



**STOCKPORT**  
METROPOLITAN BOROUGH COUNCIL

# **Internal Audit Service**

## **Internal Audit Plan 2020-22**

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**Distribution:** Audit Committee  
Corporate Leadership Team (CLT)  
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## Executive Summary

1. In March 2020, the coronavirus outbreak was declared a pandemic. Since then, the country has experienced three national lockdowns with the borough of Stockport experiencing further regional lockdowns in between. This has had a major impact on the way that the Council has operated as well as having to rise to the challenges of providing services to those vulnerable members of the public. Key Council services including schools have closed and re-opened several times whilst other services continue to operate under increasing demand and pressure particularly Adult and Children Social Care and Revenues and Benefits. The result is that the control and risk environment has significantly changed with many new and emerging risks which are still developing. This is forecast to continue well into the 2021/22 financial year.
2. The approved 2020/21 Internal Audit Plan was revised in August 2020 to take account of the Council's overall changing business priorities and emerging risks posed by the Coronavirus pandemic and the impact of reduced resources on the overall control environment. As the Council adapts to the changing risk environment and new ways of working under the country's lockdown and tier rules, it is anticipated that further risk assessments and revisions to the existing Internal Audit Plan will continue to be made throughout 2021/22. Flexibility will be key. Both last year's and this year's plan have, and will be, complemented by a Covid Assurance Plan which aims to target IA resources quickly and efficiently to emerging risk areas. These reviews have been reported to the Audit Committee thorough the 2021/22 financial year.
3. Therefore this year we have extended the Internal Audit Plan to a two year plan which includes existing approved 2020/21 audit reviews that have been risk assessed with management in January 2021, in addition to ongoing covid assurance work.
4. In addition, new areas have been considered where the scope of work is not fully defined with an additional allocation of flexible resource available for each directorate to address this. This time will be assigned when the work is more apparent and can be scoped effectively and agreed with management in year. The revised plans along with suggested changes will be shared with Audit Committee members for approval.
5. Finally it is important to note that the nature of covid assurance reviews differ slightly to traditional audit reviews in that audit support is generally considered more consultancy in type and ongoing, responding swiftly to changes in the risk and control environment. Consequently some reviews will result in verbal update reports and presentations rather than the traditional audit report as the output.

# 1. Introduction

1.1 This document summarises the results of Internal Audit's planning work. It sets out the details of the:

- Responsibilities and scope of Internal Audit;
- Internal Audit Planning Methodology;
- Characteristics of the 2020-22 Internal Audit Plan;
- Resourcing and delivery of the Council's Internal Audit service;
- Proposed programme of work for 2020-22 (the Audit Plan).

1.2 The Audit Plan for 2020-22 has been prepared in accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS). The PSIAS represent mandatory best practice for all internal audit service providers in the public sector.

1.3 The Council has adopted the PSIAS definition of internal auditing:

*'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'.*

1.4 In accordance with PSIAS, the mission of internal audit is to 'enhance and protect organisational value by providing risk-based and objective assurance, advice and insight'. The work of internal audit is a key element in delivering the Council's strategic priority of reform and governance, but also supports the Council in achieving all the aims and objectives set out in the One Stockport Plan and the Stockport Council Plan 2021-22.

1.5 The PSIAS require that the Internal Audit Service is delivered and developed in accordance with the Internal Audit Charter. The Internal Audit Charter provides the functional and organisational framework in which Internal Audit operates to best serve Stockport Council and to meet its professional obligations under the PSIAS. In addition, the PSIAS require the Head of Internal Audit, Risk and Insurance to prepare an annual risk-based internal audit plan, which takes into account the requirement to produce an annual internal audit opinion. This opinion statement is a key contributor to the Annual Governance Statement, which the Chief Executive and the Leader of The Council are required to sign off alongside the final accounts each year

- 1.6 The work of internal audit is a key element in delivering the Council's strategic priority of reform and governance, but also supports the Council in achieving all the aims and objectives set out in the One Stockport Plan and the Stockport Council Plan 2021-22. The PSIAS require that the Head of Internal Audit, Risk and Insurance must "establish risk based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals". They refer to the need for the plan to reflect the assurance framework, risk management arrangements and input from management and "the Board".

## 2. Responsibilities and Scope

### **Responsibilities of internal audit**

- 2.1 The internal audit function is responsible for:

- Reviewing and developing the Council's governance processes. Specifically, this includes:
  - Promoting appropriate ethics and values within the Council;
  - Supporting effective organisational performance management and accountability;
  - Communicating risk and control information to appropriate areas of the organisation;
  - Coordinating the activities of, and communicating information among, the Audit Committee, external audit, internal audit and management.
- Evaluating the effectiveness of the Council's risk management processes and contributing to their improvement;
- Assisting in the maintenance and development of an effective control environment by providing robust independent assurance over its operation.

