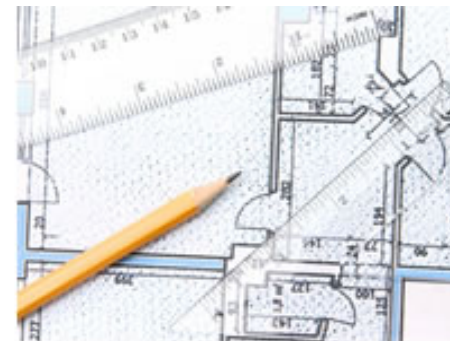
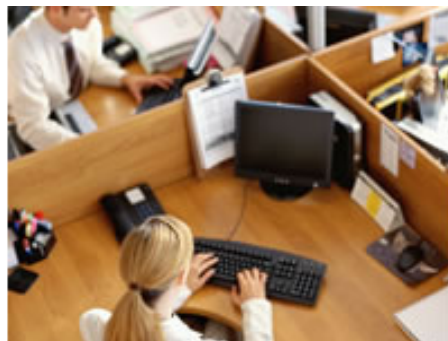


Internal Audit Annual Report 2022/23



August 2023

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If you have any questions about this report, please contact Rebecca Neill, Interim Head of Audit on rebecca.neill@tameside.gov.uk

The matters raised in this report are the ones that came to our attention during our internal audit work. While every care has been taken to make sure the information is as accurate as possible, internal audit has only been able to base these findings on the information and documentation provided. Consequently, no complete guarantee can be given that this report is necessarily a comprehensive statement of all the weaknesses that exist, or all of the improvements that may be needed. This report was produced solely for the use and benefit of Tameside Council. The Council accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the report, its contents, conclusions, any extract, reinterpretation, amendment and / or modification.

01 INTRODUCTION

BACKGROUND

This report comprises Internal Audit's annual report for 2022/23, including results for the quarter ending 31 March 2023.

SCOPE AND PURPOSE OF INTERNAL AUDIT

The Accounts and Audit Regulations 2015 require Councils to undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards (PSIAS).

This opinion forms part of the framework of assurances that is received by the Council and is used to help inform the Annual Governance Statement and to assist the Audit Panel in discharging its remit to consider reports on Internal Audit's performance during the year.

Internal audit's professional responsibilities as internal auditors are set out within Public Sector Internal Audit Standards (PSIAS) produced by the Internal Audit Standards Advisory Board.

ACKNOWLEDGEMENTS

Internal Audit is grateful to all officers and members for their support and assistance provided during the period.

02 INTERNAL AUDIT WORK UNDERTAKEN

PLANNED WORK

The Internal Audit plan for 2022/23 was approved by the Audit Panel on 15 March 2022 at 1,207 days. A revised plan was issued to the Audit Panel in November 2022, reducing the number of days to 855. This was largely due to vacant posts and induction / training of new auditors. At the year-end, 778 days had been delivered (91%). The service currently reports on input measures (days spent) rather than outcome measures (audits delivered). A change in focus to outcomes and close monitoring of progress against those outcomes (audits delivered) in the refreshed 2023/24 plan will enhance performance in 2023/24. In addition a 'root and branch' review of the service is also currently underway, including embedding a model of 'assurance' (see 2023/24 refreshed audit plan on this agenda).

The overall assurance rating, audit findings, together with recommendations for action and management responses for 2022/23 are set out within Internal Audit's detailed reports. A summary of the reports issued, assurance opinion and recommendations by priority issued during the period is detailed at **Appendix 01**. This audits which were not achieved due to capacity issues are also included at Appendix 01 for information ('greyed out').

A number of grant certifications/annual returns have been completed during the period. These audits provide assurance over the accuracy of the information contained within the grant returns and that funding conditions have been complied with. A summary of these certifications is detailed at **Appendix 02**.

