Report To:	**AUDIT PANEL**
Date:	4 June 2019
Reporting Officer:	Wendy Poole – Head of Risk Management and Audit Services
Subject:	**RISK MANAGEMENT AND AUDIT SERVICES – ANNUAL REPORT 2018/19**
Report Summary:	The report summarises the work performed by the Service Unit and provides assurances as to the adequacy of the Council's systems of internal control.
Recommendations:	Members note the report.
Corporate Plan:	Internal Audit supports the individual operations, which deliver the objectives within the Community Strategy.
Policy Implications:	Effective Risk Management and Internal Audit supports the achievement of Council objectives and demonstrates a commitment to high standards of corporate governance.
Financial Implications: **(Authorised by the statutory Section 151 Officer and Chief Finance Officer)**	Effective Risk Management and Internal Audit assists in safeguarding assets, ensuring the best use of resources and the effective delivery of services. It also helps to keep insurance premiums and compensation payments to a minimum.
Legal Implications: **(Authorised by the Borough Solicitor)**	Demonstrates compliance with the Accounts and Audit Regulations 2015, which require the Council to "undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector auditing standards or guidance"
Risk Management:	The services of the Risk Management and Audit Service Unit assists in providing the necessary levels of assurance that the significant risks relating to the Council's operations are being effectively managed and controlled.
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 contacting: ☎ Telephone:0161 342 3846 🌐✉ e-mail: wendy.poole@tameside.gov.uk

1 INTRODUCTION

1.1 The purpose of the report is to present a review of the Risk Management and Audit Services for 2018/19. It covers Internal Audit, Risk Management and Insurance and the National Anti-Fraud Network (NAFN) Data and Intelligence Services.

1.2 The definition of Internal Audit is outlined by the Public Sector Internal Audit Standards as follows:
"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".

1.3 The key elements of the definition are:-
- **Risk Management –** A process to identify, assess, manage and control potential events or situations to provide reasonable assurance regarding the achievement of the organisation's objectives.
- **Control –** Any action taken by management, the board and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management plans, organises and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.
- **Governance –** The combination of processes and structures implemented by the Board to inform, direct, manage and monitor the activities of the organisation toward the achievement of its objectives.

2 THE AUTHORITY FOR INTERNAL AUDIT

2.1 **Local Government Act 1972 Section 151.**
"Every Local Authority shall make arrangements for the proper administration of its financial affairs and shall secure that one of its officers has responsibility for the administration of those affairs"

The Council's Constitution formally nominates the Director of Finance as the Council's Section 151 Officer who will rely on the work of the Internal Audit Service for assurance that the Council's financial systems are operating satisfactorily.

2.2 **Accounts and Audit Regulations 2015 Part 2, Section 3 – Responsibility for Internal Control**

A relevant Authority must ensure that it has a sound system of internal control which:
(a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
(b) ensures that the financial and operational management of the authority is effective; and
(c) includes effective arrangements for the management of risk.

2.3 **Accounts and Audit Regulations 2015 Part 2, Section 5 – Internal Audit**
(1) A relevant body 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.

(2) Any officer or member of a relevant body must, if required to do so for the purpose of the internal audit:
(a) Make available such documents and records; and
(b) Supply such information and explanation;

as are considered necessary by those conducting the internal audit.

(3)   In this regulation "documents and records" includes information recorded in an electronic form.

This is supported by the Council's Financial Regulations, which reflect Internal Audit's statutory authority to review and investigate all areas of the Council's activities in order to ensure that the Council's interests are protected.

2.4   **Accounts and Audit Regulations 2015 Section 6 – Review of Internal Control System**
(1)   A relevant Authority must, each financial year:
    (a) conduct a review of the effectiveness of the system of internal control required by regulation 3; and
    (b) prepare an annual governance statement.

(2)   If the relevant Authority referred to in paragraph (1) is a Category 1 Authority, following the review, it must:
    (a) consider the findings of the review required by paragraph (1)(a):
       (i) by a committee; or
       (ii) by members of the Authority meeting as a whole; and
    (b) approve the annual governance statement prepared in accordance with paragraph (1)(b) by resolution of:
       (i) a committee; or
       (ii) members of the Authority meeting as a whole.

(3)   Relates to Category 2 Authorities and not applicable to the Council.

(4)   The annual governance statement, referred to in paragraph (1)(b) must be:
    (a) approved in advance of the relevant authority approving the statement of accounts in accordance with regulations 9(2)(b) or 12(2)(b) (as the case may be); and
    (b) prepared in accordance with proper practices in relation to accounts(**a**).

2.5   The Terms of Reference for the Audit Panel adequately meet the requirements of the Accounts and Audit Regulations.

2.6   The review of the effectiveness of the system of internal control referred to in paragraph 2.4 has been conducted and a separate report is on the agenda.