- 2.2 In order to fulfil this requirement, Internal Audit is independent of all the activities of the Council. Internal Audit has the right of access to all information and records held by the Council and may seek explanations on any matters from any officer or Member of the Authority.

### **Responsibilities of management**

- 2.3 The establishment and maintenance of adequate control systems is the responsibility of management. Recommendations made by internal audit can reduce risk and improve systems of control. However, the implementation of audit recommendations cannot eliminate risk entirely.

## **Responsibilities of the Audit Committee**

2.4 In regard to internal audit, the Audit Committee is responsible for:

- Approving, but not directing, internal audit's strategy, plan and monitoring performance;
- Reviewing summary internal audit reports and the main issues arising, and seeking assurance that action has been taken where necessary;
- Receiving and considering the Head of Internal Audit's annual report.

## **Responsibilities for fraud prevention and detection**

2.5 The primary responsibility for the prevention and detection of fraud rests with management. Management's responsibilities include creating an environment where fraud is not tolerated, identifying fraud risks, and taking appropriate actions to ensure that controls are in place to prevent and detect fraud.

2.6 It is not the role or responsibility of internal audit to detect fraud. However, internal audit will evaluate the potential for the occurrence of fraud in each assignment and how the Council manages the risk of fraud.

## **Scope of internal audit activities**

2.7 The scope of internal audit work includes:

- The entire control environment of the Council, comprising financial and non-financial systems;
- Reviewing controls that protect the interests of the Council in its dealings with partnerships in which the Council has an involvement.

2.8 Internal audit may also provide assurance services to parties outside the Council with the prior agreement of Audit Committee.

### 3. Internal Audit Planning Methodology

3.1 The approach to audit planning for 2021/22 has been a light touch risk based approach in line with the requirements of the PSIAS and has been prepared following consultation with key stakeholders including senior management and Heads of Service to establish the key current and emerging risk areas faced across the Council. Further consideration has been given to:

- priority areas suggested by Senior and Middle Management;
- a review of the 2021/22 Council Plan and the One Stockport Plan;
- a review of current strategic, portfolio, project and operational risks, in particular the areas identified within the Corporate Risk Register;
- other existing sources of assurance (for example, external audit, external regulators like Ofsted and the Care Quality Commission and other “second line of defence” assurance like risk management and compliance functions);
- results of previous internal audit work and cumulative audit knowledge and experience;
- known changes to the Council’s business, operations, programs, systems and controls;
- the requirement to ensure sufficient and wide ranging coverage in order to provide a robust annual audit opinion;
- planned work from the 2020-21 Audit Plan that is still considered a priority.

## 4. Characteristics of the 2020-22 Internal Audit Plan

### **Alignment of the Audit Plan to the Council's Corporate Priorities**

- 4.1 The Audit Plan is presented in a way that shows how each planned review aligns with the current Council's Corporate Priorities. Clearly a number of reviews will contribute to more than one priority. For presentational purposes the reviews have been listed under the priority that is considered most clearly linked to that review area.
- 4.2 The Audit Plan now includes a new objective, namely the coronavirus response programme. We have included new audit reviews where Internal Audit have provided support to the Council's coronavirus response programme.

### **Budgeted time allocations**

- 4.3 A budgeted time allocation has been set for each assignment included in the Audit Plan. It is accepted that the exact resource requirement for each assignment cannot be forecast with certainty, particularly those reviews looking at covid 19 related risks. The plan therefore represents the best estimate of the way in which the Council's internal audit resources will be deployed. The overall objective is to deliver the plan in line with approved Key Performance Indicators and to provide sufficient overall assurance to support the Annual Head of Internal Audit Opinion Report. Cipfa have provided recent guidance on this aspect and will be considered as part of this Annual Report

### **Flexibility to incorporate emerging risks around coronavirus response work**

- 4.4 The Audit Plan will be reviewed on a regular basis taking into account the current and expected future changes to the overall risk appetite of the Council and this will help to support the future direction of the Audit Plan by identifying high risk areas that require more immediate independent assurance. All changes and updates will be reported to the Corporate Leadership Team and the Audit Committee on a regular basis to allow for discussion and challenge on any proposed changes to the plan.



## 5 Resourcing and Delivery of Internal Audit Plan

### Resource requirements

- 5.1 The level of resource required to deliver an effective internal audit service to the Council has been assessed based on the need to provide adequate audit coverage of the Council's:
- Risk management and governance arrangements;
  - Front line services;
  - Support services;
  - Procurement and contract management activity;
  - Information management arrangements;
  - Key financial systems;
  - Anti-fraud and corruption arrangements;
  - Schools.
- 5.2 Account has also been taken of the need to be able to resource:
- Support work to the coronavirus response programme
  - Unplanned work which may arise during the year;
  - Follow up work to provide assurance that previously agreed recommendations are implemented;
  - Provision of advice and consultancy to internal customers.
- 5.3 The 2020/22 Internal Audit Plan will be managed with a strategic lead and overview from the Head of Internal Audit, Risk and Insurance, complemented by an experienced and suitably qualified in-house team of six FTE auditors and an apprentice. Further resource around risk management, counter fraud, insurance, claims handling and highways inspections is now fully embedded within the wider Internal Audit, Risk Management and Insurance service. This helps to deliver opportunities of cross utilisation and flexible use of skills between the teams, as well as provide a source of flexible resource to assist in the delivery of the Audit Plan. Further work is currently ongoing with regards to supporting the team to deliver counter fraud reviews.

