

Report To:	AUDIT PANEL
Date:	15 March 2022
Reporting Officer:	Wendy Poole – Head of Risk Management and Audit Services
Subject:	PROGRESS REPORT ON RISK MANAGEMENT AND AUDIT ACTIVITIES APRIL 2021 TO JANUARY 2022
Report Summary:	To advise members of the work undertaken by the Risk Management and Audit Service from April 2021 to January 2022 and to comment on the results.
Recommendations:	That members note the report and the performance of the Service Unit from April 2021 to January 2022.
Links to Corporate Plan:	Internal Audit supports the individual operations, which deliver the objectives within the Corporate Plan.
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 Borough Treasurer)	Effective Risk Management and Internal Audit assists in safeguarding assets, ensuring the best use of resources and reducing losses due to poor risk management. It also helps to keep insurance premiums and compensation payments to a minimum and provides assurance that a sound control environment is in place.
Legal Implications: (Authorised by the Borough Solicitor)	<p>The purpose of this report is to provide Members with the assurance that the Council is operating in compliance with the Accounts and Audit Regulations 2015 (as amended) which regulate the proper administration of the Council's affairs.</p> <p>Internal Audit when engaging and supporting individual operations needs to be able to evidence prudent management of affairs to secure economic, efficient and effective use of Council resources.</p> <p>Such prudent management is all the more critical during periods when the council is operating in a challenging financial climate and to ensure that where necessary lessons are learned and management improved.</p>
Risk Management:	Assists in providing the necessary levels of assurance that the significant risks relating to the Council's operations are being effectively managed.
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 This is the third progress report for the current financial year and covers the period April 2021 to January 2022.
- 1.2 The main objective of this report is to summarise the work undertaken by the Risk Management and Audit Service during the ten-month period from April 2021 to January 2022 in respect of the approved Plan for 2021/22, which was presented to the Audit Panel on 16 March 2021.

2. RISK MANAGEMENT AND INSURANCE

- 2.1 The Risk, Insurance and Information Governance Team provide services to the whole Council. The key priorities for the team during 2021/22 are detailed in Table 1 below together with a progress update to January 2022.

Key Priorities 2021/22	Progress Report – January 2022
To continue to work with the Single Leadership Team to review the Corporate Risk Register ensuring that it is linked to the Corporate Plan Themes and Priorities, to review the process for recording and evaluating risks and develop operational risk registers. A key priority will be to develop the monitoring of risk registers to ensure they are reported appropriately to officers and members.	<p>The updated Risk Management Policy and Strategy is now on Staff Portal and disseminated to managers.</p> <p>The Corporate Risk Register is now updated and presented to the Single Leadership Team and the Audit Panel quarterly.</p> <p>Work with service areas to develop operational risk registers has been delayed to 2022/23 due to capacity issues.</p>
To deliver the Information Governance Work Plan which is being developed with the Information Governance Group to ensure that the Council is compliant with all Data Protection legislation.	<p>Delivery of the Work Plan is progressing well and a number of policies and procedures have been updated and approved.</p> <p>A revised Intranet page has been developed and launched.</p> <p>A Data Protection/Information Governance Report is now regularly presented to the Audit Panel.</p>
To work with senior managers to ensure that Service Area/Units Business Continuity Plans are robust and fit for purpose and regularly reviewed to support management in responding to a major incident.	This work is awaiting the outcome of the Work Smart Project, once disseminated plans can be updated and refreshed to reflect the new working model.
To review the insurance database used to ensure it is fit for purpose and that the reporting functionality is efficient and effective.	This review has commenced, however, the officer responsible for the research has now left the Council and other priorities have delayed completion until the recruitment process is concluded.
To review the information held and introduce regular reports for management in terms of	The format of the report is being reviewed by the Risk, Insurance and Information Governance Manager and the proposed

Key Priorities 2021/22	Progress Report – January 2022
claims received to inform and improve the risk management process.	format will be discussed with the Assistant Director of Finance prior to it being presented to officers and members.
To continue to support managers to assess their risks as services are redesigned to ensure that changes to systems and procedures remain robust and resilient offering cost effective mitigation and that claims for compensation can be successfully repudiated and defended should litigation occur.	<p>The Team continue to provide advice and support to services areas across all four disciplines as requested:-</p> <ul style="list-style-type: none"> • Risk Management • Insurance • Information Governance • Business Continuity Planning
To attend management team meetings quarterly to provide updates on insurance, information governance, risk management and business continuity.	Ongoing.