3   **KEY ACHIEVEMENTS DURING 2018/19**

3.1   The major achievements of the Service Unit for 2018/19 are as follows: -
- The Internal Audit function was judged to be compliant with the Public Sector Internal Audit Standards (PSIAS) following an External Peer Review in March 2018, and the recommendations from the review have been implemented enhancing the service further. Furthermore, the Self-Assessment completed for 2018/19 against the updated standard reaffirmed full compliance.
- The implementation rate for audit recommendations was 93%.
- Customer feedback is very positive with continued high levels of satisfaction demonstrated on customer questionnaires.
- Annual reports, plans and regular progress reports presented to Members via the Audit Panel and the Greater Manchester Pension Fund Local Board.
- The Annual Governance Statement was produced in accordance with best practice and agreed timescales and no adverse comments were received when our External Auditors (Grant Thornton) reviewed it.
- The National Anti-Fraud Network (NAFN) Data and Intelligence Services introduced the National Database for Taxi Licence Refusals and Revocations to improve public safety.

- Twenty-six fraud cases were investigated during the year and 18 cases were closed.
- Following an inspection in November 2018, NAFN received an excellent inspection report from the Investigatory Powers Commissioners Officer (IPCO) and for the second year, no recommendations were received. Lord Justice Fulford, the Investigatory Powers Commissioner, added in his report, "This is most commendable and reflects well the knowledge, experience and professionalism of your staff, along with the robust procedures you have in place".
- Progress towards compliance with GDPR and the Data Protection Act 2018 are ongoing despite limited resources being available.
- Cashable saving of approximately £105,000 have been identified as a result of fraud related investigations.

4   COVERAGE FOR 2018/19

4.1   The report presented to the Audit Panel on 29 May 2018 provided an overview of the work planned for 2018/19 for the Service Unit. The Original Annual Audit Plan of 1,757 days was detailed in the report and approved by the Audit Panel. The Audit Plan, however, as reported during the year has been revised on a regular basis to ensure that it was aligned to changes in service priorities, risks, directorate structures and resources available.

4.2   Table 1 below shows the full year position of the Audit Plan by Directorate/Service Area. It details the approved plan, the revised plan, the actual days delivered as at 31 March 2019 and the percentage completed. **Appendix 1** provides a detailed breakdown of the 2018/19 Audit Plan.

Table 1 – Audit Plan Progress as at 31 March 2019

| Directorate/Service Area	Approved Plan Days 2018/19	Revised Plan 2018/19	Actual Days to 31/03/2019	% Complete Against Revised Plan
Children's	89	63	78	124
Children's Schools/Learning	243	228	247	108
Adults	102	81	75	93
Population Health	25	26	28	108
Growth	76	35	25	71
Operations and Neighbourhoods	101	103	100	97
Governance	162	172	176	99
Finance	176	91	89	98
Cross Cutting	20	25	24	96
Greater Manchester Pension Fund	300	300	285	95
Fraud/Investigations	463	530	542	102
Total Planned Days for 2018/2019	**1,757**	**1,654**	**1,669**	**101**

4.3   Resources on planned work reduced during the year for the following reasons:
- The original plan was based on known estimated resources at the beginning of the year and based on a full complement of staff
- The Auditor that joined the team in March 2018 left at the end of December. An intensive training and support package was put in place to enable the new starter to develop as an auditor, which affected productivity significantly, as he was still learning to be an Auditor when he left.
- A number of conflicting priorities in terms of irregularities and investigations have diverted days away from planned work to reactive work to ensure timely responses were provided.

- Responding to requests from managers for new audits/assurance work and providing advice and support to ensure changes to systems, processes and procedures do not adversely affect the control environment.
- Assisting with and conducting investigations relating to information incidents in line with the Councils Information Security Incidents Reporting Procedure and Practice Note.
- The Auditor vacancy has not yet been filled and the recruitment process is still ongoing.

4.4   The changes throughout the year to the Audit Plan resulted in a reduction of 103 days from 1,757 to 1,654 and 1,669 actual days were delivered against the revised plan. Chart 1 below demonstrates the actual days delivered per Directorate/Service Area.

