

## **ASSURANCE PROVIDED BY THOSE CHARGED WITH GOVERNANCE GMFP 2018/19**

Ref	Question	Panel Response
1	<p>How do you exercise oversight of management's processes in relation to undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments)?</p>	<p>The Council and Fund have assessed the risk of material misstatement in the financial accounts and measures to mitigate the risks have been put in place:-</p> <p>Systems of internal control which are tested by Internal Audit on a cyclical basis. Acceptable controls were in place in the majority of the systems reviewed.</p> <p>The Pension Fund has an experienced team in place and the financial statements are prepared in accordance with an agreed action plan and checks and balances are incorporated into the process. On an ongoing basis regular monitoring is undertaken, and there are reconciliations between investment managers and custodian for investments and with the actuary for benefits and contributions through the Heat system</p> <p>A report was presented to the Audit Panel on 12 March 2019 setting out the accounting policies and estimates for 2018/19 accounts, covering; the proposed accounting policies, the critical judgements made in applying the accounting policies and assumptions made about the future and other major sources of estimated uncertainty within the accounts.</p>
2	<p>How do you exercise oversight of management's processes in relation to identifying and responding to risks of fraud in the Council, including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist.</p>	<p>Within Internal Audit a dedicated resource is available to respond to all fraud referrals.</p> <p>The Council also has a risk based audit plan which covers key systems and risks and gives assurance to members and officers that the controls in place are operating effectively.</p> <p>Attendance at seminars and fraud groups to ensure that learning is shared and participation in Webinars.</p> <p>The CIPFA Fraud and Corruption Tracker Report and other key fraud reports are reviewed. Fraud Alerts/Bulletins are received from NAFN Data and Intelligence Services and various online resources including CIPFA's TIS Online and the Better Governance Forum.</p> <p>All fraud cases are reported in summary to the Audit Panel and in detail to the Internal Standards Panel.</p> <p>Financial systems are reviewed on a regular basis and high risk areas highlighted from available fraud reports and other intelligence are built into the audit planning process.</p> <p>The learning from frauds is built into audit programmes to ensure that checks undertaken are responsive to issues identified.</p> <p>Where financial irregularities are identified and investigated a control report is produced for management highlighting recommendations for improving the control environment.</p>

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3	<p>How do you exercise oversight of management's processes in relation to communicating to employees its view on business practice and ethical behaviour (for example by updating, communicating and monitoring against the Council's code of conduct).</p>	<p>Contract Term and Conditions and Partnership agreements are in place.</p> <p>Articles published in the Wire, Chief Executive's Brief and on the staff portal. Manager Team briefings. Code of Conduct in place and on the staff portal. Employment contracts, job descriptions and person specifications and induction.</p> <p>Anti-Fraud, Bribery and Corruption Strategy: Statement of Intent on the staff portal and the public website.</p> <p>Whistleblowing policy in place.</p> <p>Professional staff (e.g. Investment Professionals, Accountants, Solicitors, and Auditors) are also bound by codes of ethics issued by their professional bodies.</p>
4	<p>How do you oversee management processes in relation to communicating to you the processes for identifying and responding to fraud or error?</p>	<p>Progress reports are presented to the Audit Panel and Pension Fund Working Groups by the Head of Risk Management and Audit and these details work undertaken in relation to Fraud.</p> <p>The results of the National Fraud Initiative NFI which cover both Fraud and error are also reported by the Head of Risk Management and Audit.</p>
5	<p>How do you oversee management processes for identifying and responding to the risk of fraud and possible breaches of internal control?</p> <p>Are you aware of any breaches of internal control during 2018/19? If so, please provide details?</p>	<p>The Head of Risk Management and Audit Services reports to every Audit Panel and Pension Fund Working Groups, and the reports contain an update on fraud cases. The Panel receives and approves the Fraud Response Plan, Internal Audit Strategy and Charter.</p> <p>All fraud investigations are regularly reported to the Standards Panel.</p> <p>The Annual Governance Statement is presented to the Audit Panel and the process involves that all Directors sign an Assurance Statement and complete a Self-Assessment Checklist to confirm that internal controls have been in place in their Directorate during the year.</p> <p>Where control weaknesses are identified as part of an Internal Audit or investigation recommendations to improve the control environment are included in an Action Plan included in the Final Report.</p>
6	<p>How do you gain assurance that all relevant laws and regulations have been complied with?</p> <p>Are you aware of any instances of non-</p>	<p>The Annual Governance Statement (AGS) and the associated assurance framework is presented to the Audit Panel, where Directors sign an Assurance Statement which covers that laws and regulations have been complied with.</p> <p>All reports are reviewed by Legal to ensure the legal implications have been fully considered.</p> <p>Significant issues identified by Internal Audit would be highlighted in the Annual Report and progress reports by the Head of Risk Management and Audit Services.</p> <p>No</p>

