



STOCKPORT
METROPOLITAN BOROUGH COUNCIL

Progress Report 1 – 2017/18

Prepared by: Wendy Christie (CSS Manager, Internal Audit)
Issued by: John Pearsall (Internal Audit and Risk Manager)
Distribution: Corporate Leadership Team
Corporate Governance Group
Audit Committee
Date: July 2017

1. Introduction and Background

- 1.1 The report sets out the progress made in the period 1st March 2017 to 23rd June 2017 against the approved audit plan for the year.

2. Internal Audit Performance

- 2.1 The table below sets out the performance of the Internal Audit team from 1st March 2017 to 23rd June 2017.

Performance Indicator	2017/18 Target	Forecast to 23/06/17	Actual to 23/06/17
Final reports completed within budgeted number of days	85%	85%	75%
Draft reports issued within 15 working days of completion of fieldwork	85%	85%	95%
Audit plan completed	90%	22.5%	21%
Chargeable time	80%	80%	85%
A proportion of agreed audit recommendations reported to Management are high level, strategic and prioritised as high risk which provides added value to Management and the Service	15 – 30 %	15 – 30 %	12%
A proportion of agreed recommendations have been implemented by the target date	70 – 90 %	70 – 90 %	80%

3. Status of Internal Audit Work

- 3.1 The table below shows the cumulative number of internal audit reviews completed, in progress with respect to risk based audit work during the period.

Audit Plan Year	Audit Status	No. of Reviews
2016/17	Audits completed	8
	Audits in progress	2
2017/18	Audits completed	0
	Audits in progress	12
	Audits not yet started	31

4. Outcomes from Final Reports

- 4.1 The table below shows the cumulative summary of final reports by audit opinion.

Audit Opinion	No.	%
No assurance	0	0
Limited assurance	1	12.5
Moderate assurance	4	50
Substantial assurance	3	37.5

- 4.2 The detailed outcomes from each finalised audit since April 2017 are shown in Appendix B. The detailed outcomes from finalised audits to 31st March 2017 are shown in the 2016-17 Annual Audit Report.

5. Significant Consultancy and Advisory Assurance work

Stockport Together

- 5.1 It is intended to set up a formal entity, Stockport Neighbourhood Care as the Multi-Speciality Community Provider (MCP) with the aim to be operational as a formal entity by April 2018. Although the actual final legal form of the MCP is to be finalised, and there have been delays in transition through the NHS England gateways for its formation, the transition arrangements to the provision of services is continuing at a pace. This is necessary in order to achieve the savings planned. The outline business cases for the various elements have been produced and internal audit are currently reviewing these.
- 5.2 We have continued to attend the Shadow provider Board meetings. We are presently reviewing the planned transformation of this Board into the Alliance Provider Board with powers to spend the transitional funding without the need refer to the individual partners for approval with the resulting delays this would involve. We have fed back to the Adult Social Care Corporate Director on issues to be considered.
- 5.3 We are particularly covering the governance and risk aspects of the project as the new structures are formed both at the high level and the more detailed requirements needed for the operation of the neighbourhood teams.
- 5.4 We met MIAA on 31 May 2017 to liaise on our continued rolling audit cover of Stockport Together as they were planning their Stockport CCG work for 2017/18 and we agreed that they should cover CCG commissioning aspects of the programme.

Digital by Design (DbD)

- 5.5 Phase 1 of the DbD programme is continuing until September, with further features being added to the Council website. We have brought a position statement to this Committee summarising our findings on Phase 1 of the programme with recommendations for consideration in the planning and delivery of Phase 2.
- 5.6 In the coming months we will be working with the Programme Management Office to ensure key project and risk management processes are operating effectively leading into Phase 2 and continue oversight throughout the life of the programme.

- 5.7 Later in the year we will be jointly facilitating a risk workshop on this area for Audit Committee members alongside DbD management.

Growth Projects

- 5.8 Based on a risk assessment, we have focused our efforts on the Red Rock, Stockport Exchange, Merseyway, Aurora and Markets & Underbanks schemes.
- 5.9 With regards to Redrock, Stockport Exchange, and Merseyway schemes, the Risk Manager continues to attend established Project Board meetings to ensure key risks are discussed and managed. The Risk Manager is scheduled to now attend similar meetings for the Aurora and Markets projects.
- 5.10 Going forwards it is essential that all of the Council's town centre holdings and developments are managed cohesively to further its Growth objectives and we will continue to review and advise on arrangements for this. Having the Risk Manager oversee all of the above schemes will facilitate this
- 5.11 The ongoing and proactive consultancy work undertaken in all key projects outlined in section 5 above are allowing internal audit to continually challenge the management of risk and control as and when these are identified. This is aiding an ongoing assurance mechanism to stakeholders of all key projects currently being undertaken by Stockport Council.