Chart 1 – Audit Plan Actual Days Delivered 2018/19
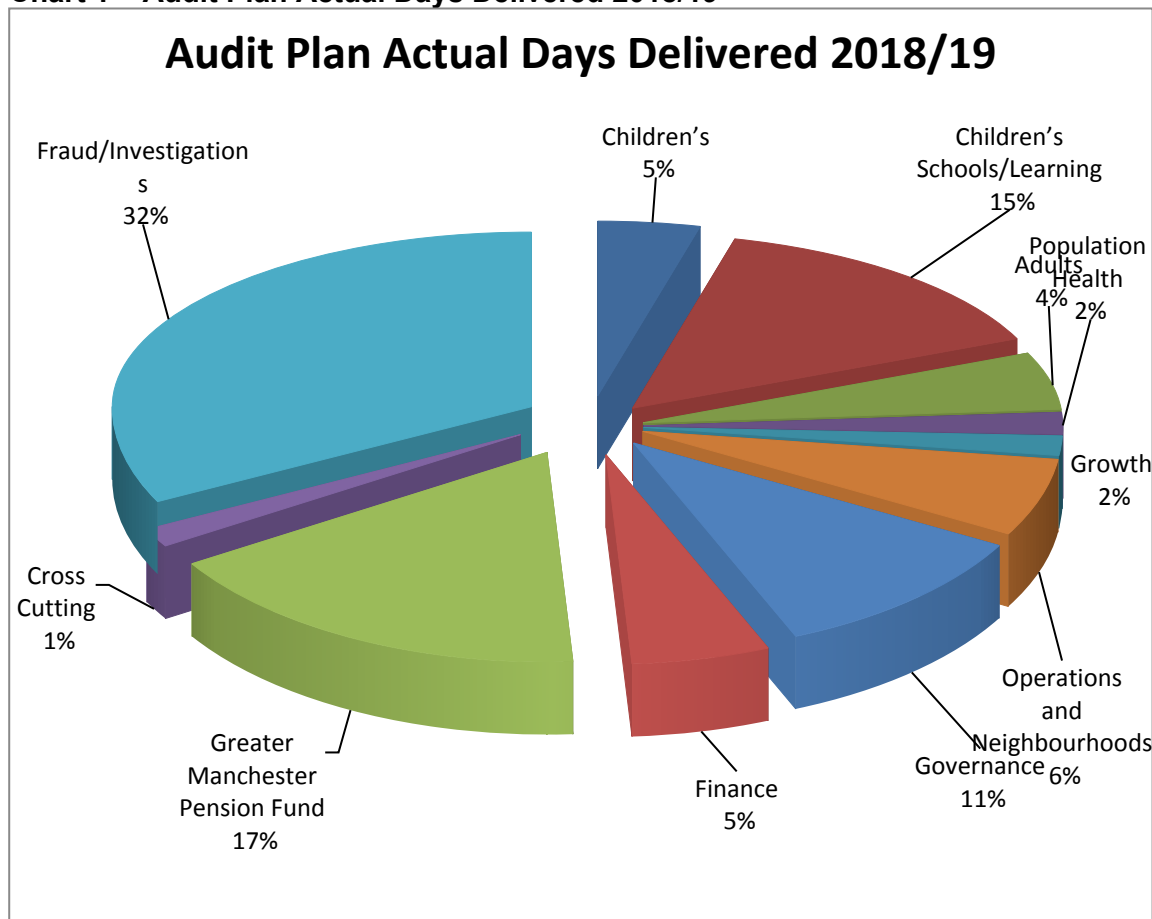
4.5   The successful delivery of the plan can be measured in three ways:-
- Actual Productive Audit Days Delivered against the Revised Plan
  The days delivered against the plan, including Fraud Work totalled 1,669 compared to the revised plan of 1,654, which represents 101%.
- Actual Productive Audit Days Delivered against the Original Plan
  The days delivered against the plan, including Fraud Work totalled 1,669 compared to the revised plan of 1,757, which represents 95%.
- Percentage of Planned Audits Completed
  This measure focuses on the planned audits, calculates the actual rate of completion per audit, and then consolidates the individual outcomes into one single percentage figure. The figure for 2018/19 is 92% compared to 93% in both 2017/18 and 2016/17.

4.6   Whilst the number of days delivered has exceeded the revised plan, not all these days related to planned work, as a number of priority jobs were requested in the later part of Quarter 4 and days were allocated to the preparation of a number of control reports to prevent further incidents occurring.

4.7   The following sections of the report provide details of the key areas covered during the period April 2018 to March 2019 and comment on any important issues arising from our work.

Financial Systems:

4.8   During 2018/19 work has been undertaken on the financial systems detailed in Table 2 below to ensure they were operating securely, fit for purpose and that the information generated from them into the general ledger was reliable. Where issues were identified as part of the systems audit work, action plans were agreed with management and these will be followed up in due course:-

Table 2 – Financial Systems Audits 2018/19

Audit	Level of Assurance	Final Issued	Post Audit Review Due
Payroll - Schools, incl. Third Party Providers	High	Work in Progress	
External Audit Checks Payroll	No Issues Highlighted, Payroll System Fit for Purpose		
Creditors - Procure to Pay	Low	July 2018	PAR - Work in Progress
Debtors		Work in Progress	
Council Tax	Medium	Sept 2018	Due June 2019
NNDR	Medium	June 2018	PAR - Work in Progress
External Audit Checks – General Expenditure	No Issues Highlighted, Payments System Fit for Purpose		
Bank Reconciliation Procedures	Medium	Draft March 2019	

4.9   Post Audit Reviews have been completed for the General Ledger and Monitoring of the Capital Programme and the majority of recommendations made have been implemented. Post Audit Reviews are in progress on Payroll, Creditors - Procure to Pay and NNDR.