UNPLANNED / IRREGULARITY / COUNTER FRAUD

The Council is committed to providing effective counter fraud arrangements and ensuring that there are adequate measures in place to prevent, detect and investigate fraud and corruption. Internal Audit have two counter fraud specialists who facilitate the co-ordination of the Council's counter fraud activities. A summary of work undertaken on unplanned / irregularity/ fraud referrals undertaken during the period is detailed in the table below and at **Appendix 03**

Detail	No of Cases 2022/23
Cases Bfd from 2021/22	29
Current Year Referrals	27
Total	56
Cases Closed	14
Cases Still Under Investigation	42
Total	56
Assistance Cases	28

CONSULTANCY & ADVICE

The audit team may be requested by managers to undertake consultancy and advice on governance, risk management and internal control matters. A summary of advice / consultancy undertaken by the service during the period is detailed at **Appendix 04**.

03 ANNUAL OPINION

In giving an opinion, it should be noted that assurance can never be absolute.

Internal audit is able only to give a reasonable assurance that there are no major weaknesses in risk management, governance and internal control processes. In arriving at an opinion, the following matters have been taken into account:

- The outcomes of all audit activity undertaken during the period
- The effects of any material changes in the organisations objectives or activities.
- Whether or not any limitations have been placed on the scope of internal audit.
- Whether there have been any resource constraints imposed upon Internal Audit which may have impinged audit's ability to meet the full internal audit needs of the organisation.
- What proportion of the organisation's needs have been covered to date.

Audit Opinion 2022/23

On the basis of audit work completed, the opinion on the Council's framework of governance, risk management and internal control is reasonable in its overall design and effectiveness. Certain weaknesses and exceptions were highlighted by audit work. These matters have been discussed with management and recommendations made. These recommendations have been implemented or are in the process of being addressed.

SPECIFIC ISSUES

No specific issues have been highlighted through the work undertaken by Internal Audit during the year.

04 FOLLOW UP

Internal Audit conduct Post Audit Reviews (PAR's) following each audit. A summary of PAR's undertaken in 2022/23 is detailed at Appendix 1 and in the table below:

	Number of recs followed up	Implemented / Part-Implemented / Acknowledged	Not implemented / Rejected	% implemented
Q 1	94	79	15	84%
Q 2	65	60	5	92%
Q 3	13	13	0	100%
Q 4	67	63	4	94%
Total	239	215	24	90%

The process for follow up as well as reporting is being reviewed as part of the root and branch review. At the end of March 2023, from the PAR's undertaken a 90% implementation rate was noted against the target of 90%.

05 NATIONAL ANTI FRAUD NETWORK (NAFN)

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. The annual report has included a summary of this activity in the past. The 2022/23 update is given at **Appendix 05**.

06 PERFORMANCE OF INTERNAL AUDIT

Compliance with professional standards

Internal Audit employ a risk-based approach in planning and conducting audit assignments. Work is performed in accordance with PSIAS.

Conflicts of Interest

There have been no instances during the period which have impacted on Internal Audit's independence.

Internal Audit Quality Assurance

To ensure the quality of the work performed, Internal Audit have a programme of quality measures which includes:

- Supervision of staff conducting audit work.
- Review of files of working papers and reports by managers.
- Regular networking with professional / technical bodies and peers.

Performance Measures

- Compliance with PSIAS – TBC on external review.
- Percentage delivery of audit plan – 91% against a target of 90%.
- Customer satisfaction (target 90% at satisfied) have not been routinely obtained during 22/23. This will be addressed in 23/24.
- Recommendations Implemented – 90% against a target 90%.
- No of irregularities reported / investigated (target downward trend achieved) 21/22 - 81; 22/23 – 56.

APPENDIX 01 PLANNED WORK

Directorate	Audit	Assurance Opinion	Recommendations			
			High	Medium	Low	Efficiency
Adults	Contract Monitoring – Care Homes	Medium	1	29	1	0
	Consultancy Review – Safeguarding Adult Services	N/A	22	39	0	5
	Budgetary Control and Financial Management – Adults					
	Out of Hours					
	Transfer of Clients from Children's to Adult Services					
	Direct Payments					
	Control Report – Safeguarding Adult Services TASP	N/A	8	19	0	2
Children's	Direct Payments					
	Safeguarding					
	Deprivation of Liberty Orders					
	Missing Children					
	Conference and Review Process					
	Transfer of clients from Children's to Adult Services					
	Supporting Families	Medium	2	8	0	1
	Fostering	Medium	2	9	1	2
Learning & Schools	Micklehurst Primary	Medium	2	16	1	2
	Arlies Primary & Nursery	High	0	5	0	0
	Russell Scott Primary	Medium	1	11	2	1
	Corrie Primary & Nursery	Medium	1	12	0	1
	St Joseph's RC Primary & Nursery	Medium	1	12	1	2
	Thomas Ashton Primary & Secondary	Medium	0	16	2	1
	The Heys Primary School	High	0	8	2	1
	Gorse Hall Primary & Nursery	High	0	11	2	0
	Livingstone Primary	Low	5	26	1	1