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	compliance during 2018/19? If so, please provide details.	
7	Are you aware of any actual or potential litigation or claims that would affect the financial statements?  If so, please provide details.	No
8	Have you carried out a preliminary assessment of the going concern assumption and if so have you identified any events which may cast significant doubt on the Council's ability to continue as a going concern?  If so, please provide details?	This is led by the Director of Pensions and documented through the Funding Strategy Statement.  We believe that the Fund's GMPF's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Fund's GMPF's needs. We believe that no further disclosures relating to the GMPF's ability to continue as a going concern need to be made in the financial statements.
9	Are you aware of any actual, suspected or alleged instances of fraud during the period 1 April 2018 – 31 March 2019 (if 'yes', please provide details)?	No
10	Do you suspect fraud may be occurring within the organisation?	All reported allegations are considered by Internal Audit and either investigated or assistance is provided to management.  All cases are reported to the Audit Panel and Pension Fund working groups, and the Standards Panel by the Head of Risk Management and Assurance.
11	Have you identified any specific fraud risks within the Council/Pension Fund?	Within Internal Audit a dedicated resource is available to respond to all fraud referrals.  The Council also has a risk based audit plan which covers key systems and risks and gives assurance to members and officers that the controls in place are operating effectively.  Attendance by officers at seminars, fraud groups and

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		<p>participation in Webinars ensures that learning is shared and intelligence is obtained.</p> <p>The CIPFA Fraud and Corruption Tracker Report and other key fraud reports are reviewed. Fraud Alerts/Bulletins are received from NAFN Data and Intelligence Services and various online resources including CIPFA's TIS Online and the Better Governance Forum.</p> <p>All fraud cases are reported to the Standards Panel.</p> <p>Financial systems are reviewed on a regular basis.</p> <p>The high risk areas highlighted from available fraud reports and other intelligence are built into the audit planning process.</p> <p>The learning from frauds is built into audit programmes to ensure that checks undertaken are responsive to issues identified.</p> <p>Where financial irregularities are identified and investigated a control report is produced for management highlighting recommendations for improving the control environment.</p>
12	<p>Are you satisfied that internal controls, including segregation of duties, exist and work effectively (if 'yes', please provide details)?</p> <p>If not where are the risk areas?</p>	<p>Managers are responsible for implementing systems of internal control and this is confirmed annually in the Assurance Statement and Self-Assessment completed by each Director as part of the Annual Governance Statement process.</p> <p>Internal controls are reviewed by Internal Audit using a risk based audit plan and a standardised system of internal audit. Each audit is concluded by the production of a Final Report which details the recommendations made in terms of any system weaknesses and includes the management response together with a named responsible officer and deadline date. A Post Audit Review is undertaken 6 months (3 months where a low level of assurance is given) after the final is issued to ensure that all recommendations have been implemented. Any significant issues would be reported to the Audit Panel.</p> <p>At the conclusion of a fraud/irregularity investigation a control report is produced making recommendations to systems and again the report includes management responses, a named officer and a deadline date. A Post Audit Review is also conducted to ensure the recommendations have been implemented.</p> <p>As the organisation moves to flatter structures and smaller teams; the audit team has to be responsive to the effects of these changes on the traditional controls like segregation of duties and look for compensating controls/automatic system controls to ensure that the control environment is not adversely affected and the Council put at risk.</p>
13	How do you encourage staff to report their concerns about fraud?	Fraud Response Plan and Whistleblowing Policy in place and available on the intranet/internet.

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14	What concerns about fraud are staff expected to report?	The Whistleblowing Blowing Policy encourages staff to report any concerns of wrongdoing.
15	Are you aware of any related party relationships or transactions that could give rise to instances of fraud?	No
16	How do you mitigate the risks associated with fraud related to related party relationships and transactions?	Members are required to make annual declarations of interests and to declare any interest in agenda items at the commencement of all meetings. An annual review of member and Senior Officer declarations of interest is undertaken by the Finance Team as part of the preparation of the annual financial statements.
17	Are you aware of any entries made in the accounting records that you believe or suspect are false or intentionally misleading?	No
18	Are there particular balances in the accounts where fraud is more likely to occur?	No
19	Are you aware of any assets, liabilities or transactions that you believe have been improperly included or omitted from the accounts of the organisation?	No
20	Could a false accounting entry escape detection? If so, how?	No  The potential for a false accounting entry to escape detection is considered to be very low due to the segregation of duties and compensating controls, reconciliations and review processes in place across all financial systems. A false accounting entry would require collusion between a number of officers across different teams and is therefore considered to be extremely unlikely.
21	Are there any external fraud risk factors, such as collection of revenues?	No

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22	Are you aware of any organisational or management pressure to meet financial or operating targets?	No
23	Are you aware of any inappropriate organisational or management pressure being applied, or incentives offered, to you or colleagues to meet financial or operating targets?	No pressure is being applied or incentives offered to meet financial or operating targets. All senior officers within the Finance Team are members of professional bodies and bound by a code of ethics.
24	What arrangements has the Council and Pension Fund put in place in response to the Bribery Act 2010?	The Council has put in place guidance for Managers and Employees which is available on the Staff Portal

Signed:

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Councillor Brenda Warrington

Chair Of Greater Manchester Pension Fund

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Councillor Vincent Ricci

Chair of Audit Panel Tameside Council

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Date: 5 Jun