4.10   Three financial systems audits were also undertaken on the Pension Fund, as detailed in Table 3 below. Where issues were identified as part of the systems audit work, action plans were agreed with management and these will be followed up in due course:-

Table 3 – Financial Systems Audits 2018/19

Audit	Level of Assurance	Final Issued	Post Audit Review Due
Contribution Income	High	Nov 2018	PAR Due May 2019
Calculation and Payment of Benefits	High	July 2018	Completed – All Recommendations Implemented
Treasury Management	Medium	May 2018	Complete – 10/11 Recommendations Implemented

4.11   Sections 4.12 to 4.18 provide details of the audit work undertaken in each directorate.

4.12   **Adults**
Areas reviewed during the year have included:-
*   Integrated Urgent Care Team
*   Locality Teams Care Management

4.13 **Children's/Learning**
Areas reviewed during the year have included:-
- Children's Homes
- Liquid Logic
- Troubled Families
- Payroll Schools, incl. Third Party Providers

4.14 **Population Health**
Areas reviewed during the year have included:-
- Health Visiting Service

4.15 **Operations and Neighbourhoods**
Areas reviewed during the year have included:-
- Youth Service
- Provision of Integrated Transport Service
- Local Authority Bus Subsidy Grant
- Blue Badge System Sign Off
- Cycling Ambition Grant
- Local Transport Capital Block Funding Grant

4.16 **Governance**
Areas reviewed during the year have included:-
- Apprenticeship Levy
- GMPF Annual Return – Compliance Checks
- Registrar Assurance Visits
- Car Allowance and Holiday Pay Assurance Work
- Debtors
- Council Tax
- Deferred Payment Scheme Reconciliation Exercise
- Agresso Upgrade System Sign Off
- External Audit Checks – Payroll

4.17 **Finance**
Areas reviewed during the year have included:-
- Bank Reconciliation Procedures
- External Audit Checks – General Expenditure
- Cyber Security Review
- Assurance work in relation to DDoS Attacks
- ISO 27001 Gap analysis

4.18 **Greater Manchester Pension Fund**:-
Areas reviewed during the year have included:-
- Transfer of Assets re Capital International
- iConnect
- Contribution Income
- Calculation and Payment of Benefits
- Agresso Upgrade System Sign Off
- ICT Device Management
- Visits to Contributing Bodies
- Service Charges
- Provided advice on New Employer Codes, My Pension and Postcode Data.

4.19 A summary of the audit opinions issued in relation to risk/system based audit work for 2018/19 compared to 2017/18 and 2016/17 is shown in Table 4 below: -

Table 4 – Final Reports System Based Audits

Opinion	Total for 2018/19	%	Total for 2017/18	%	Total for 2016/17	%
High	11 (9)	37	8 (7)	42	5 (4)	20
Medium	13 (5)	43	8 (2)	42	13 (8)	52
Low	6 (3)	20	4 (1)	16	7 (2)	28
Totals	30 (17)	100	20 (10)	100	25 (14)	100

Note: The figures in brackets in the above table relate to the Pension Fund

4.20   In addition to the thirty final reports issued above, a further fifteen draft reports have been issued for comments and management responses and these will be reported to the Panel in due course.

4.21   Twenty three schools have been audited and final reports issued as part of our cyclical review programme during 2018/2019. A summary of the opinions issued for schools during 2018/2019 compared to 2017/18 and 2016/17 is shown in Table 5 below: -

Table 5 – Audit Opinions – Schools

Opinion	Total for 2018/19	%	Total for 2017/18	%	Total for 2016/17	%
High	8	35	8	50	6	50
Medium	13	56	5	31	5	42
Low	2	9	3	19	1	8
Totals	23	100	16	100	12	100

4.22   A further two draft reports have been issued for comments and management responses and these will be reported to the Panel in due course.

4.23   In addition to the reports issued in Tables 4 and 5, a significant number of days were allocated throughout the year to work that did not generate a report with a level of assurance attached. The areas listed below are examples of this work:-
   • Grant Certification;
   • Advice and consultancy work provided to support service redesigns and the implementation of new or updated systems;
   • Investigations into allegations of Fraud/Irregularities
   • Investigating Information Incidents; and
   • Control Reports.