Directorate	Audit	Assurance Opinion	Recommendations			
			High	Medium	Low	Efficiency
	Aldwyn Primary	Low	6	32	1	1
	Holden Clough Primary & Nursery					
	Holy Trinity C E Gee Cross	High	0	7	3	0
	St Paul's RC Primary & Nursery Hyde					
	St Marys RC Primary Denton	Medium	2	12	0	1
	St Peters RC Primary & Nursery Stalybridge	Medium	0	14	0	1
	St Anne's RC Primary & Nursery Audenshaw					
	St Damian's RC Science College					
	St Thomas Moore RC Maths & Computing College					
	Canon Burrows (Audit completed instead of PAR)	Medium	0	18	2	1
	Special Educational Needs & Disability (SEND)					
Cross Cutting	STAR Contract Monitoring					
	Domestic Abuse – Contract Monitoring	Medium	2	8	4	0
	Recruitment & Selection					
	Procurement – STAR					
Digital	Access Control Management	Medium	2	8	2	0
	Physical & Environmental Controls					
	Co-operative Network Infrastructure	Medium	2	26	0	1
	Vulnerability Management					
	ICT Disaster Recovery					
	Payment Security PCI DSS					
	Request / Incident Management	Medium	0	4	3	0
	Software / Licence Management	Medium	2	7	0	0
	Network Management	Medium	1	4	0	0
Exchequer	Council Tax	Low	5	9	5	0
	Debt Recovery					
	Housing Benefit s					

Directorate	Audit	Assurance Opinion	Recommendations			
			High	Medium	Low	Efficiency
Finance	NNDR					
	Capita System Review	Medium	0	1	7	0
	Information Governance					
	Monitoring of Capital Programme					
	Bank Reconciliation Procedures	Medium	1	4	1	2
	VAT	High	0	3	3	1
	BACS Post Implementation					
	Cash Procedures					
	George Byron Trust Audit of Accounts					
People & Workforce Development	Review of Payroll payments	Medium	1	10	0	0
	I-Trent Self Service					
	Agresso Upgrade					
	Registrars					
	Members Allowances Publication	N/A – Review of Published Figures	N/A	N/A	N/A	N/A
	ATS Applicant Tracking System – Greater Jobs					
	Teacher's Pension Monthly Contributions Reconciliation					
	Duplicate Payment Exercise	N/A – Monthly Exercise	N/A	N/A	N/A	N/A
	Car Allowances Annual Review					
Policy & Performance	Support to the Transformation Team					
GMPF	Contact Centre (IT)					
	Debtors	Medium	2	17	1	1
	Capital Call Execution Service – Custodian					
	Local Investment - Agresso					
	Fund Manager UBS					
	Northern LGPS – GLIL	High	0	0	0	0
	Fund Manager – Sci Beta	High	0	0	0	0
	Northern Private Equity Partnership	High	0	3	2	0
	Conveyancing Function					

Directorate	Audit	Assurance Opinion	Recommendations			
			High	Medium	Low	Efficiency
	Pensions Benefits Payable					
	Deferred Pensions					
	McCloud					
	IT Service Desk					
	Employer audit – Chief Constable of Greater Manchester	Low	5	6	0	0
	Employer audit – LTE Group (Including Manchester College)	Medium	2	4	0	0
	Employer audit – Trafford Council	Medium	1	9	1	0
	Employer audit – Bolton Council	Medium	1	9	0	0
	Employer audit – Manchester Metropolitan University	Medium	1	6	0	0
	Share point / one drive (ICT)	Medium	1	3	0	0
	IT Supplier Management (ICT)	High	1	3	0	0
	AVC's	N/A	4	5	0	0
	Pensions Regulator – Single Code of Practice					
	I Connect Monthly Data Collection (Post Implementation Review	Medium	2	7	1	1
	Valuation Checks					
	VAT	High	0	0	2	0
	Property Management Contracts					
	Control Report Fraudulent Pensions Payment	N/A	13	3	0	0
Place	Estate Management					
	Monitoring of Facilities Management Contract					
	Development Projects					
	Godley Green Capital Project					
	Building Control					
	Hattersley Collaboration Agreement					
	Capital Project – Hyde Community College					

