

Internal Audit Progress Report



December 2023

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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 the Tameside Metropolitan Borough Council (TMBC). TMBC accept no responsibility and disclaim 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.

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01 INTRODUCTION

BACKGROUND

This report comprises Internal Audit's progress report against the Internal Audit Plan which was approved by the Audit Panel on 1 August 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 progress report 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 their remit to consider reports on Internal Audit's performance during the year.

Internal Audit's professional responsibilities as internal auditors are set out within 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 2023/24 was approved by the Audit Panel on 1 August 2023. This report sets out the position against the plan to the end of December 2023.

As advised in the October 2023 progress report, progress has been slower than anticipated due to resourcing issues. Much of the early part of the year was spent finalising 2022/23 reports and providing the annual opinion and draft plan, the 2022/23 reports completed in 2023/24 are now included in **Appendix 01**. Progress is being made on the recruitment of an Interim Audit Manager whilst a Service Review is completed, and the contract with SWAP is in the process of being flexed to provide additional work to enable the plan to be completed as much as possible.

A summary of progress against the 2023/24 plan is detailed at **Appendix 02**. The overall assurance rating, audit findings, together with recommendations for action and management responses are set out within Internal Audit's detailed reports.

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 GMPF's counter fraud activities. A summary of work undertaken on unplanned / irregularity/ fraud referrals undertaken during the period is detailed at **Appendix 03**.

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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**.

GRANTS

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 05**.

SPECIFIC ISSUES

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

03 FOLLOW UP

A reduction in the number of open recommendations has been evident.

The following table provides the current figures for outstanding recommendations that have passed their due date for implementation:

Open Recommendations	High	Medium	Low
Adults	19	101	9
Childrens	10	75	3
Schools	8	139	21
Governance	-	-	-
Place	-	25	-
Population Health	1	3	-
Resources	11	40	22
GMPF	13	29	11
GMPF Employers	3	12	-

A number of efficiency (discretionary) recommendations remain outstanding which are being tracked by the team.

A new procedure has been written and shared, which sets out the expectations for responsible officers to provide regular updates on recommendations.

An age analysis of the high and medium priority recommendations is located at **Appendix 06**.

04 IMPLEMENTATION OF ASSURANCE MODEL

As previously reported to the Panel, a root and branch review of audit practice was being undertaken as part the implementation of the assurance model. Progress was reported to the Panel in November 2023. The priority and assurance ratings currently in use are provided at **Appendix 07**.

A review of the assurance ratings was completed by the Interim Head of Internal Audit, and these were included in the last update.

These have been further reviewed since the permanent Head of Assurance has commenced in post. The Chartered Institute of Public Finance and Accountancy (CIPFA) published standard definitions which a number of organisations have adopted. These definitions provide a more balanced approach and enable effective benchmarking given that these are the definitions more widely used.

The proposed priority and assurance ratings are provided at **Appendix 08**.

These will be adopted from the next financial year.

05 PERFORMANCE

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 (annual target 90%) – not on target.
- Customer satisfaction (target 90%) – TBC
- Recommendations Implemented (target 90%) – see section 03.
- No of irregularities reported / investigated (annual target downward trend) 21/22:81; 22/23:56

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APPENDIX 01 2022/23 WORK COMPLETED IN 2023/24

Audit	Assurance Opinion	Recommendations		
		High	Medium	Low
Core Financial Systems				
Review of Payroll Payments	Medium	1	10	0
VAT	High	0	3	3
Schools				
Gorse Hall Primary School	High	0	11	2
Micklehurst All Saints C of E Primary School	Medium	2	16	1
Aldwyn Primary School	Low	6	32	1
Canon Burrows C of E Primary School	Medium	0	17	2
The Heys Primary School	High	0	8	2
Gee Cross Primary School	High	0	6	3
GMPF				
Employer Audit – Manchester Met University	Medium	1	6	0
Northern LGPS GLIL Review	High	0	0	0
VAT	High	0	0	2

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APPENDIX 02 PLANNED WORK

Tameside Council Refreshed Audit Plan 2023/24						Recommendations		
Assurance Required	Link to Risk	Audit	Summary Scope	Planned / Status	Assurance Opinion	High	Medium	Low
Key Risks & Priorities	Financial Resilience	Budget Challenge – Financial Resilience	Review of the effectiveness of the governance arrangements in place to drive the delivery of planned and future efficiency targets. To use as a pilot for roll out across other directorates.	Q4				
	Adverse Inspection	Children’s Improvement Planning	To provide assurance on the robustness and evidence-based deliverability of improvement planning within Children’s following recent inspection outcomes.	Q3				
	Capacity, Key supplier / partner failure	Commissioning Cycle – Adults	Risk based review of Council’s arrangements for commissioning and contract management in adult care. To include homecare~ and provider failure / capacity risk.	On hold				
	Capacity, Key supplier / partner failure	Commissioning Cycle – Children’s~	Risk based review of Council’s arrangements for commissioning and contract management of services for children’s to include systems for monitoring out of area and high-cost placements. To also include provider failure / capacity risk.	Q3				