4.24   It is important to note, however, that whilst the above work does not generate an audit opinion it still provides assurance to the Head of Risk Management and Audit Services in terms of the overall audit opinion and undoubtedly adds value to the Council. It ensures that expenditure is in accordance with grant conditions, that new/amended systems are introduced with satisfactory controls in place and that control issues identified as part of fraud/irregularity investigations are resolved to improve the control environment.

4.25   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. Forty Post Audit Reviews have been completed in total during the year and these are detailed in Appendix 1. A summary of the six Post Audit Reviews completed during Quarter 4 is presented in Table 6 below. It details the number of recommendations made and implemented. The percentage rate of recommendations implemented for the year is 93%.

4.26   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. Fifteen Post Audit Reviews are in progress, which will be reported to the Panel at a future meeting.

Table 6 – Post Audit Reviews – Recommendations Implemented

Post Audit Reviews	Recommendations			Comments
	Made	Implemented		
	No.	No.	%	
St Damian's RC College	8	8	100	
GMPF - ICT Device Management	2	2	100	
Calculation and Payment of Benefits	3	3	100	
Troubled Families	7	7	100	
Treasury Management - Pension Fund	11	10	91	The outstanding recommendation relates to procedure notes, which need to be updated. However, compensating controls are in place as all officers have been trained and they each keep their own process notes. The recommendation has been accepted and will be implemented when resources are available.
Monitoring of Capital Programme	34	28	82	The recommendations outstanding relate to guidance notes, recharges, monitoring forms and the use of Agresso have been accepted and will all be reviewed during 2019/20.

5   ANTI-FRAUD WORK

Irregularity Investigations

5.1   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. All cases were investigated using the approved standard protocol and procedure, which complies with best practice. A control report is produced in the majority of cases for management to ensure that corrective action is taken where possible to ensure that the control environment is improved therefore minimising the risk of similar irregularities occurring in the future.

5.2   All investigations and assistance cases are reviewed by the Standards Panel regularly and, where appropriate, the members of the Panel challenge and comment on the cases and offer further guidance and direction. Assistance cases can range from obtaining information for an investigating officer to actually undertaking a large proportion of the analysis work to provide evidence for the investigatory process.

5.3   The number of cases investigated during the period April 2018 to March 2019 is summarised in Table 7 below.

Table 7 – Investigations Undertaken from April 2018 to March 2019

Detail	No. of Cases
Cases B/Forward from 2017/2018	11
Current Year Referrals	15
Total	**26**

Detail	No. of Cases
Cases Closed	18
Cases Still under Investigation	8
Total	**26**
Assistance Cases	**8 (3 Active)**

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

Table 8 – Investigations by Fraud Type

Fraud Type	No. of Cases	Value £	Recovered To Date £	Annual Savings £	No. of Staff Left due to Investigations
Direct Payment	7	99,952	2,800	96,429	
Misappropriation of Service Users monies	2	23,006			1
Procurement	3	79,576			4
Staff Conduct	2	502			1
Misappropriation of Public Funds (Incl. HBen)	4	20,790	13,218	825	
Theft	6	1,214			1
Misuse of Resources	2	Unknown			
Total	**26**	**225,040**	**16,018**	**97,254**	**7**

5.5   Fourteen of the above cases investigated involved frauds perpetrated against the Council by claimants or third parties. The figures shown in the Value and Potential Annual Savings column in Table 8, are estimated based on the information available to date. Several of the cases are still being investigated or prepared for prosecution and the value of the fraud could change as the case progresses. The Annual Savings represent the cashable savings to the Council in relation to Direct Payments that have been stopped and Council Tax Support being reduced as a direct result of Internal Audit's involvement in the case.

5.6   The assistance cases whereby Internal Audit help managers to progress investigations, referred to in Table 8 above, have identified potential savings in the region of £14,000. In one case, the Council is now paying £8,547 less in care payments per annum due to Internal Audit's involvement.

5.7   The processes in place within Internal Audit and across the Council to manage the risk of fraud and corruption are in accordance with the code of practice issued by the Chartered Institute of Public Finance and Accountancy in 2014 entitled "Managing the Risk of Fraud and Corruption".   Recently the Fraud Investigators/Counter Fraud Specialist and the Principal Auditor, responsible for managing this aspect of the service, have been on some fraud training and interviewing skills courses and the learning from these is being built into the processes and procedures used within the team.

National Fraud Initiative

5.8   The data sets for the National Fraud Initiative (NFI) 2018 Exercise were uploaded in October 2018 and the matches identified for Tameside were received in February 2019. Table 9 below provides a summary of the key matches identified and further updates will be provided to the Audit Panel as investigations are progressed.