5.4 A resource calculation has determined the net number of days available to undertake audit work in the two years 2020/22 as 1885 days. This is based on:

- 30% of Head of Audit, Risk and Insurance resources representing the time spent on strategic audit management;
- A current internal audit structure of one CSS Audit Manager (80% of available time and 20% management time), one CSS Audit and Risk Manager (40% of available time, 40% of risk management time and 20% of management time) supported by two full time CSS Senior Officers, two full time CSS Officers and one part-time apprentice (20% on professional studies and approximately 20% devolved to accountancy tasks on ad hoc basis).

5.5 The actual days required in the Internal Audit Plan 2020/22 is 1840 days. The total resource was deducted from actual days required in the Plan and a difference of **(45) days** is evident.

5.6 The resource calculations have been re-assessed in line with the changing work programme and these are set out in the table below.

	2020/22
<b>Resources available</b>	
Total available days <sup>1</sup>	2890
Less: Non Chargeable time <sup>2</sup>	(640)
Less: Consultancy & Assurance work ( <i>Appendix B</i> ) <sup>3</sup>	(445)
Plus: Days purchased from Salford Computer Audit Services	80
<b>Net Days available for SMBC Internal Audit</b>	<b>1885</b>
<b>Resources required</b>	
<b>Total planned days in the Internal Audit Plan</b>	<b>1840</b>
<b>Difference of Resource Available to Resource Required</b>	<b>(45)</b>

*Note 1: After deduction of annual leave, bank holidays and sickness provision and approximately 20% of apprentice time on accountancy tasks.*

*Note 2: Training, administration, team & SMT meetings, external meetings. This includes at least 20% training per week for the new audit apprentice, and increased training for the team on Office365.*

*Note 3: Ongoing advice, support and challenge throughout a project, continuous auditing model, fraud and irregularity investigations and providing audit service to Total Local Company (TLC).*

## 6 Work Programme for 2020-22

6.1 The table below shows the revised planned days against each corporate outcome. Details are set out in Appendix A.

Corporate Outcome	2020/22 Planned Days
People are able to make positive choices and be independent and those who need support get it	615
Stockport benefits from a thriving economy	50
Stockport is a place people want to live	55
Communities in Stockport are safe and resilient <sup>Note 1</sup>	60
Reform and Governance	575
Assistance to Coronavirus response work	425
<u>Other Work</u>	
Follow-ups	30
Completion of 2019-20 work	30
<b>Total Planned Days</b>	<b>1840</b>

*Note 1: Most audit work involved in the assistance to Coronavirus response work meets the “Communities in Stockport are safe and resilient” objective but has been shown separately in the above table to show the impact of the pandemic on Internal Audit’s work*

# 1. People are able to make positive choices and be independent and those who need support get it

Audit Review	Days	Risks context	Planned coverage	Priority
Redesign of Adult Social Care Services (c/f 2019-20)	20	<p>The health and social care system in Stockport is unsustainable in its current form. If working practices do not change, the financial position is forecast to deteriorate further in the future.</p> <p>The Council is undertaking a fundamental redesign of Adult Social Care Services to improve the way that social care services integrate effectively with health and are delivered, organised and commissioned more effectively.</p>	Ongoing support, consultancy and advice around key project deliverables relating to the redesign of services.	High
Continuing Health Care (CHC) (c/f 2019-20)	20	<p>A number of reviews by the CQC, Internal Audit and management confirmed that Stockport citizens are less likely to become eligible for CHC funding relative to the North West and England.</p> <p>An agreed action plan is in place to improve arrangements and include training, establishment of a dedicated interim CHC team, strengthening CHC identification processes, strengthening business intelligence support and to improve working relationships with Stockport CCG.</p>	An independent review to provide assurance that CHC arrangements have improved. This will involve assessment of steps taken against the agreed action plans.	Medium
Adults Short Stay Placements and Respite Care (c/f 2019-20)	20	There are a number of short stay placements which has ended up being long term placements. This poses risks around availability of beds to manage the short stay placements and respite care service for vulnerable adults.	A review of adults short stay placements and respite care processes and systems to ensure arrangements are adequate and effective to meet objectives, minimise risk and deliver value for money.	Medium
S117 aftercare services (c/f 2019-20) (WIP)	15	There is no specific legislation, case law or guidance regarding the allocation of section 117 funding between local authorities and CCGs. This lack of demarcation of responsibility and funding between the Council and CCG is an issue.	A review will be undertaken to provide assurance that the new system and processes are operating effectively.	High

