ultimately responsible for the Quality Assurance and Improvement Programme, which covers all types of Internal Audit activities, including consulting.

2. Internal Assessments

- 2.1 In accordance with PSIAS Standard 1300, internal assessments are undertaken through both on-going and periodic reviews.

On-going Reviews

- 2.2 Continual assessments are conducted through:
- Management supervision of all engagements;
 - Structured, documented review of working papers and draft reports by Internal Audit management;
 - Audit Policies and Procedures used for each engagement to ensure consistency, quality and compliance with appropriate planning, fieldwork and reporting standards;
 - Internal Quality Control Checklist to ensure consistency of reporting and reduce administrative error (**Appendix A**);
 - Feedback from audit clients obtained through Customer Satisfaction Questionnaires at the closure of each engagement (**Appendix B**);
 - Monitoring of internal performance targets (**Appendix C**) and annual outturn reporting to the Audit Panel;
 - Review and approval of all final reports, recommendations and levels of assurance by the Head of Risk Management and Audit Services and Principal Auditors; and
 - Regular team briefings.

Periodic Reviews

- 2.3 Periodic assessments are designed to assess conformance with Internal Audit's Strategy, Charter, the Public Sector Internal Audit Standards Mission and Definition of Internal Auditing, the Core Principles for the Professional Practice of Internal Auditing, the Code of

Ethics, and the efficiency and effectiveness of Internal Audit in meeting the needs of its various stakeholders. Periodic assessments are conducted through:

- Quarterly Update Reports, presented to the Audit Panel and the Greater Manchester Pension Fund Local Board;
- Annual risk assessments, in accordance with the Audit Charter 2022/23 and the Audit Manual, for the preparation of the annual audit plan;
- Annual review of the Effectiveness of Internal Audit, undertaken by the Head Risk Management and Audit, using the PSIAS standards as the basis for the self-assessment;
- Annual review of compliance against the requirements of this Quality Assurance and Improvement Programme, the results of which are reported to the Audit Panel;
- Feedback from the Director of Finance, the Assistant Director of Finance and Audit Panel to inform the annual appraisal of the Head of Internal Audit, in accordance with Standard 1100;
- Annual Development Reviews conducted for each Internal Auditor based on the principles of the CIPFA Guidance document “The Excellent Internal Auditor” (2010) to inform the appraisal process and identify individual training and development needs.

2.4 Results of internal assessments will be reported to the Audit Panel and the Greater Manchester Pension Fund Local Board annually. The Head of Risk Management and Audit will implement appropriate follow-up to any identified actions to ensure continual improvement of the service.

2.5 Any significant areas of non-compliance with the Public Sector Internal Audit Standards that are identified through internal assessment will be reported in the Review of Internal Audit Report and Head of Risk Management and Audit’s Annual Report, which are both used to inform the Annual Governance Statement.

3. **EXTERNAL ASSESSMENTS**

3.1 External assessments will appraise and express an opinion about Internal Audit’s conformance with the Public Sector Internal Audit Standards Mission of Internal Audit, Definition of Internal Auditing and Code of Ethics and include recommendations for improvement, as appropriate.

Frequency of External Assessment

3.2 An external assessment will be conducted at least every five years, in accordance with the Public Sector Internal Audit Standards. A system of Peer Reviews will be undertaken across the North West Chief Audit Executive Group. The Council’s Internal Audit Service was assessed in March 2018 and was judged to conform to the standards, some minor recommendations were made during the Peer Review and these are detailed in Section 4 below.

Scope of External Assessment

3.3 The external assessment will consist of a broad scope of coverage that includes the following elements of Internal Audit activity:

- Conformance with the *Standards*, Mission of Internal Audit, Definition of Internal Auditing, the Code of Ethics, and Internal Audit’s Charter, Strategy, plans, policies, procedures, practices, and any applicable legislative and regulatory requirements;
- Integration of the Internal Audit activity into Tameside’s governance framework, including the audit relationship between and among the key groups involved in the process;
- Tools and techniques used by Internal Audit;
- The mix of knowledge, experiences, and disciplines within the staff, including staff focus on process improvement delivered through this Quality Assurance and Improvement programme;

- A determination whether Internal Audit adds value and improves Tameside’s operations.

3.4 Results of external assessments will be provided to the Director of Finance and the Assistant Director of Finance and the Audit Panel/Greater Manchester Pension Fund Local Board. The external assessment report will be accompanied by a written action plan in response to significant comments and recommendations identified. Any significant areas of non-compliance will be reported in the Annual Report of the Head of Risk Management and Audit and in the Annual Governance Statement.

3.5 The next scheduled assessment will be conducted in Feb/March 2023.

4. SERVICE DEVELOPMENTS

4.1 One recommendation remains outstanding from the Public Sector Internal Audit Standards External Peer Review conducted in March 2018, which related to the role of the SIRO.

Recommendation	Progress as at February 2022
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	This is now scheduled for review during 2022/23 as we look at the shape and size service of the service going forward to ensure it meets organisational requirements.

4.2 Other improvements to processes and procedures for 2021/22 are identified below.

Improvement	Responsible Officer/Proposed Deadline
To review the audit process and the Quality Control Checklist to ensure they work effectively.	Head of Risk Management and Audit Principal Auditors September 2022
To review all fraud related documentation, policies and procedures to ensure they are fit for purpose.	Principal Audit/Fraud Investigators September 2021

5. REVIEW OF THE QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

5.1 This document will be appropriately updated following any changes to the Public Sector Internal Audit Standards or Internal Audit’s operating environment and will be reviewed at least on an annual basis.