Directorate	Audit	Assurance Opinion	Recommendations			
			High	Medium	Low	Efficiency
	Health & Safety					
Population Health	Health Protection					

**Audits 'greyed out' were not achieved in 22/23 due to capacity issues – see section 02 of main report for commentary. These audits have not been routinely carried forward into 2023/24. Only audits which are directly linked to risk are planned for 2023/24 (see refreshed audit plan 2023/24 for approach to planning).*

Post Audit Reviews (PAR)						
Adults	Learning Disabilities Client Accounts PAR	In progress				
Children's	Children's Homes – Review of Expenditure PAR	In Progress				
	Supporting families PAR	Completed				
	Fostering PAR	Completed				
	Agency Workers – Control Report PAR	Completed				
	Procurement & Placements for Children's PAR	In Progress				
Learning & Schools	Millbrook Primary & Nursery PAR	Completed				
	St Raphael's RC Primary PAR	Completed				
	Milton St John's CE Primary PAR	Completed				
	Holy Trinity CE Primary PAR	Completed				
	St James RC Primary & Nursery Hattersley Hyde PAR	Completed				
	Canon Burrows CE Primary PAR	PAR not completed – new audit completed				
	Russell Scott PAR	In Progress				
	St Joseph's PAR	In Progress				
	Arlies PAR	In progress				
Exchequer	Capita PAR	In Progress				
Finance	Determination and Recovery of Adult Service Care & Support Charges PAR	Completed				
	Treasury Management PAR	In Progress				

Directorate	Audit	Assurance Opinion	Recommendations			
			High	Medium	Low	Efficiency
People & Workforce	Procure to Pay PAR	Completed				
	Registrars PAR	Completed				
GMPF	Local Investments PAR	Completed				
	My Pension PAR	Completed				
	Cyber Security PAR	In progress				
	Employer audit – LTE Group (Including Manchester College) PAR	In progress				
	Creditors 2nd PAR	Completed				
	Treasury Management PAR (See Finance)	In Progress				
	New Custodian (Northern Trust) PAR	Completed				
	Pensions Benefits Payable PAR	Completed				
	Visit to Contributing Body – University of Bolton PAR	Completed				
	Visit to Contributing Body – Oldham Metropolitan Borough Council PAR	Completed				
	Ill Health & early Retirement PAR	Completed				
	Visit to Police Constable GM PAR	Completed				
	iConnect Monthly Data Collection (Post Implementation) PAR	In progress				
	Website Security PAR	In progress				
	Visit to Trafford Council PAR	Completed				
Place	ABEN PAR	In Progress				
Population Health	Health Visiting Service PAR	Completed				

APPENDIX 02 GRANTS

Directorate	Grant Audit	Assurance	Recommendations			Efficiency
			High	Medium	Low	
Children's	Mossley Hollins High – Grant Assurance	Opinion Completed				
Cross Cutting	Greater Manchester Combined Authority – Local Transport Capital Block Funding (Pot Hole Fund)	Opinion Completed				
	Greater Manchester Combined Authority – Grant Assurance Work	Opinion Completed				
Finance	Adult Social Care Infection Control & Testing Grant	Opinion Completed and Control Report Issued	3	11	0	1
Place	Local Authority Bus Subsidy Grant	Opinion Completed				
	Homelessness Prevention Fund Grant	Opinion Completed and Control Report Issued				
	Protect & Vaccinate Grant	Opinion Completed				
	Pot Hole Grant	Opinion Completed and Control Report Issued	1	0	0	0
Population Health	Prevention and Promotion of Mental Health Grant	Opinion Completed				
	Contain Outbreak Management Fund	Opinion Completed and Control Report Issued	1	3	0	0
	Weight Management Grant – Adult	Opinion Completed				
	Weight Management Grant – Children	Opinion Completed				
	Substance Misuse Treatment & Recovery Grant	Opinion Completed				

