


<b>Report To:</b>	<b>AUDIT PANEL</b>
<b>Date:</b>	22 November 2022
<b>Reporting Officer:</b>	Christine Weston–Interim Head of Risk Management and Audit Services
<b>Subject:</b>	<b>PROGRESS REPORT ON RISK MANAGEMENT AND AUDIT ACTIVITIES APRIL 2022 TO SEPTEMBER 2022</b>
<b>Report Summary:</b>	To advise members of the work undertaken by the Risk Management and Audit Service from April 2022 to September 2022 and the proposed revisions to the Plan.
<b>Recommendations:</b>	That members note the report and the performance of the Service Unit from April 2022 to September 2022, and approve the proposed revised Plan.
<b>Links to Corporate Plan:</b>	Internal Audit supports the individual operations, which deliver the objectives within the Corporate Plan.
<b>Policy Implications:</b>	Effective Risk Management and Internal Audit supports the achievement of Council objectives and demonstrates a commitment to high standards of corporate governance.
<b>Financial Implications:</b> <b>(Authorised by the Borough Treasurer)</b>	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.
<b>Legal Implications:</b> <b>(Authorised by the Borough Solicitor)</b>	<p>This report is presented to Members for consideration in order to demonstrate compliance with the Accounts and Audit Regulations 2015 (as amended) which in turn demonstrates proper and prudent administration of the Council’s affairs.</p> <p>Internal Audit supports good administration through it’s work programme and risk management as detailed in the main body of this report.</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 improvements made.</p>
<b>Risk Management:</b>	Assists in providing the necessary levels of assurance that the significant risks relating to the Council’s operations are being effectively managed.
<b>Access to Information:</b>	The background papers can be obtained from the author of the report, Christine Weston, Interim Head of Risk Management and Audit Services by contacting:

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## 1. INTRODUCTION

1.1 This progress report covers the period April 2022 to September 2022.

1.2 The main objectives of this report are :

- To summarise the work undertaken by the Risk Management and Audit Service during the period from April 2022 to September 2022 in respect of the approved Plan for 2022/23, which was presented to the Audit Panel on 15 March 2022; and
- To obtain approval from members to the proposed revisions to the Plan.

## 2. INTERNAL AUDIT PROGRESS AGAINST THE PLAN 2022/23 AND PROPOSED REVISIONS TO THE PLANNED DAYS

2.1 The Audit Plan approved on 15 March 2022 covered the period April 2022 to March 2023 and totalled 1,207 Days. **Appendix 1** shows the progress made against the plan up to the end of September 2022, and the proposed revisions to the plan for the second half of the year.

2.2 In making the proposed revisions to the plan, we have consulted with Directors and Assistant Directors to ensure that their priorities have been taken into account. We have also ensured that there are sufficient financial systems reviews remaining in the plan to enable us to give the annual assurance required.

2.3 **Table 1** below provides a summary of the Audit Plan 2022/23 and details the Approved Plan Days, Actual Days delivered to September 2022 and the Days we are planning to deliver from October to March 2023. The actual days spent up to September are 398, and we are planning to spend 469 days from October to March 2023. **Appendix 1** provides a detailed breakdown for each service area and also the status of the audits and the Level of Assurance given for each audit report issued.

2.4 The main reasons for variances in the plan and the revisions having to be being made are as a result of the following:

- Additional audits/activities added to the Approved Plan, that had not originally been planned or foreseen:
  - Control report – Safeguarding Adult Services – TASP
  - Advice re Homes for Ukraine Scheme payments
  - Advice re Energy Bills Support
  - Homelessness Prevention Fund Grant – Grant Assurance
  - Advice – Protect and Vaccinate Grant
  - System Sign off – New payments system for Museums
  - Prevention and Promotion of Mental Health Grant – Grant Assurance
  - Contain Outbreak Management Fund – Grant assurance
  - Weight Management Grant – Adults – Grant Assurance
  - Substance misuse – Treatment and Recovery – Grant Assurance
  - Several schools have been identified as higher priority to be audited, compared to the schools already in the plan.
- The days brought forward to complete work in progress at the year end were not enough to complete the work required, for several audits.
- One of the Senior Auditors that we had appointed in lock down, left us in mid June. There was then a timing delay in recruiting to the post, but we successfully appointed internally one of our Auditors to the Senior role from 1 September. We are now recruiting to the Auditor vacancy that this internal promotion created. We have received an encouraging number of applications.