6. Counter Fraud work and Investigations

Proactive counter fraud work

- 6.1 The Audit Plan includes 145 days counter fraud work, which includes nine proactive anti-fraud reviews, fraud awareness workshops and participation in the National Fraud Initiative.
- 6.2 In Quarter 1 the Corporate Fraud Officer has provided advice to Adult Social Care staff in relation to the controls for the managing client finance within a Sheltered Housing Schemes during transition to external providers. A review of small business rate relief has also been planned.
- 6.3 Internal Audit has co-ordinated action on the National Fraud Initiative data matching exercise designed to help identify fraudulent single persons discount (SPD) claims. The current data matches are being reviewed by the Revenue and Benefits team. A review of results to date for 2017/18 will be held at the end of Quarter 2.
- 6.4 A series of fraud awareness workshops with Stockport Schools has been planned for Quarter 2. This follows concerns raised during internal audit reviews in 16/17. The Corporate Fraud Officer continues to support the Parking Enforcement Officers where further investigation regarding Blue Badge misuse has occurred.

Reactive fraud investigations

- 6.5 We have undertaken two referrals of potential fraud, theft or other irregularity from 2016-17 and one new referral in 2017-18 of which all were whistleblowing allegations made either anonymously or from a named source and were handled under the Council's whistleblowing policy and procedure.

- 6.6 Two investigations are near completion and are being reported via the Fraud Panel who will determine the final approach to be taken. One investigation has been closed due to small value of financial discrepancies with advice provided on appropriate management controls.

7. Schools and Other Work

- 7.1 Appendix C summarises the work done in this period to complete the 2016-17 school reviews.
- 7.2 Appendix D summarises the requests for other work advice or ad-hoc audit work that have been dealt with by the team in the four months to the 30th June 2017. These include advice and ad-hoc audit work, risk management consultancy work, compliance work / grant claims and continuous auditing exercises.

8. Implementation of Recommendations

- 8.1 Final Internal Audit reports issued include management action plans to address agreed recommendations to address exposure to risk. The effective implementation of these action plans within timescales determined by management is therefore essential.
- 8.2 As part of the agreed approach, Internal Audit conducts follow-ups which are focused on high and medium risks as these represent a greater overall risk. The position on implementation in respect of these categories of recommendation is shown below and details are provided in the separate recommendation dashboard. Please note that all recommendations carried forward are progressing within the agreed timescales. We regularly discuss progress on implementation with managers to reduce the risk of any slippage and to avoid any recommendations becoming Past Due.

By Recommendation Grade	B/Fwd	New	Closed	C/Fwd
High	22	1	8	15
Medium	57	14	21	50
Low	0	5	5	0
Total	79	20	34	65

- 8.3 It is also part of the agreed approach that an update on those audits where a limited or no assurance opinion are provided to the Audit Committee.

Review	Date of Update	Original Opinion	Revised Opinion	Update
Community safety (Information Governance)	June 2017	Limited	Limited	Following the restructure of the previous Community Safety Unit (CSU) in 2016 a review took place of the information governance processes that existed. At that time it was envisaged that a review and redraft of the existing information sharing agreement for all partners within the Safer Stockport Partnership (SSP), including the Community Safety Unit, would take place. However, this became difficult to achieve and get agreement on in the way it was originally intended. The Council's Information Governance Service have since been engaged in revisiting the approach to

Review	Date of Update	Original Opinion	Revised Opinion	Update
				<p>developing, reviewing and signing off the SSP Information Sharing Agreement.</p> <p>The Policy Performance and Reform Service alongside the Information Governance Service are now progressing the development of a new Information Sharing Protocol (ISP) which all partners can sign up to. The overarching information sharing agreement will be a much shorter and less complex document that sets out the principles of data sharing and information governance. This will be underpinned by specific information about data flows which will be risk assessed and captured in the Information Sharing Gateway tool. A Safer Stockport Partnership partners' information sharing workshop will be held in July which is aimed at giving partners the assurance that they need to sign a new draft Information Sharing Protocol by the Autumn.</p> <p>The Public Safety and Protection Service including some functions of the previous Community Safety Unit, will be supported to map relevant data flows, identify and mitigate information sharing risks, provide assurance of their sharing processes and record their sharing activities appropriately through the SSP ISP development process.</p> <p>Verification of progress taken against these developments will be undertaken during July and August 2017</p>
SEN Placement	June 2017	Limited	Limited	<p>Our discussions with the Strategic Lead for SEN & Inclusion have confirmed that steps have been taken to address the recommendations in the agreed Action Plan. A SEN strategy is now in place with clear outcomes to be delivered and a quality assurance framework has been developed so that the LA can assure provision where SEND pupils are placed. The SEN service have contributed towards the process for procuring the new social care system by setting out their requirements with respect to SEN information.</p> <p>However there remains further work to establish an effective long term plan and solution to control spending on NMIS placements and to tackle the issues of rising numbers and costs of placements.</p>