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Audit Review	Days	Risks context	Planned coverage	Priority
		New policies and procedures are currently being put into place to ensure funding is a joint responsibility between health and social care.		
Contract monitoring arrangements over day care services  (WIP)	15	The Council has a number of external providers who provide day care services to elderly residents. This is an area that has not been subject to IA review.	A review of the management and contractual arrangements over day care services to ensure outcomes for service users are achieved and risks to service users and the Council are properly mitigated	High
Contract monitoring arrangements over supported living services  (WIP)	15	The Council has a number of external providers who provide supported living services to residents. This is an area that has not been subject to IA review.	A review of the management and contractual arrangements over supported living services to ensure outcomes for service users are achieved and risks to service users and the Council are properly mitigated	High
Mental health services (Ongoing advisory)	20	The service has not been subject to a risk based audit in the past.	A risk based review of the service.	High
SEN Transport	20	The number of SEND pupils supported by the service is increasing. This will impact on transportation costs. Currently the SEN transport service transports 539 pupils on 132 different routes.  The SEN Transport service has also been the subject of significant restructures in the past few years.	A review of the management and contractual arrangements over SEN transport to ensure outcomes for service users are achieved and risks to service users and the Council are properly mitigated	High
Education Health Care Plan (EHCP) assessments  (WIP)	20	There are significant changes in the organisational structure within Children, Families and Education service. The numbers of children requiring an assessment is increasing when staffing resources are limited.	We will review the management and operational arrangements over EHCP assessments to ensure that outcomes for service users are achieved and the risks to service users and the Council are properly mitigated	High

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Audit Review	Days	Risks context	Planned coverage	Priority
External placements for looked after children (LAC) (WIP)	15	<p>There are continuing increases to numbers of LAC resulting in further financial pressures in respect of external placements, difficulties in sourcing placements and difficulties in agreeing responsibility for funding. Recently there have been a change in personnel and this continues to be a high spend area.</p> <p>There is a risk that external placement costs are not minimised and the child's needs and associated statutory responsibilities of the Council are not fully met.</p>	We will continue to follow up the findings from the 2018-19 audit to ensure these recommendations are completed within the new liquid logic and finance system, and that decision making processes are robust and arrangements are fully evaluated and supported by contracts.	High
Short breaks & respite care for disabled children (WIP)	15	Since the 2017-18 audit, there is a new framework in place for the commissioning of short breaks and respite care, the recent implementation of the new Liquid Logic system and changes in business support function means it is timely to review this area to ensure the risks are properly mitigated.	A review will be undertaken to provide assurance that the arrangements for providing respite care and short breaks are adequate and effective to meet objectives, minimise risk and deliver value for money.	High
Post 16 supported accommodation (WIP)	15	The Council has a number of residential homes for 16 and 17 year olds, designed to support young adults to become independent. There are risks associated with such placements.	We will review the processes and controls supporting the transition into post 16 supported accommodation to ensure the quality of care remains appropriate	High
Supported accommodations for post 18 care leavers	15	The Council has built brand new accommodation due to be completed end of February 2020. A charity has been procured to run the accommodation and provide support to care leavers.	A review of the contractual and management arrangements to ensure this has been properly established and operating well.	Medium
Equipment purchases (WIP)	15	There have been a lack of effective project controls in recent large purchases of equipment within Adult Social Care.	We will review the current system with a view to providing assurance on its effectiveness and provide recommendations.	High
Special Guardianship Allowances	20	<p>Approximately £1m is spent annually on special guardianship allowances.</p> <p>Special Guardianship Orders is a legal process that</p>	We will evaluate the effectiveness of financial processes of Special Guardianship Allowances.	Medium