APPENDIX A

QUALITY CONTROL CHECKLIST

QUALITY CONTROL CHECKLIST – NON SCHOOL AUDITS			
No.	Task	AUDITOR INITIALS/DATE	SUPERVISOR INITIALS/DATE
1	ASSIGNMENT PLANNING		
1.1	<p>Before an audit is allocated, the Principal Auditor needs to speak to the relevant AD and ask if the audit is still relevant and whether there are any issues in the area preventing us from doing the work.</p> <p>Need to ascertain from the AD if there are any:</p> <ul style="list-style-type: none"> • Ombudsman complaints • Significant CRM complaints • Court Proceedings against the Council • HR Issues • To confirm the Executive Member <p>Principal Auditor to also check with Insurance to ensure there are no insurance issues/claims.</p>		
1.2	If any issues are highlighted, discuss further with HR/Legal to determine whether the audit should go ahead or be postponed.		
1.3	Assignment allocated to auditor(s) from Audit Plan and Galileo updated.		
1.4	Speak to key Auditee to agree the timing of the audit.		
1.5	<p>Familiarisation with audit area by reading/ reviewing:</p> <ul style="list-style-type: none"> • Business Plan/other background papers/information (Intranet) • Review previous working paper file, report and PAR if applicable and note any outstanding issues, which may impact upon the terms of reference. • CIPFA Matrices • TIS Online • Better Governance Forum 		
1.6	<p>Meet with key auditee(s) to discuss and agree the Terms of Reference and the expected dates for the Draft Report and Closure Meeting.</p> <p>Request access to the relevant systems as required. Also request any data downloads/reports that could be obtained to carry out analysis and testing.</p>		

QUALITY CONTROL CHECKLIST – NON SCHOOL AUDITS

No.	Task	AUDITOR INITIALS/DATE	SUPERVISOR INITIALS/DATE
1.7	Draft Terms of Reference for review by Principal/Senior Auditor		
1.8	Email approved Terms of Reference to: Auditee Director/Assistant Director Chief Executive (SP) Monitoring Officer (SS) Section 151 Officer (KR) AD Finance (Deputy Section 151 Officer) Executive Member(s) ** AD Legal Services AD People and Workforce Development Finance Business Partner External Audit BCC to Head of Risk Management and Audit ** Check the Executive Member(s) is still relevant and whether they have an assistant.		
1.9	Update Galileo with audit start date and the date the Terms of Reference was issued.		
2	FIELDWORK		
2.1	For each area of risk being reviewed, identify expected controls that need to be in place to manage those risks. Each risk and its expected controls need to be entered onto Galileo on the Internal Control Evaluation/Action Plan (ICEAP).		
2.2	To ascertain the actual controls in place send a copy of the ICEAP to the auditee and make an appointment to visit them to agree the actual controls.		
2.3	Record the actual controls in place as per management on the ICEAP at the meeting using your laptop where possible to reduce re-working.		
2.4	Compare the actual controls against the expected controls.		
2.5	Where there is no control or the control is unsatisfactory, record this as a finding and make an appropriate recommendation.		
2.6	Where the control appears to be satisfactory identify your testing and complete the testing section within Galileo.		

QUALITY CONTROL CHECKLIST – NON SCHOOL AUDITS

No.	Task	AUDITOR INITIALS/DATE	SUPERVISOR INITIALS/DATE
2.7	Agree test programme and prioritisation of the tests with Principal/Senior Auditor.		
2.8	Conduct tests and record results in Galileo in the Testing sections, attaching working papers where appropriate. Use IDEA where possible to select samples and also to carry out tests.		
2.9	Monitor time closely to ensure planned days are not exceeded. Ensure you leave yourself with some contingency days to undertake follow up work needed after the Draft Report and working papers have been reviewed by Principal/Senior.		
2.10	If you think you will exceed your planned days, you need to discuss progress with your Principal/Senior to review the scope and testing plan for the audit.		
2.11	Update the ICEAP with test results in terms of concise findings and recommendations.		
2.12	Discuss findings and recommendations with key auditee(s). Do not indicate what level of assurance may be allocated at this stage, in case it is altered when it is reviewed.		
3	REPORTING		
3.1	Produce the Draft Report comprising of Executive Summary, ICEAP and appropriate audit opinion.		
3.2	Ensure all required documents in respect of the audit are scanned into Galileo and stored in the working papers section.		
3.3	Pass the completed work and Draft report to Principal/Senior Auditor for review.		
3.4	Review notes compiled by Principal/Senior Auditor and followed up by Auditor concerned.		
3.5	If any HR or legal issues have been identified as part of the audit please arrange to speak to the AD Legal Services or People and Workforce Development for clarification. The objective here is to ensure that Legal agree with the auditee and that HR can give consideration to issues highlighted as there may be wider implications.		

QUALITY CONTROL CHECKLIST – NON SCHOOL AUDITS

No.	Task	AUDITOR INITIALS/DATE	SUPERVISOR INITIALS/DATE
3.6	Auditor to start completion of the Job Appraisal Sheet.		
3.7	<p>Send Draft Report to each Auditee via e-mail, stating that they will be contacted to arrange a closure meeting to discuss the report and obtain management responses.</p> <p>Inform auditee(s) that they will be expected to have prepared responses to the recommendations and completed the action plan prior to the closure meeting.</p>		
3.8	If a LOW Level of Assurance is given ensure that the appropriate AD is sent a copy of the Draft Report.		
3.9	Update Galileo accordingly.		
3.10	Arrange Closure Meeting within two weeks (of issue date) with all auditees responsible for implementing the recommendations (Principal/Senior Auditor to attend as appropriate).		
3.11	<p>Attend Closure Meeting. At the meeting check again with all present whether there are any:</p> <ul style="list-style-type: none"> • Ombudsman complaints • Significant CRM complaints • Court Proceedings against the Council • HR Issues • Confirm the Executive Member and/or Assistant <p>Also check again with Insurance to ensure there are no insurance issues/claims?</p>		
3.12	If there are any issues the audit must be discussed with the Head of Risk Management and Audit Services.		
3.13	Compile Final Report, incorporating management responses within the Action Plan. (Also, action to be taken by whom and by when)		
3.14	Final Report reviewed by Principal/Senior Auditor.		
3.15	If any Legal or HR implications (or references to Legal/HR) have come to light in any of the management responses these must be referred to Suzanne Antrobus and Tracy Brennand for clearance before the AD/D is asked to sign off the report.		