3. INTERNAL AUDIT OVERVIEW

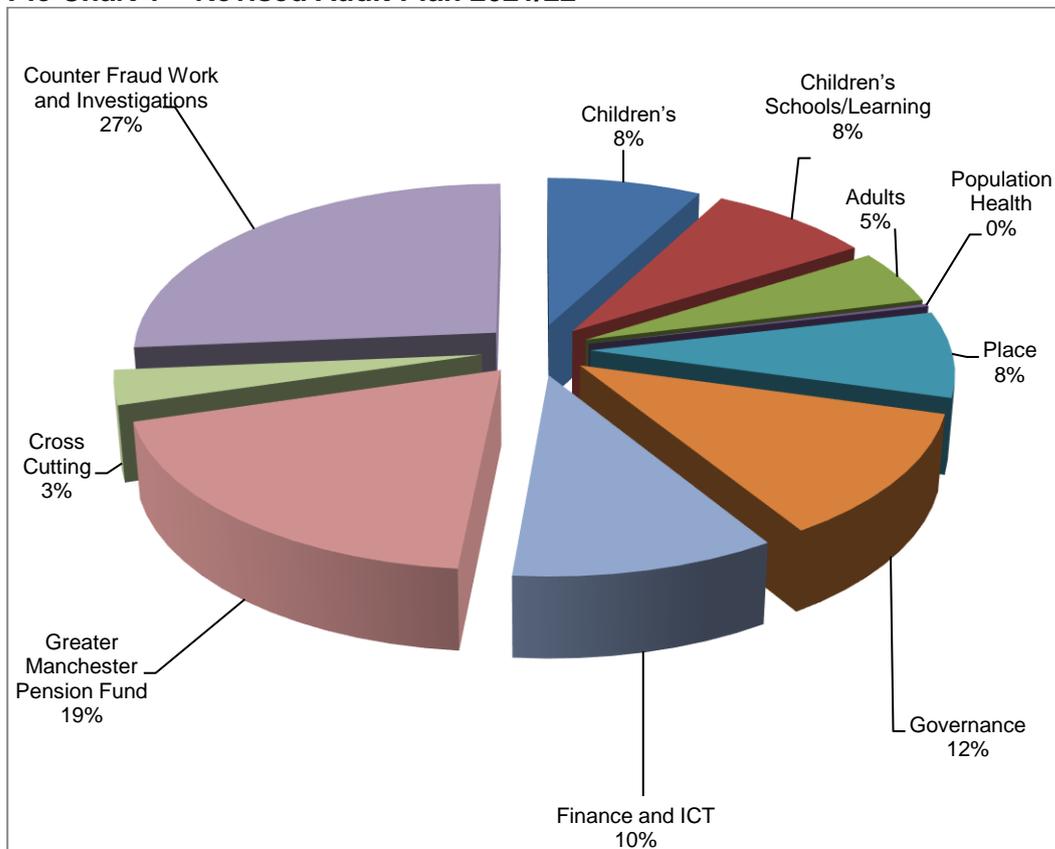
- 3.1 The Audit Plan approved on 16 March 2021 covered the period April 2021 to March 2022 and totalled 1,666 Days. This was made up of 1,272 days on planned audits and 393 days on reactive counter fraud work/investigations.
- 3.2 The Audit Plan was revised at the end of September and approved by the Audit Panel in November 2021. The Revised Plan totals 1,584 days, with 1,166 days on planned audits and 418 days on reactive counter fraud work/investigations
- 3.3 Table 1 below provides a summary of the Audit Plan 2021/22 and details the Approved Plan Days, Revised Plan Days, Actual Days delivered to January 2022 and the Days to be delivered in Quarters 4. The actual days are 1,231. **Appendix 1** provides a detailed breakdown of the 2021/22 Audit Plan and shows; the Audit Activity, Approved Audit Plan 2021/22, Revised Plan 2021/22, Actual Days, Days to be Delivered in Quarter 4, Status and Level of Assurance.
- 3.4 The status for all audit activities has been updated to reflect the current position, as we approach the end of the year, to take account of available resources for Quarter 4.
- 3.5 The non-delivery of some audit activities are as a result of the following:-
- Additional audits/activities added to the Revised Plan;
 - Advice in relation to the payment of the Household Support Fund;
 - Assurance Work – Term Time Only Calculations ;
 - Omicron Hospitality and Leisure Grant;
 - System Sign offs for Digital Tax and BACS systems
 - Delayed appointment of the Senior Auditor earlier in the year, which accounted for a shortfall of approximately 50 days and additional training days.
 - Training days for an Auditor, who is now studying for the Association of Accounting Technicians qualification via an apprenticeship, being higher than anticipated;
 - Actual days on audits exceeding those estimated due to issues identified, on the job training and problems encountered due to virtual working.
 - Resignation of an auditor in February 2022, resulting in the loss of a further 20 days.