APPENDIX A

STATUS OF INTERNAL AUDIT'S WORK

Audit Plan	Review	Status
2016-17	Data quality of the CONFIRM system	Fieldwork
2016-17	Property acquisitions and disposals	Fieldwork
2016-17	Counter fraud work: ICT fraud / abuse	Fieldwork
2017-18	Local Development Plan	Fieldwork
2017-18	Investment Property Portfolio	Fieldwork
2017-18	Disabled children – short breaks & respite care	Fieldwork
2017-18	Use of consultants – People	Fieldwork
2017-18	Use of consultants – Place	Fieldwork
2017-18	Building control	Fieldwork
2017-18	Compliance with Contract Procedure Rules including procurement exemptions	Planning
2017-18	Apprentice levy	Planning
2017-18	Area committees	Planning
2017-18	Joint children and adults safeguarding	Planning

APPENDIX B

OUTCOMES FROM FINAL AUDIT REPORTS

Review	Overall Opinion	Analysis of Recommendations		Summary of Findings
SEN transport	Moderate	High	1	<p>The SEN Transport service was allocated a savings target of £0.160m, and managed to achieve £0.050m. Consequently, the service is facing increased budgetary pressures and risks of overspends whilst demand for services is increasing.</p> <p>Our review of a number of service initiatives identified good progress being made in some areas, however there remain some improvement to be made, in particular:-</p> <ul style="list-style-type: none">• Personal Budgets was introduced for solo travellers as it was considered more cost effective than providing transport. Our review of payments found these to be correct and appropriately authorised.• Post 19 transport service. However we found the service was transferred to the SEN transport service without any budgetary resource and the costs were funded from reserves. We have advised that a review of this service is necessary to ensure suitability of support and value for money in line with that promised from the SEN reform business case.• Improving records of taxi drivers used for specific SEN routes to ensure effective liaison with the taxi licensing service, as well as improving disclosure and barring records for personal assistants and public service vehicle drivers.• Ensuring quality records of contractors are updated to reflect any performance improvement or issues identified through contract monitoring or complaints received• Rates being paid to contractors were found to be correct in the main however there were a number of instances where these rates were different due to re-negotiation in order to source a suitable transport provider. We have recommended an agreed protocol is documented and put in place which clarifies the respective responsibilities and approval of all parties involved.• Delays to raising invoices for home to school transport increasing the risk of unpaid invoices and loss of income.
		Medium	10	
		Low	3	

APPENDIX B

Review	Overall Opinion	Analysis of Recommendations		Summary of Findings
				We have made a number of recommendations to address the above issues and these have been accepted by management.
Multi-disciplinary design contract	Substantial	High	0	<p>Overall, we are satisfied that that there were robust arrangements in place for the review and selection of the contractors to be appointed on the framework for the supply and installation of Prefabricated buildings.</p> <p>The STAR Shared Procurement Service provided the necessary professional support for the procurement process and a review of the Chest system confirmed that there was a full audit trail of the contactors who had expressed an interest and submitted documentation or opted out of the framework.</p> <p>Our review confirmed the moderated scoring approach undertaken of the bids was completed satisfactorily. However we have made a minor recommendation regarding the spreadsheet used to record the scores in that the spreadsheet should be protected or locked to prevent amendment or deletion.</p>
		Medium	0	
		Low	1	
Facilities management contract	Substantial	High	0	<p>Our review confirmed that Carillion has satisfactory processes over performance monitoring of works and associated invoice authorisation and payments checks. We have made a minor recommendation regarding spot checks on lower cost repairs.</p>
		Medium	0	
		Low	1	

APPENDIX C

SCHOOLS

The table below shows the completion of the 2016-17 school audit reviews in this quarter.

School	Status
Great Moor Infant School	Completed, final report issued
Thematic review of information governance at schools	Completed, checklist issued to schools via office online

We have undertaken a risk based assessment and have selected six schools to be visited during 2017-18 and two thematic reviews. We will report on progress on these in our next progress report.

APPENDIX D

OTHER WORK

Type of Other Work	Status / Outcome
Risk consultancy	The Risk Manager has also provided risk management support to the Public Protection service and facilitated risk workshops around identifying Portfolio level risks and will continue to better embed risk management within the organisation.
Ad-hoc advice	Ongoing support for Mayoral and General Elections.
Ad-hoc advice	Advice provided to Stockport Family regarding whether local charities are permitted to fund raise to support the Council.
Ad-hoc advice	Advice provided on the evidence requirements to support the decision making process regarding disposal of an asset.
Ad-hoc advice	Advice provided to staff regarding evidence requirements for the Elders grant.
Ad-hoc advice	Review of overtime payments within the Registers service.
Certification work	Certified the statement of accounts of the charity Brookfield Park Shiers.