QUALITY CONTROL CHECKLIST – NON SCHOOL AUDITS

No.	Task	AUDITOR INITIALS/DATE	SUPERVISOR INITIALS/DATE
3.16	<p>Final Report to be signed off by AD/D – Ask AD/D if any:</p> <ul style="list-style-type: none"> • Ombudsman complaints • Significant CRM complaints • Court Proceedings against the Council • HR Issues • To confirm the Executive Member and/or Assistant <p>Also check again with Insurance to ensure there are no insurance issues/claims?</p>		
3.17	<p>Email Final Report to Head of Risk Management and Audit for review before it is issued. If no response is received within two weeks send a reminder email.</p>		
3.18	<p>Once review points have been cleared email Final Report in PDF format to:</p> <p>Auditees Director/Assistant Director, Chief Executive (SP) Monitoring Officer (SS) Section 151 Officer (KR) AD Finance (Deputy Section 151 Officer) Executive Member(s) Finance Business Partner External Audit</p>		
3.19	<p>If the Level of Assurance is LOW email a copy of the report to Councillor Bill Fairfoull, Deputy Executive Leader.</p>		
3.20	<p>Update Galileo accordingly, ensuring that the Level of assurance is entered correctly and that a copy of the Final Report is saved.</p>		
3.21	<p>Email Customer Questionnaire (CQ) and update Galileo accordingly. Add calendar date for follow up in two weeks.</p>		
3.22	<p>If CQ is not returned within two weeks of issue, chase it up and ensure receipt of completed questionnaire.</p> <p>Any problems should be reported to Principal/Senior Auditor.</p>		
3.23	<p>Enter date of receipt and CQ results into Galileo.</p>		
3.24	<p>Job Appraisal Sheet to be completed and discussed with Auditor.</p>		

QUALITY CONTROL CHECKLIST – NON SCHOOL AUDITS

No.	Task	AUDITOR INITIALS/DATE	SUPERVISOR INITIALS/DATE
3.25	Ensure that Galileo has been updated, a copy of the Final Report uploaded and the Level of Assurance recorded correctly.		
3.26	Auditor to schedule the PAR in calendar for three or six months time depending on level of assurance given.		
3.27	Update the PAR Spreadsheet with details.		
3.28	Scan the completed QCC into Galileo		
4	FOLLOW UP		
4.1	<p>Before a Post Audit Review (PAR) is allocated, the Principal Auditor needs to speak to the relevant AD and ask if the PAR is still relevant and whether there are any issues in the area preventing us from doing the work.</p> <p>Need to ascertain from the AD if there are any:</p> <ul style="list-style-type: none"> • Ombudsman complaints • Significant CRM complaints • Court Proceedings against the Council • HR Issues • To confirm the Executive Member <p>Principal Auditor to also check with Insurance to ensure there are no insurance issues/claims.</p>		
4.2	Principal Auditor to determine the number of days for the PAR and update Galileo accordingly.		
4.3	When allocated with a PAR issue the Post Audit Review documentation to the responsible Officers.		
4.4	Update the PAR spreadsheet.		
4.5	Arrange a meeting to discuss the PAR and obtain confirmation of what action has been taken.		
4.6	Conduct PAR, based upon information obtained/ received. Ensure that adequate testing is undertaken and evidence is obtained and uploaded on to Galileo to support implementation of the recommendation(s).		
4.7	Compile PAR, incorporating management responses and Internal Audit Findings.		
4.8	PAR reviewed by Principal/Senior Auditor.		

QUALITY CONTROL CHECKLIST – NON SCHOOL AUDITS

No.	Task	AUDITOR INITIALS/DATE	SUPERVISOR INITIALS/DATE
4.9	If any Legal or HR implications (or references to Legal/HR) have come to light these must be referred to Suzanne Antrobus and Tracy Brennan for clearance before the AD/D is asked to clear the report.		
4.10	Obtain sign-off from AD/D - Ask AD/D if any complaints, ombudsman complaints or HR issues are ongoing which may be affected if the PAR were to be issued.		
4.11	Email a copy of PAR to the Head of Risk Management and Audit for comments. Indicate the Level of Assurance given at the audit and whether it contains any outstanding significant recommendations that need to be reported to the Audit Panel or Greater Manchester Pension Fund's Local Board. If no response is received within two weeks send a reminder email.		
4.12	Once review points have been cleared issue PAR (in PDF Format) to all recipients of the Final Report.		
4.13	Update Galileo accordingly		
4.14	Update the PAR Spreadsheet accordingly.		
4.15	Save a copy of the finalised PAR in Galileo.		
4.16	If a follow up PAR is needed, schedule in calendar, update Galileo and the PAR Spreadsheet accordingly.		
4.17	Scan the completed QCC into Galileo		
4.18	When the follow up PAR is due, follow steps 4.1 – 4.17 if applicable.		

APPENDIX B

CUSTOMER SATISFACTION QUESTIONNAIRE

To:
Audit
Title:
Auditor:

Date:
Project
Ref:

In accordance with the concept of Continual Improvement, the Internal Audit Section is continually monitoring and striving to improve its methods of operation, with the aim of giving you a better service.

Part of this process involves obtaining your opinion on individual audits, the process adopted and the conduct of audit staff.

Your comments/feedback is important to us, not only will it be used to improve the audit process but also to identify training needs for individual auditors.