3.6 **Table 1 – Annual Audit Plan Summary 2021/22**

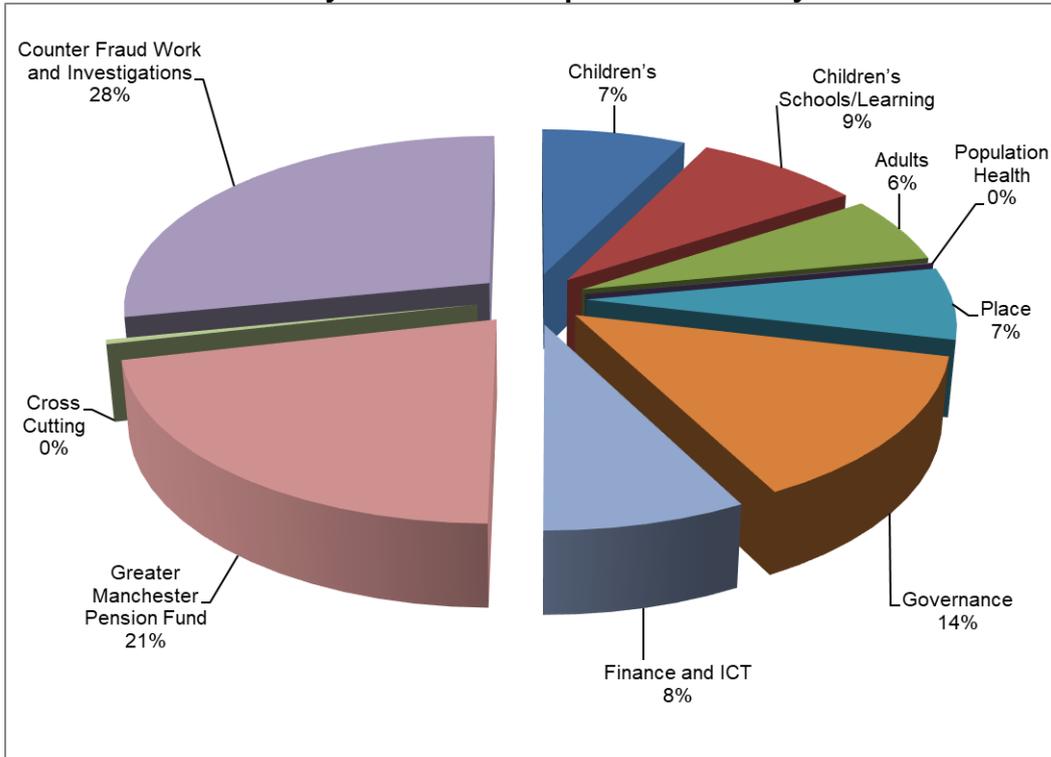
Service Area / Directorate	Approved Plan 2021/22	Revised Plan 2021/22	Actual Days Q2 (Jan 2022)	Days to be Delivered in Q4
Children's	90	123	90	33
Children's Schools/Learning	128	131	104	27
Adults	87	80	76	4
Population Health	21	4	1	3
Place	163	127	82	45
Governance	206	187	169	18
Finance	194	163	95	68
Greater Manchester Pension Fund	300	300	262	38
Crosscutting	84	51	5	46
Total Planned Days 2021/22	1,273	1,166	884	282
Counter Fraud Work/Investigations	393	418	347	71
Total Planned Days for 2021/22	1,666	1,584	1231	353