5.9   The match reports this year have been rated, high, medium or low and the definitions are as follows:
- High – These reports contain individual matches where some significant fraud risks were identified.
- Medium – These reports contain individual matches where potential fraud risk factors were identified.

- Low – These reports contain individual matches where limited potential fraud risk factors were identified.

Table 9 – NFI Data Matches 2018

NFI Data Set	Total Number of Matches	Report Match Rating	Comments		
			Processed	In Progress	No. of Error/Frauds and Value
Pensions to DWP Deceased Persons	897	**High**		897	
Pensions to Payroll	1,885	**High**		1885	
Deferred Pensions to DWP Deceased	145	**High**		145	
Housing Benefits to Student Loans	31	**High**		31	
Housing Benefits Claimants to DWP Deceased	82	**High**		82	
Housing Benefit Claimants to Pensions	496	**High**		496	2 Errors £3,972
Council Tax Reduction Scheme to Pensions	783	**High**		783	
Council Tax Reduction Scheme to Payroll	81	**High**		81	
Personal Budgets to DWP Deceased	2	**High**		2	
Blue Badge to DWP Deceased	34	**High**	33	1	13 Errors £7,475
Private Residential Care Homes to DWP Deceased	50	**High**		50	
Totals	**4,486**		**33**	**4,453**	**15 Errors £11,447**

5.10 Work is still ongoing to review and investigate the matches identified and further update reports will be provided to the Audit Panel during 2019/20.

6 NATIONAL ANTI-FRAUD NETWORK (NAFN)

6.1 NAFN held its AGM and Summit at The Etihad Stadium in Manchester in October and the theme was 'Data, Disclosure and Threats'. The event attracted 191 attendees representing 96 member organisations and feedback was very positive.

6.2 NAFN has continued to engage with its key stakeholders and members to ensure that the services it offers meet with their requirements and expectations.

6.3 NAFN was subject to its annual inspection by the Investigatory Powers Commissioners Officer (IPCO) in November and received another positive and successful inspection. For the second year, no recommendations were received. Lord Justice Fulford, the Investigatory Powers Commissioner, added in his report, "This is most commendable and reflects well the knowledge, experience and professionalism of your staff, along with the robust procedures you have in place".

6.4 NAFN was also audited by the DVLA in October 2018, to ensure that data requests submitted were in line with the agreed protocol and that only legitimate requests were

processed by NAFN Officers. Overall, there were a minimal number of compliance issues raised and they have all been addressed.

6.5   The National Register of Taxi and Private Hire Drivers who have had their licences refused or revoked, improving the safety of the travelling public, became operational during Q3. NAFN is now working closely with the Local Government Association to ensure that the guidance issued to all Taxi Licencing Teams is adhered to, enabling them to maximise the benefits of the system.

6.6   NAFN's core purpose is 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 increase in Local Authority members is because of the roll out of the abovementioned National Taxi Licence Database. A breakdown is provided in Table 10 below:-

Table 10 – NAFN Membership

Member Type	March 2019	March 2018	March 2017
Local Authorities	359	350	359
Housing Associations	57	54	47
Other Public Bodies	15	14	12
Totals	**431**	**418**	**418**

6.7   In terms of marketing the following was achieved despite the loss of the Membership and Communications Manager early in the year:-
- 9 Monthly Newsletters were issued;
- 42 Webinar sessions were delivered; and
- Intelligence Alerts providing updates on new fraud activities, risks and best practice.

6.8   NAFN also sponsored the Fighting Fraud and Corruption Locally (FFCL) Conference and Awards Event held in London on 21 March. The event attracted Local Authorities, working in counter fraud, sharing their experience, good practice and success stories. As one of the main sponsors, NAFN presented the 'Pursue' award (which recognised the outstanding work that goes on detecting and investigating fraud on a day-to-day basis) to the South West London Fraud Partnership (SWLFP) for their scale of success and the intelligent use of surveillance.

6.9   The number of requests received during 2018/19 are detailed in Table 11 below and compared to 2017/18 increased by 19% overall.

Table 11 – NAFN Requests Received

Type of Request	2018/19	2017/18	2016/17
General Data Protection Requests	33,530	38,980	47,765
Social Security Fraud Act	-	-	-
Driver and Vehicle Licensing Agency	15,584	16,507	15,489
Regulation of Investigatory Powers Act	1,032	760	946
Prevention of Social Housing Fraud Act/Council Tax Reduction Scheme	12,108	12,425	8,449
Sub Total	**62,254**	**68,672**	**72,649**
Type B (Online)	152,762	112,341	99,227
Grand Total	**215,016**	**181,013**	**171,876**
% Increase/(Decrease)	**19%**	**5%**	**(3%)**

6.10   The number and type of requests received is reported quarterly to the Executive Board and progress is monitored closely to ensure that staffing levels are appropriate to ensure requests are processed in line with performance standards and that other key services linked to the marketing strategy are delivered.