	Excellent	Good	Fair	Weak	Unsatisfactory
AUDIT PLANNING					
Consultation on audit coverage, process and timing					
AUDIT PROCESS					
Were interruptions to your operations kept to a minimum?					
How well did we achieve the scope and objectives?					
Did the audit cover the relevant business risks?					
QUALITY OF AUDIT REPORT					
Clarity of report					
How well did we communicate the findings of the audit prior to issuing the draft report?					
Accuracy of audit findings					
Value/practicality of audit recommendations					
TIMING					
Duration of the audit					
Timeliness of the draft audit report					
AUDITOR					
Communication with yourself and auditees.					
At the conclusion of the audit how well did the auditor understand the subject?					
Was the auditor responsive to what he/she was told?					
How well were queries that arose during the audit dealt with?					
EQUALITY					
During the audit process have you been treated fairly with regards to ethnicity, gender, disability, age, religion/belief and sexual orientation?					

If Unsatisfactory or Weak is selected please explain why. We cannot improve without knowing the reasons behind these lower scores.

- A. Was there anything about the audit that you especially liked/disliked?
- B. Do you have any comments about the format of the audit report?
- C. Was the audit useful?
- D. Was the audit relevant?
- E. Have you any suggestions as to how we can improve?

Signed

Date

Thank you for taking the time to complete this questionnaire.
Please return it to Wendy Poole, Audit Manager in Room 2.33a or by email
(wendy.poole@tameside.gov.uk)



APPENDIX C

INTERNAL AUDIT – PERFORMANCE TARGETS

CATEGORY	DESCRIPTION	NARRATIVE	HOW IT'S MEASURED	TARGET	REPORTED TO
Compliance	Public Sector Internal Audit Standards Compliance	Level of compliance with requirements of Public Sector Internal Audit Standards / Local Government Application Note	Annual Self-Assessment / External Assessment (5 yearly)	100%	Audit Panel
Outputs	Audit Coverage	% of Plan Complete	Audit time recording / workflow management system	90%	Audit Panel
Outputs	Audit Impact	% Recommendations Implemented	Audit time recording / workflow management system	90%	Audit Panel
Quality	Customer Satisfaction	90% of customers "satisfied ≥ 65%"	Customer Satisfaction Questionnaire	100%	Audit Panel
Outputs	Fraud Cases	No. of Irregularities Reported/Investigated	Audit time recording / workflow management system	Downward Trend	Audit Panel

INTERNAL AUDIT – PERFORMANCE DATA

CATEGORY	DESCRIPTION	NARRATIVE	HOW IT'S MEASURED	TARGET	REPORTED TO
OUTPUTS	Public Sector Internal Audit Standards Compliance	Final Reports Issued Number/Type of Recommendations Made Percentage of High Recommendations Made	Extracted from Audit Management Software.	Downward Trend	SLT - Corporate Health/ Performance Monitoring Scorecard

Report To:	AUDIT PANEL
Date:	15 March 2022
Reporting Officer:	Kathy Roe – Director of Finance Caroline Barlow – Assistant Director of Finance
Subject:	AUDIT PANEL FORWARD PLAN AND TRAINING
Report Summary:	The report sets out the updated forward plan and training programme for the Audit Panel for 2022/23 and 2023/24.
Recommendations:	Members are asked to: <ol style="list-style-type: none">1) Approve the updated work programme, including training, as set out in Appendix 2; and2) Note the core functions outlined in Section 2 of the report and the CIPFA Position Statement: Audit Committees in Local Authorities and Police 2018 and consider whether any further training would be beneficial for the Audit Panel.
Corporate Plan:	The functions of the Audit Panel support the operations of the Council, which deliver the objectives of the Corporate Plan.
Policy Implications:	An effective Audit Committee 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)	An effective Audit Committee supports corporate governance, internal control, risk management and arrangements to ensure value for money.
Legal Implications: (Authorised by the Borough Solicitor)	A robust work plan and an effective Audit Committee is central to a robust management and governance system. A poorly targeted work plan and a less than effective committee would place the Council at greater risks of successful regulatory, judicial and ombudsman challenge.
Risk Management:	The Audit Committee supports effective risk management and internal control arrangements across the Council.
Access to Information:	This report is to be considered in public.
Background Papers:	The background papers relating to this report can be inspected by contacting Wendy Poole.  Telephone: 0161 342 3846  e-mail: wendy.poole@tameside.gov.uk

1. BACKGROUND

- 1.1 The Audit Panel is the Committee of Tameside Council that undertakes the role of the Audit Committee. The terms of reference for the Audit Panel are listed in **Appendix 1**.
- 1.2 The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. By overseeing both internal and external audit, it makes an important contribution to ensuring that effective assurance arrangements are in place.
- 1.3 The Audit Panel is a key component of the Council's governance framework. Its function is to provide an independent and high-level resource to support good governance and strong public financial management.

2. ROLE OF THE AUDIT COMMITTEE

- 2.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Position Statement on the role of the Audit Committee in Local Authorities sets out the core functions of the Audit Committee, as follows:
- 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; and
 - 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.

3. FORWARD PLAN

- 3.1 To assist the Audit Panel with delivering its terms of reference, officers have prepared the updated work plan for 2022/23 and 2023/24, which sets out the areas that should be considered by the Audit Panel. The work plan outlined in **Appendix 2** has been updated to remove November 2021 and include July 2023. It also reflects the revised reporting deadlines for the Statement of Accounts and Annual Governance Statement for 2021/22.
- 3.2 Members of the panel are asked to consider whether any additional items or training are required, with reference to the core functions listed above and the [CIPFA Position Statement: Audit Committees in Local Authorities and Police 2018](#).

4. RECOMMENDATIONS

4.1 As set out on the front of the report.

Audit Panel Terms of Reference (Approved by Full Council May 2019)

APPENDIX 1

Role

To provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment and to oversee the financial reporting process.

To undertake the functions of an Audit Committee in accordance with the CIPFA Statement on Audit Committees in Local Authorities.

The Panel shall comprise a membership of 8 Members and is subject to the rules of political balance. The Panel shall be chaired by the Chair of the Overview Panel.