- The early retirement of a Senior Auditor in September 2022. There has been a time delay whilst we have been recruiting, but we have now appointed a qualified and experienced Senior Auditor who will be starting with us in mid January 2023.
- Another Senior Auditor, who is currently acting up into a Principal Auditor role is leaving in December, and we are currently recruiting for the Senior Auditor post.
- The Principal Auditor role has been advertised on the Agency website, so we are hoping that we will get some interest from this.
- One of the Corporate Fraud Investigators also left us during the year, and we are currently recruiting to the post, having been unsuccessful, the first time we advertised.

## 2.5 Table 1 – Annual Audit Plan Summary 2022/23

Service Area / Directorate	Approved Plan 2022/23	Actual Days to September 2022	Days Planned Oct to March 2023
Adults	82	30	37
Children's	121	11	69
Children's Learning and Schools	143	49	65
Crosscutting	61	31	1
Digital Tameside	71	35	48
Exchequer Services	79	17	45
Finance	78	43	25
People and Workforce Development	68	29	25
Policy and Performance	28	2	1
Greater Manchester Pension Fund	300	85	123
Place	154	37	27
Population Health	22	29	3
<b>Total Planned Days 2022/23</b>	<b>1,207</b>	<b>398</b>	<b>469</b>

2.6 The Risk Management and Audit Team are working to a hybrid model now, with staff coming into the office at least one day a week, or more often, as required to deliver the service.

## 3 AUDIT ACTIVITY FROM APRIL 2022 TO SEPTEMBER 2022

3.1 In the period to September 2022, 15 Final Reports were issued, the results of which are summarised in Table 2 below. Two of the reports were consultancy reports so they were not given a level of assurance. Four of the reports were schools, and three were Pension Fund Visits to Employers.

**Table 2 – Final Reports April to September 2022**

Levels of Assurance	Number of reports issued April to September 2022
High	3
Medium	9
Low	1
<b>Totals</b>	<b>13</b>

NB – the Low level of Assurance related to a GMPF Employer visit.

- 3.2 In addition to the Final Reports issued above, nine Draft Reports have been issued for management review and responses and these will be reported to the Panel in due course.
- 3.3 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;
  - Grant Assurance work;
  - Advice;
  - Post Payment Assurance work in relation to COVID-19 Business Grants;
  - System Upgrades/Sign Offs;
- 3.4 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. Fourteen Post Audit Reviews have been completed during April 2022 to September 2022, a summary is presented in Table 3 below and details the number of recommendations made and also implemented. 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.

3.5 **Table 3 – Post Audit Reviews – Recommendations Implemented**

Post Audit Reviews	Recommendations		
	Made	Implemented	
	No.	No.	%
GMPF Employer Audit - University of Bolton	3	2	67
GMPF Pension Benefits Payable	8	7	87
Procure to Pay System	19	17	89
St James Hattersley Primary School	18	12	67
GMPF Ill Health Insurance Arrangements	5	5	100
Second PAR GMPF Creditor Payments	11	7	64
Milton St Johns Primary School	8	8	100
Local Investments - GMPVF	5	4	80
Supporting Families	8	8	100
St Raphael's Primary School	18	18	100
Millbrook Primary School	12	12	100
GMPF Employer Audit - Oldham Council	11	11	100
GMPF New Custodian - Northern Trust	4	4	100
Determination and Recovery of Adult Care and Support Charges	29	24	83

#### 4 IRREGULARITIES/COUNTER FRAUD WORK

- 4.1 Fraud, irregularity and whistle-blowing investigations are conducted by two Corporate Fraud Investigators within the Internal Audit Team under the direction of a Principal Auditor and the Interim Head of Risk Management and Audit Services. One of the Corporate Fraud Investigators left the Council in July 2022 and we are currently in the process of recruiting to this post.
- 4.2 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 as and when required on a case by case basis.