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Audit Review	Days	Risks context	Planned coverage	Priority
		<p>provides legal permanence for those children for whom adoption is not appropriate but for whom greater security than long-term fostering is required.</p> <p>Special guardianship allowances can be paid to Special Guardians in line with Special Guardianship Regulation guidance and this is means-tested. There is a risk that inappropriate and incorrect allowances are paid leading to financial loss.</p>		
Schools (WIP)	250	The Council has nearly 100 schools that are responsible for setting their own budgets and managing their finances. The frequency of school audit visits is determined by a risk assessment based on audit assurance ratings, change in Head teacher and business manager, financial position and any known governance issues.	<p>A standard audit programme has been developed for school audits, which is tailored to each school as required.</p> <p>20 establishments will be audited remotely each year.</p>	-
Cyber security - schools	20	All schools hold a wide variety of personal data from pupils, families and other key stakeholders. As such schools are at high risk of a cyber attack or data failure.	A cross cutting themed review looking at how schools manage cyber risks.	High
Regional Adoption Agency (RAA) reconciliation (Completed Phase 1)	25	<p>The service claims monies from the Adoption Support Fund (ASF) for therapies to be delivered.</p> <p>Some of the monies for therapy above a prescribed limit have to be match funded by the local authorities purchasing the therapy support. Procedures have been established within the RAA to reclaim these from each individual local authority.</p>	<p>To provide independent assurance on the scheme to date balance of income and costs, demonstrating: -</p> <ol style="list-style-type: none"> <li>1) for all costs to date, <ul style="list-style-type: none"> <li>• how they are expected to be funded</li> <li>• whether they have been funded by ASF and/or LA match funding</li> <li>• by return of ASF monies from the Local Authorities that received those payments during transition</li> </ul> </li> <li>2) Identify by case how any money not yet received will be obtained and whether from ASF or LAs</li> <li>3) Confirm that the planned amounts to</li> </ol>	High

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Audit Review	Days	Risks context	Planned coverage	Priority
			repay ASF are correct. 4) Confirm that the remaining income after planned repayments to ASF is sufficient to cover expected future costs for current known cases.	
Dedicated Schools Grant (Ongoing support)	10	The DSG Action Plan is not completed and improvements not made to the service.	Risk assessing the DSG review recommendations and advising on approach to delivery of the Action Plan.	High
Personal Budgets for SEND (Ongoing support)	10	<p>Personal budgets are increasingly being used as a way of offering support to and promoting the independence of children, young people and their families, including those with education health and care plans (EHC plans).</p> <p>Given what is known about the increased risk of abuse to disabled children and the barriers that exist to their protection from harm, it is essential to pay close attention to specific safeguarding risks that may arise when young people and families are given more choice, control and responsibility in managing and delivering support to a child or young person with an EHC plan using a personal budget.</p>	A review of financial monitoring and operational procedures to ensure these are in line with regulations and meeting children's needs.	High
Children Community Equipment (WIP)	15	A number of services across Health, Education & Social Care provides equipment to children with disabilities and is funded jointly by health and education. Increasingly there are capacity issues and lack of clarity of roles, responsibility, health & safety, and funding streams to provide this vital service.	A high level review of the funding arrangements, risk assessments, health & safety arrangement around the provision of equipment to children with disabilities.	High
Healthy Young Minds	15	This is a commissioned service from Pennine Care and there have been some issues around the quality of service being provided.	A review of the effectiveness of the current working arrangements and to ensure agreed objectives are being met.	High
Collaboration with Tameside Council	10	The Council is currently exploring a number of opportunities to collaborate with Tameside Council. This will consider economies of scale, sharing of management	We will provide a critical friend approach to this review.	High



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Audit Review	Days	Risks context	Planned coverage	Priority
		post etc.		
<b>Total</b>	<b>615</b>			

### 2. Stockport benefits from a thriving economy

Audit Review	Days	Risks context	Planned Coverage	Priority
Stockport Exchange (Ongoing support)	10	<p>Stockport Exchange is a major regeneration scheme and represents substantial investment by the Council to help encourage economic growth. Phase 3 is almost completed and planning is underway for phase 4-7.</p> <p>The project due to its speculative nature and significant borrowings comes with high risks.</p>	We will continue to attend the established Project Board meetings to ensure key risks are discussed and managed.	High
Rental estates income collection	20	<p>The Council maintains an estate of investment properties valued at approximately £186million and collects approximately £15million in rental income. Approximately £6million is incurred in the upkeep of such properties. This is a valuable source of income to the Council.</p> <p>The coronavirus pandemic has resulted in many companies under financial pressure which increases the risks that rents are not being paid.</p>	A review of the financial management arrangements over the rental estates portfolio as the Council copes with the fallout from the coronavirus pandemic.	Medium
St Thomas redevelopment	10	The next significant development scheme in the MDC area is the redevelopment of the St Thomas' Hospital site .	We will provide ongoing risk advice and support to officers developing this scheme.	Medium
Stockport Mayoral Development Corporation (Completed)	10	<p>Stockport Mayoral Development Corporation (SMDC) was established on 9<sup>th</sup> September 2019. Its primary role is to spearhead regeneration in Stockport's Town Centre West.</p> <p>Development schemes can have complex funding arrangements and frequently involve working with partner organisations, and therefore presents high risks.</p>	We propose to undertake a review of the governance, financial and operational arrangements over the newly established Stockport MDC.	High
<b>Total</b>	<b>50</b>			