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Tameside Council Refreshed Audit Plan 2023/24						Recommendations		
Assurance Required	Link to Risk	Audit	Summary Scope	Planned / Status	Assurance Opinion	High	Medium	Low
	Financial Resilience, capacity	Agency Workers	Risk based review of commissioning of agency workers, to include systems around strategic appointment of agencies, approvals / permissions to select and engage agency workers and monitoring of provision.	Q3				
	Financial Resilience	Direct Payments	Risk based review of the system for direct payments, from eligibility, award, to evidence of provision.	Q3				
	Capacity, Key supplier / partner failure	Strategic Procurement	Risk based review of strategic procurement arrangements, to include strategy, procurement and contract management and performance. This review will include STAR Procurement arrangements.	Q4				
	Capacity	Recruitment & Retention	Risk based review of recruitment systems from authority to appoint to on-boarding. Review of effectiveness of arrangements in place to ensure staff retention	WIP				

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Tameside Council Refreshed Audit Plan 2023/24						Recommendations		
Assurance Required	Link to Risk	Audit	Summary Scope	Planned / Status	Assurance Opinion	High	Medium	Low
	Housing supply, wider socio economic	Place – Major Programmes / Projects	Risk based programme assurance review of major capital programmes managed within the Place Directorate. To include adequacy of governance arrangements and approvals	Q4				
	Adverse inspections	Information Governance	Risk based review of information governance arrangements to include compliance with Data Protection legislation	Q4				
	All risks	Risk management	Review of the Council's risk management arrangements including strategy and procedural documentation, corporate and directorate risk management arrangements; and project / programme risk.	Q4				
	Health & Social Care Reform	Health & Social Care Reform	Risk based review of the governance arrangements in place to support the delivery of the next phase of health and social care integration	Q4				
	Adverse inspection	School Places	Risk based review of arrangements in place for school's-based provision (including specialist places and early year's).	WIP				
Core Financial	Financial Resilience	Payroll / Expenses	Risk based reviews of these core financial systems to	Q3				
		Creditors		Q4				

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Tameside Council Refreshed Audit Plan 2023/24						Recommendations		
Assurance Required	Link to Risk	Audit	Summary Scope	Planned / Status	Assurance Opinion	High	Medium	Low
Systems		Debtors	provide an opinion on the adequacy and effectiveness of controls in place to mitigate key risks. Includes core financial systems not audited in the last year (2022/23)	DRAFT REPORT				
		General Ledger		DRAFT REPORT				
		Treasury Management		WIP				
		Budgetary Control		WIP				
		Medium Term Financial Planning		WIP				
		Benefits		DRAFT REPORT				
		NNDR		FINAL	Substantial	0	1	4
		Capital Programme		Q3				
		Financial Management		Q3				
IT Audit Programme	Cyber	Phase 1: Technology Assurance Framework	To provide an assurance review on the high-level risks inherent in the current IT estate. Via workshop, this review will assess current IT arrangements against best practice / peers and make recommendations; as well as making recommendations to address specific risks identified. This review will also provide the targeted provision of future technology and digital audit assurance*.	Q4				

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Tameside Council Refreshed Audit Plan 2023/24						Recommendations		
Assurance Required	Link to Risk	Audit	Summary Scope	Planned / Status	Assurance Opinion	High	Medium	Low
		Phase 2: Security Assurance Framework Review	Informed by Phase 1 and covering areas such as asset inventory, security configuration, user access, monitoring, penetration testing, this review will provide assurance on the council's mitigations in place in the event of cyber-attack*.	Q4				
		Payment Card Security PCI DSS	To provide an advisory review that the payment card PCI DSS systems and processes are compliant with best practice.	WIP				
Schools Audit Programme	Safeguarding, adverse inspection	Broadbottom CE Primary	Primary Schools (8) and High Schools (2) Standard school audit programme in line with School's Financial Value Standard	Q4				
		Mottram CE Primary		Q4				
		Ravensfield Primary		DRAFT REPORT				
		St Annes Audenshaw, Primary		FINAL	Medium	2	20	0
		St Annes Denton, Primary		FINAL	High	0	1	3
		St Damian's RC Science College		Q4				
		St John-Fisher RC Primary		DRAFT REPORT				
		St Mary's Dukinfield		FINAL	Medium	1	15	2