3.7 The Pie Charts below present the Revised Plan 2021/22 and the Actual Days delivered to January 2022.

Pie Chart 1 – Revised Audit Plan 2021/22



Pie Chart 2 – Actual Days Delivered to April 21 to January 2022



3.8 The Risk Management and Audit Team have continued to work from home during this period and continue to develop new ways of working to collect evidence and assurance in the virtual world.

4. AUDIT ACTIVITY FROM APRIL 2021 TO JANUARY 2022

4.1 In the ten-month period to January 2022, twelve Final Reports were issued in relation to systems and risk based audits, the results of which are summarised in Table 3 below.

Table 3 – Final Reports System/Risk Based Audits 2021/22

Reports Issued	April to September	Total for 2020/21
High	7 (6)	5 (3)
Medium	5 (2)	7 (4)
Low	-	4
Sub Total	12 (8)	16 (7)
Control Reports	4	3
Consultancy Reviews	2 (1)	-
Totals	18 (9)	19 (7)

Note: The figures in brackets relate to Final Reports issued for the Pension Fund.

4.2 In addition to the Final Reports issued above, six Draft Reports have been issued for management review and responses and these will be reported to the Panel in due course.

4.3 Not all work undertaken by the team generates an audit opinion and several pieces of work undertaken in the period fall into this category:-

- Investigation Control Reports and Follow Ups;
- GMPF Assurance Work (e.g. iConnect);
- Post Payment Assurance work in relation to COVID-19 Business Grants;

- System Upgrades/Sign Offs;
- Advice and Support in relation to the Payment of additional Covid Grants; and
- Grant Assurance Work.

4.4 Five Final Audit Reports in relation to Schools were issued during April 2021 to January 2022 and the results are summarised in Table 4 below.

Table 4 – Final Reports Schools

Reports Issued	April to September	Total for 2020/21
High	1	3
Medium	4	5
Low	0	2
Totals	5	10

4.5 In addition to the final reports issued above, two further audits have been completed and the Draft Reports have been issued to the Schools for management review and responses and they will be reported to the Panel in due course.

4.6 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. Nine Post Audit Reviews have been completed during October 2021 to January 2022 and a summary is presented in Table 5 below and details the number of recommendations implemented. In total twenty-two Post Audit Reviews have now been completed during 2021/22 and the percentage rate of recommendations implemented is currently 85%. 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. A further thirteen Post Audit Reviews are in progress which will be reported to the Panel at a future meeting.

4.7 **Table 5 – Post Audit Reviews – Recommendations Implemented**

Post Audit Reviews	Recommendations			Comments
	Made	Implemented		
	No.	No.	%	
Quarter 1 – Recommendation Summary	156	133	85	Eleven Post Audit Reviews
Quarter 2 Recommendation Summary	17	4	24	Two Post Audit Reviews
Broadbent Fold Primary School	16	16	100	
Control Report – Waste Collection	3	3	100	
Control Report – NNDR	8	8	100	
IT Third Party Supplier Management	4	4	100	
Transfer to Defined Contribution Schemes	3	3	100	
Softbox	10	9	90	One outstanding issue in relation to payment reports needs to be resolved by management.
General Ledger	30	28	93	Issues relating to journal approvals and evidence retention need to be addressed.

Post Audit Reviews	Recommendations			Comments
	Made	Implemented		
	No.	No.	%	
Pension Fund IG/GDPR	18	16	89	Data Management Strategy to be reviewed and Process Mapping completed by April 2022.
Jigsaw Homes	14	13	93	One recommendation relating to the communication with members needs to be addressed.
	279	237	85	

5. REVIEW OF INTERNAL AUDIT

- 5.1 The Service Development Plan 2021/22 is detailed in Table 6 below together with progress update to September 2021.