Terms of Reference

1. To overview the arrangements for internal control (both financial and nonfinancial).
2. Consider the Annual Audit Letter from our External Auditors.
3. Approve (but not direct) both external and internal audit's strategy, annual plans and monitor performance.
4. Review summary internal audit reports and the main issues arising and seek assurance that management action has been taken where necessary.
5. Receive the annual report and Head of Internal Audit opinion on the Council's corporate governance, risk management and internal control arrangements.
6. Consider the reports of other regulators and inspectors.
7. Consider the effectiveness of the authority's risk management arrangements, the control environment and associated anti-fraud and anticorruption arrangements. Seek assurances that action is being taken on risk related issues identified by auditors and inspectors.
8. 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.
9. To review existing and proposed arrangements, recommend changes and receive assurance that the systems of corporate governance are operating effectively and in accordance with best practice.
10. Review and approval of the annual Statement of Accounts, including the Annual Governance Statement and related matters. Approval of accounting policies and consideration of whether there are any concerns arising from the financial statements or external audit that need to be brought to the attention of the Council.
11. Receive and consider the external auditor's report and opinion on the financial statements.
12. Monitor action taken in response to any matters raised in the external auditor's report.
13. Monitor action taken in response to any matters raised in the Annual Governance Statement.

PROPOSED WORK PLAN AND TRAINING FOR AUDIT PANEL

APPENDIX 2

March 2022	July 2022	September 2022	November 2022	March 2023	July 2023
Financial Reporting and Accounts					
Update on CIPFA Code Consultation and DLUHC proposals for accounts	Accounting Policies and Critical Judgements Draft Statement of Accounts 2021/22		Audited Statement of Accounts 2021/22 (Approval)	Accounting Policies and Critical Judgements	Draft Statement of Accounts 2022/23
Treasury Strategy	Treasury Outturn Report		Treasury Mid-Year review	Treasury Strategy	Treasury Outturn Report
Internal Audit					
Risk Management and Audit Progress Report Q3	Risk Management and Audit Progress Report Q1		Internal Audit Progress Report Q2	Internal Audit Progress Report Q3	Risk Management and Audit Progress Report Q1
Risk Management and Audit Services Planned Work 2022/23	Internal Audit Annual Report and Head of Internal Audit Opinion 2021/22			Risk Management and Audit Services Planned Work 2023/24	Internal Audit Annual Report and Head of Internal Audit Opinion 2022/23
	Review of Internal Audit 2021/22				Review of Internal Audit 2022/23
	External Audit Assurance Letters from Management and TCWG 2021/22				External Audit Assurance Letters from Management and TCWG 2022/23
	National Fraud Initiative (NFI) 2020 Summary Report				
			NAFN Data and Intelligence Services Annual Report		

March 2022	July 2022	September 2022	November 2022	March 2023	July 2023
External Audit					
	External Auditor Annual Report Audit Strategy Memorandums		Audit Findings Report (ISA260)	External Auditor Annual Report	Audit Strategy Memorandums
Risk Management					
Corporate Risk Register Review	Corporate Risk Register Review	Corporate Risk Register Review	Corporate Risk Register Review	Corporate Risk Register Review	Corporate Risk Register Review Risk Management Report
Data Protection/ Information Governance Update Report (If required)	Data Protection/ Information Governance Update Report (If required)	Data Protection/ Information Governance Update Report (If required)	Data Protection/ Information Governance Update Report (If required)	Data Protection/ Information Governance Update Report (If required)	Data Protection/ Information Governance Update Report (If required)
Internal Control and Governance Environment					
		Procurement Update			
	Review against the Code of Corporate Governance				Review against the Code of Corporate Governance
Annual Governance Statement Improvement Plan Progress Report	Draft Annual Governance Statement 2021/22		Annual Governance Statement 2021/22 (Approval)	Annual Governance Statement Improvement Plan Progress Report	Draft Annual Governance Statement 2022/23
Work Plan					
Forward Plan	Forward Plan	Forward Plan	Forward Plan	Forward Plan	Forward Plan
Training					

March 2022	July 2022	September 2022	November 2022	March 2023	July 2023
	Training – Accounts	Training – Internal/External Audit	Training – Risk Management	Training – Information Governance	Training – Accounts
Other					
Private Meeting with Internal and External Audit (If required)	Private Meeting with Internal and External Audit (If Required)	Private Meeting with Internal and External Audit (If Required)	Private Meeting with Internal and External Audit (If Required)	Private Meeting with Internal and External Audit (If Required)	Private Meeting with Internal and External Audit (If Required)

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Report to:	AUDIT PANEL
Date:	Tuesday, 15 March 2022
Reporting Officer:	Kathy Roes - Director of Finance Martin Nixon – Risk, Insurance and Information Governance Manager
Subject:	CORPORATE RISK REGISTER REVIEW
Report Summary:	To present the Corporate Risk Register detailed at Appendix 1 for comment and approval.
Recommendations:	Members consider and approve the Corporate Risk Register attached at Appendix 1 .
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)	<p>The Council has a statutory responsibility to have in place arrangements for managing risks, as stated in the Accounts and Audit Regulations 2015 (amended 2016):</p> <p><i>‘A relevant authority must ensure that it has a sound system of internal control which includes effective arrangements for the management of risk’.</i></p> <p>Regularly reviewing the Council’s arrangements for risk and updating them as needed ensures that the Council is managing its statutory responsibility. This report is aimed at addressing the requirement that the Council achieves its strategic aims and operates its business, under general principles of good governance and that it identifies risks which threaten its ability to be legally compliant and operate within the confines of the legislative framework.</p>
Risk Management:	Failure to manage risks will impact on service delivery, the achievement of objectives and the Council’s Medium Term Financial Plan.
Access to Information:	<p>The background papers relating to this report can be inspected by contacting Martin Nixon, Risk, Insurance and Information Governance Manager.</p> <p>Telephone: 0161 342 3883</p> <p>e-mail: martin.nixon@tameside.gov.uk</p>

1. INTRODUCTION

- 1.1 The report presents the revised and updated Corporate Risk Register for comment, challenge and approval ahead of the report being presented to the Audit Panel on 15 March 2022.