### 3. Stockport is a place people want to live

Audit Review	Days	Risks context	Planned Coverage	Priority
Street lighting – LED replacement (WIP)	15	The Council has invested in improved street lighting by upgrading street lights to Light Emitting Diode (LED) units. Approximately 50% of the Council's electricity costs (excluding schools) relate to energy on street lights. It is anticipated that costs will be reduced by 40% a year whilst also meaning maintenance costs will be reduced.	We plan to undertake a post implementation review to assess whether the anticipated benefits have been achieved.	High
Contract monitoring arrangements over Stockport Homes delivering SMBC services. (WIP)	15	New service provision by Stockport Homes on behalf of the Council.	A review of the contract monitoring arrangements within the Council to ensure that the risks around services provision by Stockport Homes are properly mitigated.	High
Procurement of leisure services provider (c/f 19-20) (Ongoing support)	10	The Council currently outsources the management of its leisure facilities to an independent provider. The contract is coming to an end and the Council will be undertaking a procurement exercise for a leisure services provider.	We will undertake a review of the procurement arrangements for the leisure services provider to ensure value for money is achieved and risks are appropriately mitigated	Medium
Stockport Interchange	15	Stockport new transport interchange is a significant £1billion transformation project in the town centre, involving a new town centre park, residential apartments, transport facilities and improved links between the interchange and the rail station.  This project is funded by the TfGM and represents a significant risk and opportunity to the Council.	We plan to attend the established Project Board meetings to ensure key risks are discussed and managed	Medium
<b>Total</b>	<b>55</b>			

#### 4. Communities in Stockport are safe and resilient

Audit Review	Days	Risks context	Planned Coverage	Priority
Climate Change	15	Climate emergency has been identified as a corporate risk and the Council declared a climate emergency in March 2019. Subsequently a CAN strategy has been devised along with an action plan that is submitted to members annually.	A review to ensure the Action Plan is effective in covering off all key risks and highlights mitigating actions.	High
Emergency planning / disaster recovery (c/f 2019-20) with focus on Covid19 recovery. (WIP)	10	The Council has a duty to work in collaboration with the emergency services, NHS organisations, local authorities and the Environment Agency to plan for and respond to emergencies.  Since March 2020 lockdown and tier restrictions, this has an impact on the local economy and the resilience of the Community. A recovery programme is in place to address the scarring impacts of coronavirus.	A review to provide assurance that the Council has effective risk management arrangements to protect its staff, customers, service users, financial and other resources.	Medium
Flood Strategy	10	In 2016 and then in 2019 there were a number of flooding incidents in the borough and a flooding report was produced after each incident. A further report has been produced externally (section 19 report) . These all detailed a number of recommendations for the Council and other partner agencies to address.	We will provide assurance on the effectiveness of the Council's arrangements to address the agreed recommendations arising from the flooding report (section 19 report).	Medium
Dog Warden Service (WIP)	10	The Council is currently leading a joint procurement with other GM Councils for a Dog Warden Service	We will review the delivery and monitoring of the existing service and the current progress on the procurement exercise.	High
Trading Standards	10	Brexit will result in changes to the legislation underpinning Trading Standards. The service needs to be responsive to any such changes	We will review the ways in which the Trading Standards Service has incorporated any new regulations and legislation post 01 January 2021	Medium
Taxi Licensing	5	The Council has extended its license for the IDOCS system. There is a need to ensure the service is properly	We will review the arrangements for ensuring data quality of key taxi	Medium

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Audit Review	Days	Risks context	Planned Coverage	Priority
		documenting licensee details in a way that will enable possible future migration of this data easily should a new system be procured.	licensing information in the system	
Total	60			

## 5. Reform and Governance

Audit Review	Days	Risks context	Planned Coverage	Priority
General Ledger	15	Core financial systems as part of 3 year cyclical financial systems plan	We will review key financial controls within the SAP General Ledger system.	Medium
Payroll – Starters & Leavers	15	Core financial systems as part of 3 year cyclical financial systems plan	We will review the key controls around starters and leavers within the iTrent payroll system.	Medium
Payroll – Recovery of staff overpayments	10	Salary overpayment may occur for a number of reasons including (but not limited to): late notification to payroll of leaver/change of contract; excess annual leave taken; employee not returning from maternity leave; payroll error etc. There are financial risks associated with not recovering such overpayments.	We will undertake a review of the processes to recover staff overpayments to ensure financial risks are properly mitigated.	Medium
Council Tax – Reliefs and Single Person Discount (SPD)	10	Core financial system as part of 3 year cyclical audit plan. Council Tax is a significant source of income to the Council. Reliefs and SPD reduce the amount of income due to the Council.	We will undertake a review of the key controls for administering and granting reliefs and SPD within the Council Tax system.	High
Cash receipting & banking – Civica Pay (WIP)	15	The PARIS cash receipting system has been replaced with a new financial system Civica Pay which went live 28 <sup>th</sup> January 2020. This is a significant change to existing practices.	A review of the key controls within the new Civica Pay system to provide assurance financial risks are properly mitigated. This will also consider the risks around PCI compliance.	High
Social Care Finance – Homecare payments	15	Significant financial system as part of 3 year cyclical audit plan. Significant sums of monies are paid to home care providers.	A review of the billing and payment processes around homecare payments on the Liquid Logic (Controcc) system to provide assurance financial risks are properly mitigated. It will also consider the financial controls and reconciliation procedures in particular authorisation of requests for changes to rates and providers.	Medium