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Tameside Council Refreshed Audit Plan 2023/24						Recommendations		
Assurance Required	Link to Risk	Audit	Summary Scope	Planned / Status	Assurance Opinion	High	Medium	Low
		St Thomas Moore RC College		FINAL	High	0	7	0
		St Pauls RC Primary & Nursery Hyde		FINAL	Substantial	0	8	4
Other Audit Activity	N/A	General Audit Time	Management, Advice, Working Groups, Audit Follow Up ('Post Audit Reviews', PSIAS Assessment, Supporting Audit Panel, Schools Financial Value Standard, AGS, Risk, STAR collaboration audit, Grant assurance work, Registrars Financial Audit, Duplicate Payment Exercise	STAR collaboration audit (Income) WIP				
				Registrars Financial Audit FINAL	Medium	0	2	0
Counter Fraud	Counter Fraud	Counter Fraud	National Fraud Initiative, Proactive and reactive counter fraud, policy review and update	WIP	N/A			
Greater Manchester Pension Fund (GMPF)	Employers failing to pay correct contributions / costs on time	Assurance Visits to Employers	Standard assurance reviews to verify systems in place for pension deductions at GMPF Employers. Standard audit programme in place.	WIP				
	Investment strategy does not align with aims / deliver expected	Treasury Management	Assurance opinion of adequacy of arrangements following changes planned to treasury management at GMPF.	On Hold				

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Tameside Council Refreshed Audit Plan 2023/24						Recommendations		
Assurance Required	Link to Risk	Audit	Summary Scope	Planned / Status	Assurance Opinion	High	Medium	Low
	returns.	Investment Strategy	Risk based assurance review of investment strategy and mitigations in place to manage this risk e.g., regular monitoring of position, liquidity, and individual employer strategies	Q3				
	Loss of data / data breach	Information Governance	Risk based review of information governance arrangements at GMPF.	Q4				
	Benefits incorrectly calculated / re-calculated and paid	Pension benefits payable	Compliance based review to give assurance that the correct benefits are being paid on time.	FINAL	Substantial	0	6	1
	Public Sector Procurement Rules not followed	Procurement and Contract Management	Risk based review of material controls at GMPF from procurement compliance to contract monitoring, VFM.	Q4				
	Fraud risk, bribery & corruption	Counter fraud	Review of counter fraud measures e.g., segregation of duties and procedures around payments, conflicts of interest and due diligence on third party providers.	WIP				
	Incorrect interpretation of Regulation	Pensions Regulator – Single Code of Practice	Review giving assurance of GMPF compliance against the new Code.	On hold				

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Tameside Council Refreshed Audit Plan 2023/24						Recommendations		
Assurance Required	Link to Risk	Audit	Summary Scope	Planned / Status	Assurance Opinion	High	Medium	Low
	IT infrastructure failure / loss	IT Audit	Phase 1 and Phase 2 as TMBC plan above*	Q4				
	All risks	Northern LGPS Collaborative work	Contribution of assurance days working in partnership with Merseyside and West Yorkshire Pension Funds.	On hold				
	N/A	General Audit Time	Management, Advice, Follow Up ('Post Audit Reviews'), Supporting Pensions Board and Audit Panel, Counter Fraud	N/A	N/A	N/A	N/A	N/A

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APPENDIX 03 FRAUD / IRREGULARITY OPEN CASES

Directorate	Fraud Type	Summary	Amount £
Adults	Adult Social Care	Potential misuse of direct payments for nighttime needs	£92k
Adults	Adult Social Care	Alleged Direct Payment fraud	£7k
Adults	Adult Social Care	Alleged Direct Payment fraud	£16k
Adults	Adult Social Care	Unpaid care home fees	£80k
Childrens	Childrens Social Care	Special Guardianship Order overpayment	£20k
Exchequer	Council Tax Fraud	One National Fraud Initiative (NFI) match	Currently not known
Exchequer	Council Tax Fraud	Two Council Tax Support (CTS) and Single Person Discount (SPD)	£1k + Unknown
Exchequer	Council Tax Fraud	Three CTS	Currently not known
Exchequer	Council Tax Fraud	Two SPD	Currently not known
Exchequer	Council Tax Fraud	Two Housing Benefit (HB) and CTS	£88k + Unknown
Exchequer	Business Rates	Two Covid business rates investigations	Currently not known
Place	Blue Badge	Blue Badge misuse	Currently not known
Place	Grant Fraud	HSF	£445
Place	Procurement Fraud	Application	Currently not known