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**. It details the risk scores evaluated both in October 2021 and February 2022.
- 3.2 Risk owners (responsible Assistant Directors or Service Unit Managers) have assisted the Risk, Insurance and Information Governance Manager to review the Corporate Risks they have responsibility for. Review comments are included the risk register under Appendix 1 alongside each risk.
- 3.3 Service delivery in some areas of the Council continues to be influenced by high Tameside Covid-19 infection rates. When compared to the risk scores last reported in November 2021 the total of 7 Red risks is unchanged, which is still higher than the 4 Red risks reported prior to the March 2020 pandemic/lockdown. Current risk scores are displayed in the heat maps provided in Section 3.6 below.
- 3.4 The key developments in the risk register following review in November 2021 and February 2022 are summarised below.

Risk	Comment	Risk Rating Nov 2021	Risk Rating Feb 2022
1	Finance: Risk the Council is unable to deliver it's Medium Term Financial Plan The 2022/23 budget is currently being finalised however there continues to be excessive reliance on the achievement of savings and reliance on one-off funding. This position is not sustainable in the long term and there will therefore be focus on transformation of services.	20	15
3	Adults: 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.	16	16

Risk	Comment	Risk Rating Nov 2021	Risk Rating Feb 2022
	Recruitment to the 'in-house' long term support service is proving difficult. Work is underway to review the cost of care for 2022-23.		
8	Population Health: Negative impact of Coronavirus on health and wellbeing objectives. Significant recent disruption has been caused by the Omicron wave. Public services have faced capacity issues due to staffing absence. Local plans are now focussing on long term approaches to 'living with Covid' and addressing inequalities, including the ongoing vaccination rollout.	25	20
5	Children's: Failing to protect vulnerable children - Vulnerable children are put at risk due to poor systems/processes and reduced service provision. The risk score remains at an increased level due to the expectation that issues not identified during lockdown will require attention during recovery. Contacts and open cases have both increased significantly and we are also seeing a rise in adolescents with emerging complex mental health needs.	15	15
14	Implementation of a GM Integrated Care System may increase the operational and financial risks of the Council and may delay progress in implementing local health strategies. All localities are meeting with Sir Richard Leese (Chair Designate of the Integrated Care Board) to talk through their ambitions with the Tameside session taking place on 2 February.	12	12

3.5 This analysis shows that there are currently a total of 7 Red risks across the register. When compared to the 19 Red risks reported in May 2020 it can be seen that we are travelling towards the pre-Covid level of 4 Red risks reported in October 2019.

3.6 The corporate risk scores are summarised in the risk heat maps below:-

Heat Map 1 – November 2021 (23 Risks)

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

Heat Map 2 – February 2022 (23 Risks)

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

4. RECOMMENDATIONS

4.1 As set out on the front of the report.

Corporate Plan Theme	Risk No.	Risk Description	Residual Impact score	Residual Likelihood score	Residual Risk rating (Impact x Likelihood) October 2021	Residual Impact score	Residual Likelihood score	Residual Risk rating (Impact x Likelihood) February 2022	Direction of Travel	Risk Owner (Director)	Responsible AD/SUM	Updated position and other comments
Starting Well	1	The Council is unable to deliver its Medium Term Financial Plan - Failure to deliver services within available 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.	5	4	20	5	4	20	⇒	Kathy Roe	Caroline Barlow	The position within demand led services continues to be very difficult, particularly with the impact of the Covid-29 pandemic. The Council has made good progress in achieving the savings target that it has set itself and is committed to achieving more as required. There has been some positive progress in relation to some of the assumptions within the MTFP, however the position remains very challenging and requires an unrelenting focus on actioning savings and achieving value for money in all areas. The financial settlement for 2022/23 has now been received and most of the allocations are in line with the assumptions within the MTFP. The 2022/23 budget is currently being finalised however there continues to be excessive reliance on the achievement of savings and reliance on one-off funding. This position is not sustainable in the long term and there will therefore be focus on transformation of services.
Living Well												
Ageing Well												
Great Place Inclusive Growth												
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.	3	4	12	3	4	12	⇒	Kathy Roe	Tim Rainey	Deployment of Office 365 is underway. The project includes roll out of the wider Office 365 product sets including SharePoint, telephones and the latest MS Office software. Digital Tameside service currently awaiting Board/Cabinet approval of additional resource for roll out and support of Office 365.
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. This includes funding a fair cost of care in the future	4	4	16	4	4	16	⇒	Stephanie Butterworth	Tracey Harrison	The care market is currently under significant pressure. There is a national workforce shortage and we are seeing the impact of this locally. For example there are challenges to find care packages without significant waiting times. Providers are raising concerns about their ability to sustain services at the current fee levels. There is anecdotal evidence that staff who were recruited during lockdown have started to go back to their previous 'pre-COVID' roles, which appears to be a national issue. Work is underway to recruit additional staff to the 'in-house' long term support service to ensure there is capacity to act as 'provider of last resort' - recruitment is proving difficult.
Great Place Inclusive Growth	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.	3	3	9	3	3	9	⇒	Ian Saxon	Ian Saxon	The integrated asset management plan is in place and key members of the Strategic Asset team have started their employment.
Starting Well	5	Failing to protect vulnerable children - Vulnerable children are put at risk due to poor systems/processes and reduced service provision.	5	3	15	5	3	15	⇒	Alison Stathers-Tracey	Tony Decrop	Tameside's Safeguarding Children's Board and agreed procedures and guidance are in place. Children's have adapted to pandemic conditions by introducing mitigation actions to ensure the Service is maintaining care for vulnerable children. The risk score remains at an increased level due to the expectation that issues not identified during lockdown will require attention during recovery. Contacts and open cases have both increased significantly and we are also seeing a rise in adolescents with emerging complex mental health needs.