7   RISK MANAGEMENT AND INSURANCE

7.1   The approved priorities for 2018/2019 were:-
- To review the risk management system to ensure that it complies with best practice including a review of service area risk registers;
- To ensure the Corporate Risk Register is updated on a quarterly basis and reported to the Single leadership Team and the Audit Panel;
- To facilitate the continued implementation of the Information Governance Framework, ensuring that the Council is compliant with the General Data Protection Regulations (GDPR) and the Data Protection Act 2018;
- To review the Business Continuity Management system in place to streamline the process to create a management tool that is workable, with the capability to provide knowledge and information should a major incident occur affecting service delivery;
- To review the insurance database used by the team to ensure it is fit for purpose and that the reporting function is efficient and effective;
- To continue to support managers to assess their risks as services are redesigned to ensure that changes to systems and procedures remain robust and resilient offering cost effective mitigation and that claims for compensation can be successfully repudiated and defended should litigation occur; and
- To attend management team meetings quarterly to provide updates on insurance, information governance, risk management and business continuity.

7.2   A review of the risk management process has commenced by comparing the Council's process to that of the Tameside and Glossop Clinical Commissioning Group and other authorities across Greater Manchester. Further work needs to be undertaken with the Single Leadership Team to ensure that the process adopted meets the needs of the Strategic Commission. A Corporate Risk Register Update is presented as a separate item on the agenda.

7.3   Work has continued throughout the year towards compliance with the General Data Protection Guidelines and the Data Protection Act 2018. It is accepted by the Information Commissioner that compliance is a journey and that we all need to work towards protecting the privacy and rights of the data subjects that we work with. During 2018/19, progress has been made in the following areas:-
- The public data protection webpage has been refreshed, to include privacy notices, advice on exercising individual rights and the Information Governance Policy;
- Information Asset Audits have been undertaken and the Register of Processing Activities is drafted;
- Policies, procedures and guidance are in place;
- Training has been delivered and further opportunities are being reviewed;
- Sharing and Processing Agreements are reviewed/updated on an ongoing basis;
- The team has supported the completion of Data Protection Impact Assessments (DPIA) and the process adopted has been reviewed and refreshed to take on board the advice provided by the AGMA Information Governance Group. The current process was approved by the Information Governance Group in April 2019 and consists of a screening document to determine if a full DPIA is needed. The purpose of a DPIA is to determine the risks to personal data through the life of a process to ensure adequate controls are in place to protect it; and
- Completion of the Data Security and Protection Toolkit (previously known as the IG Toolkit) which is an online self-assessment provided by NHS Digital to ensure that

organisations who need to access NHS data, have appropriate security standards in place.

7.4 Business Continuity Plans have been updated across the Council using a revised template. The Corporate Business Continuity Plan is now being prepared and over the summer, options for discussion and approval will be reviewed in terms of exercising individual services plans and the corporate plan should a major incident occur. As part of this work all services/functions will be listed and prioritised using a Red, Amber, Green (RAG) rating system based on the Maximum Time Period for Disruption to inform any corporate response required.

7.5 The insurance renewal due on 1 April 2019 was completed to ensure appropriate insurance covers are in place to protect the Council.

7.6 Support in relation to insurance claims has been provided to both service areas and schools throughout the year to ensure that claims against the Council are robustly defended.

8 PERFORMANCE INDICATORS

8.1 The performance of the section is monitored in a variety of ways and a number of indicators have been devised to enable comparisons between financial years and between similar organisations. Formal benchmarking using the Chartered Institute of Public Finance and Accountancy has not taken place for a number of years due to budget cuts and capacity; however, the North West Chief Audit Executive Group is aiming to reintroduce the comparison of a small number of key performance indicators during the coming year.

8.2 The Key Performance Indicators for Internal Audit for 2018/19 are detailed in Table 12 below and they are compared to the two previous years 2017/18 and 2016/17.

Table 12 - Key Performance Indicators 2018/19

	Indicator	Target	18/19	17/18	16/17	Comments
1	Compliance with Public Sector Internal Audit Standards	100%	100%	100%	100%	**Target Achieved**
2	% of Plan Completed	90%	92%	93%	93%	**Target Achieved**
3	Customer Satisfaction (per questionnaires)	90% of customers "satisfied ≥ 65%"	100%	100%	94%	**Target Achieved**
4	% Recommendations Implemented	90%	93%	90%	92%	**Target Achieved**
5	No. of Irregularities Reported/Investigated	Downward Trend	15	8	15	**Target Not Achieved**

8.3 Whilst only four of the five targets have been achieved, it must to be acknowledged that not all the measures used are fully within the control of the team as explained below.