APPENDIX 03 FRAUD / IRREGULARITY

Directorate	Referral / Investigation	Summary	Amount £
Adults	Potential Direct Payment (Direct Payment) Fraud	Potential misuse of DP monies relating to night time needs	£92K (decision to recover pending)
Adults	Whistleblowing	Misappropriation of public funds	£42K (written off)
GMPF	Pension Fraud	GMPF fund member's daughter continued to claim her deceased father's pension following his passing	£5.6K to be recovered.
Adults	Potential DP Fraud	Potential misuse of DP monies relating to a fictitious carer	£16K (final figure under review)
Children's	Potential Trustees Fraud	Potential misappropriation of monies belonging to a school	Not Known (NK)
Adults	Potential DP Fraud	Potential misuse of DP monies relating to inappropriate spend	£7K (debt to be recovered)
Adults	Potential DP Fraud	Potential misuse of DP monies relating to inappropriate spend	£28K (invoice raised)
GMPF	Pension Fraud	GMPF fund member's details fraudulently obtained which resulted in 1 month's pension being paid to the wrong individual (fraudster)	£2K
Exchequer	Potential Council Tax Support (CTS)/Blue Badge Fraud	Customer is reported to be disabled and living alone – investigation ongoing	N/K
Place	Accommodation For Ex-Offenders Scheme.	Fund monies obtained by deception	£59K (invoice to be raised)
Exchequer	Potential Business Rate Grant (BRG) Fraud X 32	Potential BRG funding fraudulently obtained (X 32 companies/businesses)	£175K (in the region of)
Exchequer	Council Tax Support (CTS)/Single Person Discount (SPD) Fraud	Customer found to be living with her partner	£2K (being recovered)
Exchequer	Housing Benefit (HB)/CTS/CTAX Liability Fraud	Customer failed to declare that he owned 3 other properties on his benefit claim form	£88K (to be recovered)
Place	Housing Support Fund (HSF) Fraud	Not entitled so wasn't paid	£0

Directorate	Referral / Investigation	Summary	Amount £
Exchequer/Place	CTS/HSF Fraud	Customer found to be living with her partner	£7K (being recovered)
Exchequer	CTS Fraud X 5	Currently under investigation – undeclared work/earnings/partner (x 5 cases)	N/K
GMPF	Pension Fraud	Overpaid pension – delay in reporting customer's death	£712
Exchequer	HB/CTS Fraud	Currently under investigation – failure to declare living with landlord	N/K
Children's	Special Guardianship Order Fraud	Guardians failed to declare that they were no longer caring for their grandchild	£20K (to be recovered)
Exchequer	HB/CTS Fraud	Customer found to be living with her partner	£16K (to be recovered)
Adults	Direct Payment	Misappropriation of DP monies	£6K recovered.

APPENDIX 04 ADVICE CONSULTANCY

Directorate	Audit
Adults	System Sign off – Greater Manchester Care Records
Children's	Special Guardianship Orders
Learning & Schools	Hurst Knoll Query
Digital	New BACS systems sign off
Exchequer	Advice – Support for energy bills
	Post Payment Assurance – Business Grants
Finance	Treasury Management Workflow Sign Off
GMPF	Advice - Pension Payroll – Early Payment BACS issue
	Treasury Management Workflow Sign Off
	Chief Constable of Greater Manchester – I Connect File
	Altair Administration to Payroll Upgrade
Place	Household Support Fund Round 2
	Homes for Ukraine Scheme
	System sign off - Transys
	Welfare Rights – Systems Sign Off
	Homelessness & Advice
	Systems Sign off – Museums Payment System

APPENDIX 05 NATIONAL ANTI FRAUD NETWORK DATA AND INTELLIGENCE SERVICES

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 the table below:

NAFN Membership

Member Type	March 2023	Dec 2022	Sept 2022	June 2022
Local Authorities	381	379	374	368
Housing Associations	70	72	70	69
Other Public Bodies	34	34	33	33
Totals	485	468	477	470
Registered Users	16,160	15,780	15,592	15,332

During the year, NAFN gained 20 new members and lost only three housing associations exceeding the target set out in the 2022-23 Business Plan (net gain of 10 members). A key driver for local authority membership was the Taxi and Private Hire Vehicle Act 2022. Growth in membership has resulted in a further 8% increase in registered users over the last 12 months with licensing officers accounting for 42% of the total increase. The Department for Transport has written to all licensing authorities informing them that NAFN has been designated as the Database Provider for NR3S. The commencement date was 27 April 2023.