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	4	4	16	4	4	16	➡	Alison Stathers-Tracey	Tim Bowman	This risk remains high. Tameside has now received a SEND inspection and is required to produce a written statement of action. Tameside receives the lowest level of SEND funding in Greater Manchester. Tameside's funding is being capped by the Government. This cap costs Tameside £3m a year. This resource gap is causing a significant pressure. The impact of COVID has been significant on SEND health services and has caused an increase in demand for statutory assessment.
Corporate Support and Enabling Services	7	Failure to effectively implement and monitor the effectiveness of a health and safety management system within the organisation.	4	2	8	4	2	8	➡	Ian Saxon	Sharon Smith	The organisation is still facing increased health and safety risks as a result of the pandemic. Risk assessments are continuously reviewed. New risk assessments have been completed and controls put in place as some locations for office based working are reintroduced. Aside from the pandemic, the Health and Safety Team are carrying out Service Audits to ensure that appropriate Safety Management systems are in place, are being applied and have not been ignored or forgotten in the shadow of the pandemic. Significant work is being done around stress, with procedures for reducing the risk of stress in our workforce having been updated and introduced to Managers and School Leadership Teams through webinars. Accident and incident reports continue to be closely monitored with the Health and Safety Team assisting in accident investigations as necessary and reporting on any recommendations towards improvements that need to be put into effect.
Living Well	8	Coronavirus has a negative impact on health and wellbeing objectives, immediately through direct COVID illness and death; to non-COVID healthcare being displaced or delayed; to short and long-term impact on socio-economic determinants of health and wellbeing.	5	5	25	5	4	20	⬇	Debbie Watson	James Mallon	Significant recent disruption has been caused by the Omicron wave. Very high numbers of infections have been experienced with milder illness, due to the nature of the variant and the protection provided by vaccination. Public services have faced capacity issues due to staffing absence but this has stabilised now. The national direction is to reduce measures - although some measures retained to reduce infection, particularly in higher risk settings. Tameside continues to be an area of enduring Covid-19 transmission, especially in the school aged population, and the Public Health team are managing multiple outbreaks. Also high pressure in the care home sector. While the situation has stabilised in recent weeks, there remains disruption. There is a risk of disruption from future waves, but the likelihood is uncertain at this point. Any further escalation could see the situation and risk assessment change very rapidly, as it did with Omicron in Dec 2021. Local plans are now focussing on long term approaches to 'living with Covid' and addressing inequalities, including the ongoing vaccination rollout.
Ageing Well	9	Vulnerable adults are put at risk due to reduced service availability, this is further compounded by the long term impacts of the pandemic eg: rise in poor health, rise in self-neglect.	3	3	9	3	3	9	➡	Stephanie Butterworth	Tracey Harrison	While generally based from home staff are now routinely visiting people in care homes and at home so are in a much better position to pick up on wider issues and concerns that may result in safeguarding concerns - these wider issues are not always identified on phone or video calls. The COVID booster programme is underway for all care home residents, social care staff and vulnerable over 50s. This will further protect staff teams and vulnerable users of services. Safeguarding Lead is now in post who is reviewing the LA safeguarding compliance and processes to ensure maximum effectiveness.
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. This is against a backdrop of ongoing budget pressures and increased impact from pandemic such as widening health inequalities.	4	3	12	4	3	12	➡	Stephanie Butterworth	Tracey Harrison	ASC continues to understand current and future demand for services. Improved systems and linkages with Children's Services through the Preparing for Adulthood Lead will ensure that there is good quality intelligence to inform future budget setting, identifying pressures and the type and level of accommodation and local services that are required. This work is underway and is being well supported by Finance colleagues. Regardless of the level of planning and development of services, there are expensive placements costs that will place pressure on budgets e.g. a new care package will become the responsibility of ASC in March 2022 at a cost of £13,000 per week. Care home placements and home care requirements are demand led, so as the complexity of demand increases, so does the cost of formal interventions. High level plan for implementation of the white paper by April 2022.
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.	4	4	16	4	4	16	➡	Sandra Stewart / Kathy Roe	Wendy Poole	The Information Governance Framework renamed as the Data Protection/Information Governance Framework is currently being reviewed and updated to reflect best practice. Documents approved by the Audit Panel have been uploaded to a new webpage for dissemination. Work is ongoing with IT Services to review the technological based policies and procedures. The Work Smart Project will impact on these documents as decisions are made about future working models and the IG Team and IT Services will need to address these outcomes and reflect them in the framework documents. Mandatory Training (Data Confident and Cyber Nirjas) is being monitored and reported to the Information Governance Champions and the Information Governance Group