Table 6 – Service Developments 2021/22

Developments	Progress to Date – September 2021
PSIAS Standard 1130 Consider allocating the formal SIRO designation to a chief officer, even if the internal audit team continues to support the SIRO function.	Due to the impact of COVID-19 and capacity issues on the Risk, Insurance and Information Governance Team, the roles relating to Information Governance have not yet been assessed. A Work Plan is now in place and will be monitored by the Council's Information Governance Group.
To review the Post Audit Review process to ensure the process is effective, conducted in a timely manner and reported appropriately. The use of the Audit Management system 'Galileo' will be reviewed to ascertain whether it will realise any further efficiencies in the process.	Complete. The process has now been reviewed and a revised monitoring spreadsheet has been introduced.
To review the audit process and the Quality Control Checklist to ensure they work efficiently in the virtual world and audits are completed in a timely manner.	Work in Progress.
To review the Fraud Response Plan in light of virtual working and the Savings Recording Spreadsheet to ensure it is fit for purpose.	This review is ongoing and some progress has been made, however, priority is being given to the cases under investigation to ensure they are completed in a timely manner.
To continue to work with the Assistant Director of Finance and the Deputy Chief Finance Officer (CCG) to develop a greater understanding of the Clinical Commissioning Group's services to develop an integrated service offering.	Work has been deferred awaiting the outcome of the NHS reorganisation of CCG's.

Developments	Progress to Date – September 2021
<p>A formal assurance mapping exercise needs to be undertaken and documented.</p> <p>An Assurance Framework is being developed in conjunction with the North West Chief Audit Executive Group.</p>	<p>An Assurance Framework is being developed in conjunction with the North West Chief Audit Executive Group.</p> <p>Deadline March 2022.</p>
<p>An independent review needs to be undertaken to evaluate the effectiveness of the organisation's risk management processes.</p>	<p>A peer review system is under consideration by the North West Chief Audit Executive Group as the function is managed by a large number of Audit Managers, which causes conflict if the review is conducted internally.</p>

6. ANNUAL GOVERNANCE STATEMENT

- 6.1 The Annual Governance Statement Progress Report to January 2022 is a separate item on the agenda.

7 IRREGULARITIES/COUNTER FRAUD WORK

- 7.1 Fraud, irregularity and whistle-blowing 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.
- 7.2 All investigations and assistance cases are reported to the Standards Panel on a regular basis for challenge and comment and where appropriate further guidance and direction is provided. Liaison with Legal Services takes place on a case by case basis.
- 7.3 Ongoing assistance cases can range from obtaining information for an investigating officer to actually undertaking some analysis work and providing evidence for the investigatory process. This work can range from analysing expenditure records, internet usage, identification of undeclared assets and assisting other organisations to progress their investigations.
- 7.4 The number of cases investigated during the period April to January 2022 is summarised below in Table 7.

Table 7 – Investigations Undertaken from April to January 2022

Detail	No. of Cases
Cases B/Forward from 2020/21	36
Current Year Referrals	38
Total	74
Cases Closed	44
Cases Still under Investigation	30
Total	74
Assistance Cases	24

- 7.5 The above investigations can be categorised by fraud type and grant type as shown in Tables 8 and 9 below.

7.6 **Table 8 – Investigations by Fraud Type**

Fraud Type	No. of Cases	Estimated Value £
Adult Social Care	6	23,504
COVID-19 Business Support Grants	52	250,332
Children's Social Care	3	5,286
Council Tax	5	-
Blue Badge	3	-
Pensions	2	8,486
Procurement	1	-
Theft	0	-
Other	2	-
Total	74	287,607

7.7 **Table 9 – Investigation by Fraud Type – Grants to Businesses**

Fraud Type	No. of Cases	Estimated Value £	Cases Still under Investigation £	Payments Stopped To Date £	Grants being Recovered via Invoice £
Business Rate	35	178,910	48,240	14,000	116,670
Discretionary	17	71,422	6,550	64,872	0
Total	41	250,332	54,790	78,872	116,670

7.8 The fraudulent claims paid totalling £116,670 are being reviewed in conjunction with the Assistant Director of Exchequer and the Head of Legal to ensure a robust and cost effective recovery process is put in place. The challenge added by referring claims to the Fraud Investigators has prevented claims being paid totalling £78,872. As the grants have paid out over two financial years, a final summary will be provided in the Risk Management and Audit Annual Report, which will be presented to the Audit Panel in July 2022.