Audit Review	Days	Risks context	Planned Coverage	Priority
Counter fraud audit of bank mandates	15	Mandate fraud is change of bank account scams, payment diversion fraud or supplier account takeover fraud.  This is an increasing risk, according to UK national fraud & cyber-crime, businesses lost a total of £99m to mandate fraud in 2018-19, and the CIPFA Fraud & corruption tracker reports 322 cases were detected in local authorities during 2018-19.	We will undertake a counter fraud audit of the key risk areas to ensure these are being properly mitigated. These will also consider cybersecurity risks around obtaining bank details.	Medium
Counter fraud audit of payments	15	This is a potentially high risk area, for example, claiming payment for goods / services not provided, delivering goods / services of substandard quality, overpricing, duplicate invoicing.	We will undertake a counter fraud audit of the key risks areas to ensure these are being properly mitigated	Medium
Debt Recovery Arrangements within Adult Social Care (WIP)	15	There are known issues around debt recovery within Adult social care which presents a reputational risk to the Council. In particular there are a high number of debt which are put on hold due to invoice query. This is an area that has not been subject to IA review in the past.	A review of the debt recovery arrangements within Adult Social Care to ensure risks to service users and the Council are properly mitigated	High
Adult Social Care performance management arrangements	15	Adult social care is currently undergoing a fundamental redesign to improve the way social care services integrates effectively with health. A new performance management framework has been developed as part of this process.	A review of performance management arrangements will be undertaken within Adult Social care to provide assurance that the new framework is working as intended.	Medium
Review of complaints handling procedures	20	Complaints handling procedures have been the subject of management review and new arrangements are being established. This is an area that has not been subject to IA review.	We will review the management and operational arrangements for complaints handling procedures and provide assurance that the risks are being properly mitigated	Medium
STAR Contract Management (Intend System)	15	This is a new system designed to monitor contracts.	A review as part of the STAR Procurement Audit Plan on the Intend E procurement system in operation at the Council.	Medium

Audit Review	Days	Risks context	Planned Coverage	Priority
National Fraud Initiative	60	NFI matches data across organisations and systems to help public bodies identify anomalies which may signify fraudulent claims and transactions. The Council is required by law to participate in NFI.	Co-ordination and investigation of the data matches identified from the exercise.	High
IT service continuity (Salford Computer Audit Services)	20	IT service continuity is a key area and not been examined before by Internal Audit. Business continuity is a key risk area and in particular the ability and capability of IT to continue to provide services in emergency or disaster situations is important as so many front line services within the Council are reliant upon ICT systems.	Salford Computer Audit Services will undertake this review. It will involve a review of the technical capability of IT to be able to respond to business needs, from system outage to full disaster recovery.	Medium
Patch and Vulnerability Management (Salford Computer Audit Services)	20	<p>This is a key risk area and vital that ICT are able to protect the Council from vulnerabilities in their various guises infiltrating the Council's network, services and data.</p> <p>No matter how many detection and protection systems are in place, if a vulnerability is 'unknown' then the Council is at risk of being exploited. DDOS and ransomware are on the increase and more and more local authorities are being targeted, so these risks need to be assessed.</p>	Salford Computer Audit Services will undertake this review. It will involve a review of patch and vulnerability arrangements in place to mitigate the risks to a level that the Council can accept.	Medium
Salford Computer audit	20	Continued reliance of digital and ICT related services presents ongoing and emerging risks.	To be confirmed.	High
Salford computer audit	20	Continued reliance of digital and ICT related services presents ongoing and emerging risks.	To be confirmed.	High
Digitalisation of Processes	20	ICT led project identifying a range of key processes that will benefit from further embedded digitalised support.	IA resource to support the project and advise on additional or reduced control environments.	High
Stockport Support Funds	20	The Council operates 4 discretionary funds (Stockport Local Assistance Scheme (SLAS), Discretionary Housing Payments (DHP), Discretionary Council Tax Support (DCTS) and Section 17). From April 2020, a Stockport Support Fund is being established which integrates the	We will undertake a review of the new financial and operational arrangements to provide assurance that risks are properly mitigated.	Medium