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APPENDIX 04 ADVICE / CONSULTANCY

Directorate	Advice / Consultancy
Cross Cutting	Review – Car mileage. Draft Report.
Childrens	Review – Use of cash in children’s social care. Draft Report.
	Advice – Agresso Interface File for SEND.
GMPF	Advice – Life Certificates.
	Advice – Pension re-calculations.
Governance	Advice – Freedom of Information.
	Advice – Barclays file conversion for income into Agresso.
Place	Advice – Household Support Fund and Resettlement Scheme.
	Advice – Allotments.
Resources	Advice – Caspar financial case management system.
	Review – Duplicate payment. WIP.
Schools	Advice – Financial Regulations for Schools.
	Advice – School fund account.
	Advice – School bank mandate.
	Advice – Schools kids club.
	Advice – Fraud scam email.

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APPENDIX 05 GRANTS

Directorate	Grant Audit	Assurance	Recommendations		
			High	Medium	Low
Childrens	Supporting Families	Medium	2	8	0
	Family Hubs and Start for Life programme 2022/23	Grant Opinion Signed Off			
Place	Biodiversity Net Gain Grant 2022/23	Grant Opinion Signed Off			
	Bus Subsidy Grant 2022/23	Grant Opinion Signed Off			
	Changing Places Fund 2022/23	Grant Opinion Signed Off			

APPENDIX 06 OPEN RECOMMENDATIONS AGE ANALYSIS

High Priority Recommendations

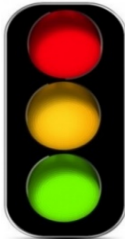
Open Recommendations	Not Due	0-6	6-12	12-24	24+	Total
Adults	0	1	0	6	12	19
Childrens	0	0	0	0	10	10
Schools	1	1	4	2	0	8
Governance	0	0	0	0	0	0
Place	0	0	0	0	0	0
Public Health	0	0	0	1	0	1
Resources	0	1	6	4	0	11
GMPF	0	0	4	9	0	13
GMPF Employers	0	0	1	2	0	3

Medium Priority Recommendations

Open Recommendations	Not Due	0-6	6-12	12-24	24+	Total
Adults	0	0	12	37	52	101
Childrens	0	0	0	2	73	75
Schools	6	38	47	48	0	139
Governance	0	0	0	0	0	0
Place	0	0	0	16	9	25
Public Health	0	0	0	3	0	3
Resources	0	2	18	19	1	40
GMPF	3	3	5	18	0	29
GMPF Employers	0	2	5	5	0	12

APPENDIX 07 ASSURANCE & RECOMMENDATIONS CLASSIFICATIONS

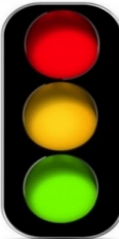
Overall Audit Assurance Opinion	Definition
Full	There is a sound system of internal control designed to achieve the organisation's objectives. The control processes tested are being consistently applied.
Substantial	While there is a basically sound system of internal control, there are some weaknesses which may put the organisation's objectives in this area at risk. There is a low level of non-compliance with some of the control processes applied.
Limited	Weaknesses in the system of internal controls are such as to put the organisation's objectives in this area at risk. There is a moderate level of non-compliance with some of the control processes applied.
No	Significant weakness in the design and application of controls mean that no assurance can be given that the organisation will meet its objectives in this area.

Priority	Definition
	High Priority Recommendation Representing a fundamental control weakness which exposes the organisation to a high degree of unnecessary risk.
	Medium Priority Recommendation Representing a significant control weakness which exposes the organisation to a moderate degree of unnecessary risk.
	Low Priority (housekeeping) Recommendation Highlighted opportunities to implement a good or better practice, to add value, improve efficiency or further reduce the organisation's exposure to risk.

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APPENDIX 08 PROPOSED ASSURANCE & RECOMMENDATIONS CLASSIFICATIONS TO BE IMPLEMENTED IN 2024/25

Overall Audit Assurance Opinion	Definition
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Priority	Definition
	High Priority Recommendation Representing a fundamental control weakness which exposes the organisation to a high degree of unnecessary risk.
	Medium Priority Recommendation Representing a significant control weakness which exposes the organisation to a moderate degree of unnecessary risk.
	Low Priority (housekeeping) Recommendation Highlighted opportunities to implement a good or better practice, to add value, improve efficiency or further reduce the organisation's exposure to risk.