7.10 The data sets for the National Fraud Initiative (NFI) 2020 Exercise were received in February 2021 and are currently being reviewed and investigated. Table 10 below provides details of the findings to date. Updates will be provided to future Panel Meetings as further investigations are conducted and data sets released by the Cabinet Office.

7.11 Investigations to date have highlighted 32 frauds and 211 errors totalling £156,585 and where appropriate work is ongoing to recover these amounts.

7.12 **Table 10 – National Fraud Initiative (NFI) Findings to October 2021**

NFI Data Set	NFI Report Ref.	Number of Matches	Report Match Rating	Comments		
				Processed	In Progress	No. of Error/Fraud and Value
Pensions to DWP Deceased Persons	52	936	High	936		29 Frauds 7 Errors £35,947
Pensions to Payroll	54 and 55	1256	High	-	1256	-
Deferred Pensions to DWP Deceased	53	158	High	152	6	96 Errors
Housing Benefits to Student Loans	2	15	High	12	3	2 Errors £3,129

NFI Data Set	NFI Report Ref.	Number of Matches	Report Match Rating	Comments		
				Processed	In Progress	No. of Error/Fraud and Value
Housing Benefits Claimants to DWP Deceased	49.1	32	High	32	-	-
Council Tax Reduction Scheme to Pensions	435.1 436.1 439.1	844	High	360	484	84 Errors £60,170
Council Tax Reduction Scheme to Payroll	435 436	50	High	27	23	2 Errors £2,055
Council Tax Reduction Scheme to Council Tax Reduction Scheme	446	17	High	5	12	1 Error £2,338
Council Tax Reduction Scheme to Taxi Drivers	459.2	32	High	7	25	1 Error £1,069
Council Tax Reduction Scheme to DWP Deceased	482	77	High	77	-	-
Blue Badge to DWP Deceased	172.1	297	High	297		6 Errors
Payroll to Payroll	66	22	High	6	16	1 Fraud £20,113
Housing Benefit Claimants to Taxi Drivers	47.1 47.2	58	High	11	47	-
Within Council Tax Rising 18s	802	41	High	15	26	10 Errors £534
COVID-19 Grants	1700 - 1710	91	High	39	52	2 Frauds £11,230 2 Errors £20,000
Totals		3,780		619	3,161	32 Frauds 211 Errors £156,585

8 NATIONAL ANTI FRAUD NETWORK (NAFN) DATA AND INTELLIGENCE SERVICES

8.1 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 Table 10.

Table 10 – NAFN Membership

Member Type	June 2021	Sept 2021	Dec 2021	Diff
Local Authorities	364	362	367	+5
Housing Associations	68	67	68	+1
Other Public Bodies	29	32	33	+1
Totals	461	461	468	+7
Registered Users	14,089	14,064	14,763	+699

- 8.2 Membership has grown and NAFN has exceeded its overall target for the year – currently 93% of all local authorities in the UK are NAFN members, and the outlook for 2022/23 is positive. To date NAFN has recruited thirteen councils, three housing associations and six wider public authorities. The NR3 register continues to be a driver for councils with the IPA Service is attracting a number of wider public authorities. The introduction of the National Automatic Number Plate Recognition Service (NAS ANPR) shared service represents further opportunity in this sector. The continuous housekeeping practice of cleansing the database means that whilst user numbers decrease due to deactivation and deletion, active user numbers increase.
- 8.3 During 2020/21 intake was below that in previous years principally because of the COVID-19 national emergency, which impacted all NAFN members in terms of their priorities and overall resources. It is very encouraging that this period of low intake appears to be at an end, with NAFN members now pursuing fraud investigations with greater vigour, using NAFN as their key resource for data and intelligence. NAFN are working with the Driver and Vehicle Standards Agency (DVSA) to assess service value and their access under the current Investigatory Powers Act (IPA) powers, with a view to broadening the wider public authority recruitment pool.
- 8.4 2021/22 Q1-Q3 has seen a significant growth in intake across all request types for the NAFN Service Delivery Team. The most significant increases were for Investigatory Powers Act (up 157% on Q1 last year and well above the forecasted intake), DVLA requests (up 76%) and Type B online requests (up 42%), (See Table 11 below).