The overall intake exceeded forecast by almost 8,000, up 15%. Intake of Authorised Officer requests has steadily exceeded forecast throughout the year and both DVLA and General Service requests have each exceeded forecast by over 3,000 enquiries (see table below). However, Type B enquiry intake has reduced in 2022-23 9% below forecast. The intake of IPA Communication Data requests has fallen below forecast by 6%. The lack of access to the workflow system continues to impact on some members despite the introduction of a manual process. The upgrade and migration of GSA CycComms is nearing completion with a target go-live date in June 2023. The annual IPCO inspection took place in November 2022 and the overall outcome of the inspection was positive. However, as previously reported, three areas of non-compliance and one observation required action, all of which have been addressed.

NAFN Requests Received

Type of Request	2022/23 Q1	2022/23 Q2	2022/23 Q3	2022/23 Q4	Totals 2022/23	Totals 2021/22
General Data Protection	6,107	7,003	7,782	8,428	29,320	24,389
Driver and Vehicle Licensing Agency	3,299	3,377	3,311	4,109	14,096	12,217
Investigatory Powers Act – Communications Data	767	800	732	504	2,803	3,488
Prevention of Social Housing Fraud Act/Council Tax Reduction Scheme	2,747	3,075	3,694	3,053	12,569	10,778
Type B (Online)	40,174	38,155	42,048	43,120	163,497	172,310
Grand Total	53,094	52,410	57,567	59,214	222,285	223,182

NAFN continue to receive referrals from the Cabinet Office (Public Sector Fraud Hotline) on suspected Covid grant fraud. NAFN share and consult with relevant local authorities to confirm fraud and report findings to BEIS. NAFN continues to recharge BEIS quarterly for this work.





The NAFN Team (Tameside) were finalist in the LGC Awards 2023 in the Small Team of the Year category. The shortlisting alone is significant recognition for the Service Team. We were also finalist for the fourth consecutive year in iNetwork Awards 2022 Effective Information Sharing and Security category for our work developing the NAFN Academy, sharing and standardising learning for the membership base. The Annual General Meeting and Conference was held online in October 2022. Almost 400 delegates attended with access to an increased number of breakout sessions delivered by public and private sector organisations.

The appointment of a Change Manager for Project Argus has kick-started the transformation programme with a focus on high-level planning, risk management, scoping, and re-engagement with potential solution providers.

The NAFN Executive Board approved the appointment of consultants (Forever Consultancy) to undertake an independent Cost/Benefit and Value Analysis demonstrating the benefits of NAFN membership to support the Marketing and Communications Strategy, membership retention and growth. A final report is expected in the summer.

APPENDIX 06 ASSURANCE & RECOMMENDATIONS CLASSIFICATIONS

Assurance	Description
High	Some enhancements to controls were identified in a few areas – improvements are required to systems in place to further manage and control the risks.
Medium	Controls were not operating effectively in some areas – improvements are required to the systems in place to manage and control risks.
Low	Control weaknesses were identified in a large number of areas - numerous improvements are urgently required to systems in place, to effectively manage and control the risks.

Recommendation	Description
High 	These are recommendations which are considered critical to improve internal controls. Action to implement these recommendations should be undertaken urgently.
Medium 	These are recommendations which are considered necessary to improve internal controls. Action to implement these recommendations should be undertaken as soon as possible ideally within the following 3 months.
Low 	These are recommendations which are considered desirable to enhance internal controls. Action to implement these recommendations should be undertaken ideally within the following 6 months.
Efficiency 	These are recommendations which are considered desirable to improve efficiency or adopt identified good practice. Action to implement these recommendations is discretionary.