8.4 With regards to the Percentage of Plan Complete this a volatile indicator and affected by the timing of audits, staff availability in both internal audit and service areas to support the audit, reactive work (irregularities) and the timing of in year priority requests.

8.5   The Percentage of Recommendations Implemented indicator whilst demonstrating that the standard and quality of recommendations made are acceptable, their implementation is the responsibility of management and delays can occur for example due to lack of capacity, new systems and service redesigns.

8.6   The number of Irregularities Reported/investigated has increased from eight to fifteen, however, this is a reactive indicator and not within the team's control.

8.7   The effectiveness of the team in terms of adding value to the Council is an important element of the role of internal audit (as per the definition outlined in section 1.1) and the service as a whole, however, it is extremely difficult to use quantitative indicators to measure this performance. Added value is demonstrated by the variety of work undertaken above, the responsive and flexible approach adopted, the positive comments and feedback received from auditees and the opinion of our External Auditors that they can place reliance on the work of Internal Audit.

9   **PUBLIC SECTOR INTERNAL AUDIT STANDARDS**

9.1   The Internal Audit function was judged to be compliant with the Public Sector Internal Audit Standards (PSIAS) following an External Peer Review in March 2018, and the recommendations from the review have been implemented enhancing the service further. Furthermore, the Self-Assessment completed for 2018/19 against the updated standard reaffirmed full compliance.

9.2   The Review of Internal Audit 2018/19 Report earlier on the agenda provided details of the progress in relation the recommendations made following the External Peer Review in March 2018 and the full assessment undertaken against the individual standards for 2018/19.

9.3   The Quality Assurance and Improvement Programme which is presented as part of the Risk Management and Audit Planned Work 2019/20 Report details the service developments for 2019/20, including any minor issues identified from the 2018/19 Self-Assessment.

10   **QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME (QAIP)**

10.1   The process and procedures in place within Internal Audit are continually reviewed and any issues/inefficiencies identified are addressed immediately to assist and improve productivity.

10.2   The service developments included in the Quality Assurance and Improvement Programme for 2018/19 are listed below in Table 13 together with a progress update.

Table 13 – Progress Update on Service Developments

Development	Progress to March 2019
A key development for 2018/19 is to review the usage of the audit management system 'Galileo' to further maximise efficiencies from the use of e-technology.	Some minor improvements have been implemented during the year but the key aim to review the Post Audit Review process has not been completed and has been included for 2019/20.
To deliver the recommendations from the PSIAS Peer Review conducted in March 2018 detailed at Appendix D.	4 out of the 5 recommendations made have been implemented. The outstanding one asked the Council to consider allocating the formal SIRO designation to a chief officer,

Development	Progress to March 2019
	even if the internal audit team continues to support the SIRO function. This has not been implemented and will be considered during 2019/20 as the roles relating to Information Governance are still being assessed as the Council and CCG continue to integrate.
To review all fraud, bribery and corruption policies, plans etc., including the whistleblowing and money laundering policies, to ensure they are fit for purpose and then consider how to effectively deliver training and awareness.	Updated policies, procedures and plans have been drafted and are currently being reviewed. Appropriate approval will then be sought and consideration given as to how to effectively disseminate the information to members and officers.
To provide an options paper for the provision of Internal Audit going forward across the Strategic Commission.	Not implemented, to be carried forward to 2019/20.

11 INDEPENDENCE OF INTERNAL AUDIT

11.1 In accordance with the Public Sector Internal Audit Standards, the Internal Audit Team/Function has continued to remain independent of any non-audit operational responsibilities during 2018/19.

11.2 As indicated above in Table 13 the independence of the Head of Risk Management and Audit Services has not been reviewed in line with the recommendation made as a result of the External Peer Review and will be addressed during 2019/20.

11.3 However, any audit work in areas directly managed by the Head of Risk Management and Audit Services would be managed by somebody independent to the process, for instance the Assistant Director of Finance or the audit would be undertaken by another AGMA Audit Team.

12 AUDIT OPINION BASED ON RESULTS OF 2018/19 ACTIVITY

12.1 The Audit Panel can take reasonable assurance that arrangements to secure governance, risk management and internal control, within those areas reviewed, are suitably designed and applied effectively.

12.2 It has to be accepted that the gross risk for the Council has increased in recent years (as we have reduced capacity whilst still having to deliver a significant change programme to meet our financial challenges). The finding of our work is that controls are in place to mitigate these risks and where improvements have been highlighted, managers have agreed to implement the suggested recommendations. This will aid the management of risks and support the overall control environment.

13 RECOMMENDATION

13.1 As set out at the front of the report..