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 legislation. The strategic focus on commissioning is less effective due to a lack of skills and capacity to drive the change in culture.	3	3	9	3	3	9	⇒	Kathy Roe	Caroline Barlow	The relationship with STAR procurement and the Council continues to embed and, as this relationship develops the likelihood that contracts are let outside of contract procedure rules and the risks of not achieving Value for Money continues to reduce. Officers continue to work with STAR to streamline procedures and improve timeliness of procurement activity. STAR have experienced a number of procurement vacancies that have proved difficult to fill and this has created operational challenges. There are a number of new procurement officers now in post.
Great Place Inclusive Growth	13	Tameside is unable to exploit growth opportunities and this has a detriment to residents, local businesses and the borough's future prosperity.	3	4	12	3	4	12	⇒	Ian Saxon	Gregg Stott	There is continued push on taking forward key strategic sites and town centres working with landowners and the private sector. These future developments will seek to address and provide appropriate provision (including repurposing) and one which will seek flexibility and ability to the changing market. There have been recent success in attracting funding to undertake key investment/development studies and these will continue. In addition there is an expectation of further announcements at Budget around the Levelling Up Fund and UK Shared Prosperity Funding programmes with further detail to follow.
Starting Well	14	Implementation of a GM Integrated Care System may increase the operational and financial risks of the Council and may delay our progress in implementing local strategies to improve population health outcomes.	4	3	12	4	3	12	⇒	Steven Pleasant	Single Leadership Team	Sir Richard Leese has been appointed as Chair Designate of the Integrated Care Board (ICB) and the Executive appointment process has commenced. Work is underway on first draft of overarching GM ICS operating model. Latest ICS State of Readiness plans submitted to NHS England/NHS Improvement. All localities are meeting with Sir Richard Leese to talk through their ambitions with the Tameside session taking place on 2nd February.
Living Well												
Ageing Well												
Great Place Inclusive Growth												
Great Place Inclusive Growth	15	Vision Tameside is not completed on time and in budget and associated leases and service agreements are not finalised in a timely manner.	5	2	10	5	2	10	⇒	Ian Saxon	Ian Saxon	Citizens Advice Bureau being re-tendered. DWP have raised further queries on charges. College lease agreed and awaits completion. Wilkinsons lease in place.
Great Place Inclusive Growth	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 extreme weather conditions due to climate change or in response to the current COVID-19 pandemic.	4	2	8	4	2	8	⇒	Ian Saxon Kathy Roe	Emma Varnam Mike Gurney Wendy Poole	GM authorities continue to meet weekly: Strategic Co-ordinating Group and a Tactical Co-ordinating Group supported by the Local Resilience Forum - the processes and support are well documented and the mutual aid support arrangements have been tested. The Flood resilience plan is being reviewed in all GM authorities and a terms of reference between UU and the Environment Agency has been viewed and accepted by the GMCA
Great Place Inclusive Growth	17	The Council fails to benefit from the opportunities generated from the increased central government devolution to the Greater Manchester Region.	3	4	12	3	4	12	⇒	Single Leadership Team	Senior Management Group	The borough (as with every other area) has been materially impacted by the COVID pandemic, although progress continues on the development of its key town centres and major developments including Godley Green Garden Village. Whilst the Government's Levelling Up Fund (LUF) White Paper has only very recently been announced there is still little detail or clarification at this point. That said TMBC was successful within the initial 1st bidding round of LUF and secured £19.87m of Government funding towards Ashton Town Centre. In addition to LUF, TMBC has been successful in securing significant sums of other funding including that from across a range of Governmental Departments and Agencies for investment, development, housing and Place. Whilst we await further detail on the LUF agenda and other key programmes such as the UK Shared Prosperity Fund, TMBC will continue to engage and participate at the GM level and ensure the borough is best placed to secure future benefits for the borough.

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.	4	3	12	4	3	12	⇒	Alison Stathers-Tracey	Tim Bowman	High quality collaborative work with school leaders is supporting plans to increase places in specialist and secondary provision. Whilst we continue to meet parental preferences for mainstream places, there are significant demands for specialist places. Capacity challenges within capital delivery teams remain.
Corporate Support and Enabling Services	19	Pension Fund investments do not provide the appropriate/anticipated level of assets to meet liabilities.	4	1	4	4	1	4	⇒	Sandra Stewart	Tom Harrington Paddy Dowdall	Updated fund risk register presented to Local Pensions Board on 13 January 2022. GMPF assessment of risk regarding strategic allocation of assets to underpin liabilities unchanged, with current controls evaluated as effective.
Great Place Inclusive Growth	20	The lack of an up to date strategic planning framework and associated local policies to manage development in Tameside.	4	2	8	4	2	8	⇒	Ian Saxon	Nick Fenwick	The GM Spatial Framework is no longer being taken forward as a joint Development Plan Document following the withdrawal by Stockport MBC. However, the remaining 9 Council Leaders have agreed to progress a Development Plan Document (DPD) named, 'Places for Everyone'. All 9 Councils have since progressed reports through their respective organisations detailing next steps, including the establishment of a committee to prepare a joint DPD and to consult on the plan. The plan has since been published for a period of consultation from 9 August to 3 October 2021. Representations are currently being assessed and documents are in preparation to support submission of the Plan to the Secretary of State early mid/late February 2022. The DPD enables Tameside Council to meet the Government's requirements for local authorities to have up to date Local Plans in place by Dec 2023. The scope and detail of individual Council Local Plans is the subject of Government's current planning reforms. The full details are still awaited and primary legislation still to be put in place, however in the interim, commencement on initial stages or preparing an Issues and Options Local Plan has begun.
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.	3	3	9	3	4	12	↑	Kathy Roe	Caroline Barlow Wendy Poole	Increased external frauds in relation to Grants and other benefits are still being reported and investigated, however, learning is shared and improvements made in processes to prevent further occurrences.
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.	3	2	6	3	2	6	⇒	Ian Saxon	Emma Varnam	The Community Safety Partnership has developed and consulted on a new Community Safety Strategy – due to be ratified at Full Council in February 2022. The IAG continues to do excellent work meeting regularly and addressing key issues with community groups across the borough. A new Community Cohesion report has been drafted and presented to the Inequalities Reference Group and a metric and actions will be monitored quarterly.
Corporate Support and Enabling Services	23	ICT technical vulnerabilities lead to cyber attacks/exploitation of ICT infrastructure or behavioural vulnerabilities lead to misuse of ICT equipment and the potential loss or destruction of data'.	4	4	16	4	4	16	⇒	Kathy Roe	Tim Rainey	Whilst the prevalence and risk of cyber incidents continues to rise globally, we are continuing to improve both the technology we have in place to keep our digital assets safe, as well as introduce controls and measures to manage the risk and mitigate the impact should an incident occur. Digital Tameside service currently awaiting Board/Cabinet approval of additional resource.