- 4.3 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.
- 4.4 The number of cases investigated during the period April to September 2022 is summarised below in Table 4.

**Table 4 – Investigations Undertaken from April to September 2022**

Detail	No. of Cases
Cases B/Forward from 2021/22	29
Current Year Referrals	26
<b>Total</b>	<b>55</b>
Cases Closed	10
Cases Still under Investigation	45
<b>Total</b>	<b>55</b>
<b>Assistance Cases</b>	<b>20</b>

- 4.5 The above investigations can be categorised by fraud type as shown in Table 5 below.

**Table 5 – Investigations by Fraud Type**

Fraud Type	No. of Cases	Estimated Value £
Adult Social Care	6	58,224.62
Business Rates/Grants	32	287,001.70
Children's Social Care	2	20,362.36
Council Tax	9	114,687.89
Disabled	1	-
Pensions	3	8486.68
Mandate	1	-
Household Support Fund	1	-
<b>Total</b>	<b>55</b>	<b>488,763.25</b>

- 4.6 The data sets for the National Fraud Initiative (NFI) 2020/21 Exercise were received in February 2021 and we are currently concluding the investigations in respect of these matches. **Table 6** below provides details of the findings to date.
- 4.7 Investigations to date have highlighted 37 frauds and 240 errors totalling £195,362, and where appropriate, work is ongoing to recover these amounts.

**Table 6 – National Fraud Initiative (NFI) Findings to 30 September 2022**

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

NFI Data Set	NFI Report Ref.	Number of Matches	Report Match Rating	Comments		
				Processed	In Progress	No. of Error/Fraud and Value
Pensions to Payroll	54 and 55	1256	High	1256	-	-
Deferred Pensions to DWP Deceased	53	158	High	158	-	96 Errors
Housing Benefits to Student Loans	2	16	High	16	-	7 Errors £4,797
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	356	-	86 Errors £65,444
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	8	24	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	47	44	7 Frauds £43,065 2 Errors £20,000
<b>Totals</b>		<b>3,927</b>		<b>3,247</b>	<b>192</b>	<b>37 Frauds 240 Errors £195,362</b>

4.8 The appropriate Council data has been extracted from systems as at 30 September 2022 and uploaded onto the NFI web application 2022/2023 after the appropriate quality checks have been completed. The Cabinet Office have advised that the 2022/23 matches will be made available from 26 January 2023 for further investigation.

## 5 RISK, INSURANCE AND INFORMATION GOVERNANCE

5.1 The Risk, Insurance and Information Governance Team provide services to the whole Council. The key priorities for the team during 2022/23 are detailed in Table 7 below together with a progress update to the end of September 2022.

**Table 7 – Risk, Insurance and Information Governance Key Priorities**

<b>Key Priorities 2022/23</b>	<b>Progress Report – September 2022</b>
<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 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 2023/24 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>Progress during 2022/23 includes the release of an updated Information Governance Policy, an Information Governance Conduct Policy and a revised Redaction Guidance document.</p>
<p>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</p>	<p>This forms the bulk of the daily work carried out by the team in relation to Information Governance. The volume of requests for advice and guidance is high. Work is prioritised in order to deal with urgent cases first.</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>Following completion of the Work Smart Project, the team will provide guidance to Service Areas in 2023/24 to refresh plans 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, and a decision on the most suitable database product will be made by the close of 2022/23.</p>
<p>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.</p>	<p>The Team continue to provide advice and support to services areas as requested, in relation to Risk Management, Insurance and Business Continuity Planning:-</p>
<p>To review the information held and introduce regular reports for management in terms of claims received to inform and improve the risk management process.</p>	<p>The format of the report is being reviewed by the Risk, Insurance and Information Governance Manager and the proposed format will be discussed with the Assistant</p>

Key Priorities 2022/23	Progress Report – September 2022
	Director of Finance prior to it being presented to officers and members.
To attend management team meetings quarterly to provide updates on insurance, information governance, risk management and business continuity.	Ongoing.

## 6 RECOMMENDATION

6.1 As set out on the front of the report.