Table 11 – NAFN Requests Received

Type of Request	2021/22 Q1	2021/22 Q2	2021/22 Q3	Totals 2021/22 Q1 – Q3	Totals 2020/21	Totals 2019/20
General Data Protection	5,505	5,950	6,249	17,704	23,648	31,294
Driver and Vehicle Licensing Agency	2,993	3,100	2,854	8,947	10,082	14,044
Investigatory Powers Act – Communications Data	889	1,072	695	2,656	2,312	1,725
Prevention of Social Housing Fraud Act/Council Tax Reduction Scheme	2,539	2,608	2,773	7,920	10,001	11,638
Type B (Online)	43,038	43,688	42,141	128,867	150,858	174,474
Grand Total	54,964	56,418	54,712	166,094	196,901	233,175

- 8.5 New working relationships created during the Covid-19 emergency have been maintained and new opportunities for collaboration and joint working continue to arise. For example, following the success of the Covid Grant Fraud Intel Alert programme, NAFN has been approached by the Department of Business, Energy and Industrial Strategy (BEIS) with a request to set-up a ‘secure wiki space’ providing a searchable contact list for all local and national regulators, HMRC and the Police. Bank account validation work with NHS Test and Trace continues and conversations with NHS Counter Fraud Authority about corporate membership have been re-established, whilst discussions are underway with HMRC to explore data sharing opportunities.

The success of the Covid Grant Fraud Alert programme has been widely recognised nationally, illustrated by this statement from BEIS Counter Fraud Lead, Chris Gipson:

“The work with NAFN since the pandemic hit last March has been invaluable, its highlights the good work being undertaken by Local Authorities and how working together can make

such a difference. The flow of information between Local Authorities and NAFN has been a key part of the prevent strategy, the rapid intel alerts have been quickest way of getting information out to all LA's and that wouldn't happen without LA's sharing that information in to NAFN which benefits all members."

- 8.6 NAFN have updated their suite of communications assets to reflect one clear brand identity, cohesive across all current communication channels. Regular communication with members via monthly newsletters, service updates and intelligence alerts is well received. The service has rationalised its communications practices to automate where possible, resulting in a significant reduction in administration time, particularly where the Webinar programme is concerned. The streamlined live Webinar programme will continue to run into Q2 of 2022/23 alongside the digitisation of these sessions. Once all Webinar modules have been digitised, the content will be hosted on NAFN's E-Learning and CPD platform.
- 8.7 NAFN have pre-registered 5,730 members who have access to IPA data onto the Me Learning platform. Currently less than 10% have completed the five IPA CPD accredited modules, and a campaign to increase uptake is planned for Q1 of 2022/23. A sandbox for the new FORM Learning Management System (LMS) platform, Me Learning's second iteration of the current BLUE LMS, has been created, with additional functionality that will simplify and streamline the training, event and meeting process. It is anticipated that the migration of data will take place once all testing has been completed.
- 8.8 Extensive consultation with members in Q1-Q2 of 2021/22 ascertained the appetite for ICT transformation and business improvement. The first part of the mapping process – "As Is" – has been completed, with part two - "Will be" – to commence in Q4 of 2021/22, once a new Business Analyst is in place. During 2022/23, the intention is to complete the documentation of existing systems, finalise a requirement specification and complete option appraisal to identify a preferred business solution. The on boarding of the new Project Manager will begin in May. NAFN continues to seek the insights and viewpoints of its members through regular updates, short polls and questionnaires.
- 8.9 The annual inspection of NAFN by the Investigatory Powers Commissioner's Office in relation to the acquisition of Communications Data conducted in November 2021 highlighted no areas of non-compliance. It detailed three observations for action and three observations of good practice.
- 8.10 The Enhanced Intelligence Service trial yielded positive and compelling outcomes for members. It clarified the potential of establishing this service as a new offer to members to be trialled for two years. Cost recovery would be through an hourly recharge. The NAFN Leadership Team is currently working on a detailed business case for presentation to the NAFN Executive Board.

9 RECOMMENDATION

- 9.1 As set out on the front of the report.