Audit Review	Days	Risks context	Planned Coverage	Priority
		SLAS, DHP and DCTS arrangements. Section 17 sits within Children Services and requires social worker oversight so staff remains with that service. The application process will operate as a single process but with separate budgets and joined up working arrangements between Children's services staff and Support Fund staff.		
National Minimum Wage	10	<p>The Council has a legal duty to ensure it complies with HMRC regulations around the National Minimum Wage (NMW).</p> <p>A number of services present a potential risk of non compliance including schools, social care (in particular adults home care and support services). This includes how we ensure our add ons to salary are included in any calculations to meet NMW.</p>	A review of current processes to ensure we comply with HMRC regulations.	Medium
Capital Strategy	15	<p>CIPFA published a revised Prudential Code in December 2017 which requires authorities to produce a Capital Strategy each year with effect from 1 April 2019.</p> <p>The Capital Strategy will be a Council Policy document that will align with the Council's corporate and strategic objectives. The main objectives of the Capital Strategy is to ensure that capital investment decisions are being made in line with the Council plans, policies and objectives. In addition, there is a requirement to move from reporting a three-year Capital Programme to reporting on much longer term capital developments.</p>	Review to provide assurance that there are robust overarching governance process for the Council's capital investment decisions in line with the Capital Strategy.	Medium
Financial resilience	20	The Council continues to face severe financial austerity and spending pressures over the medium term period, particularly the scarring effects from the coronavirus pandemic. There is a significant amount of uncertainty about the funding available beyond 2021-22 which makes planning over the medium term period increasingly difficult.	We will carry out a substantive audit of the Council's financial position, in particular how the Council balances between reducing spending, generating income and using reserves.	High



<b>Audit Review</b>	<b>Days</b>	<b>Risks context</b>	<b>Planned Coverage</b>	<b>Priority</b>
Medium Term Financial Plan	40	Significant risk area for the Council	Targeted reviews to be determined with management.	High
Counter fraud audit of Direct Payments	10	Direct Payments continues to be a high risk area for the Council in terms of potential fraud. New procedures have been developed and the service has appointed new DP Auditors to verify claims.	We will undertake a review of the processes in place to mitigate against risks of fraudulent practices and evaluate the effectiveness of the new procedures.	High
Social Care Finance – Deferred Payment Scheme	10	The Council operates a Deferred Payment Scheme with regards to residential and nursing home charges and charges for care in supported accommodation.	We will undertake a high level review evaluating and testing the effectiveness of the key controls.	Medium
Social Care Finance – Assessment of Client's Contributions	10	This is a key financial process where the Council undertakes financial assessments of clients to work out how much they pay towards their residential or nursing care.	We will undertake a high level review evaluating and testing the effectiveness of the key controls.	Medium
Payroll – Use of fixed term/agency/temporary staff	10	Significant financial system. This is in a state of fluctuation due to the ongoing pandemic and there is a risk that costs associated with these may increase significantly	We will undertake a high level review evaluating and testing the effectiveness of the key controls.	Medium
Treasury Management	10	Significant financial system as part of 3 year cyclical audit plan. Significant volumes and amounts involved in transactions.	We will undertake a high level review evaluating and testing the effectiveness of the key controls within the financial system	Medium
Council Tax Liability, Billing & Valuation	10	Significant financial system as part of 3 year cyclical audit plan. This is a significant source of income to the Council.	We will undertake a high level review evaluating and testing the effectiveness of the key controls within the financial system	Medium

Audit Review	Days	Risks context	Planned Coverage	Priority
Housing benefits claims processing & assessments including risk based verification	20	Significant financial system as part of 3 year cyclical audit plan. A recent audit by KPMG has identified a number of errors, particularly around the use of the risk based verification and input errors.	We will undertake a high level review evaluating and testing the effectiveness of the key controls within the financial system and review the results of the KPMG audit.	Medium
Housing Rents	20	Significant financial system as part of 3 year cyclical audit plan. This system is operated by Stockport Homes on behalf of the Council.	We will undertake a high level review evaluating and testing the effectiveness of the key controls within the financial system	Medium
Certification work (Ongoing as and when)	20	Every year the Council receives grant funding for specific initiatives  It is a requirement that the Head of Internal Audit signs a declaration to confirm that the conditions of funding have been complied with.	Annual review of key grants received to confirm expenditure is in line with grant terms and conditions.  This will also involve the annual review of charitable accounts to confirm income and expenditure presents a true & fair view.	-
Modern Slavery Statement (c/f 2019-20) (Completed)	5	The Council has now published its Modern Slavery Statement and is responsible for renewing this on an annual basis. Each new annual version of the Statement will include an overview of progress with actions during the previous year as well as actions the Council intends to implement in the current year.	We will undertake a review of the Council's compliance with the modern slavery statement.	Medium
Schools Finance Key Controls (Completed)	10	The Schools Finance team currently provides financial support to schools across the borough and performs a number of financial checks.	A new approach by seeking to review the arrangements within the Schools Finance team to establish whether we can place reliance on their work and reduce the audit work required in auditing schools.	High
<b>Total</b>	<b>575</b>			

## 6. Assistance to Coronavirus response work

Audit Review	Estimated Days	Risks context	Planned / Actual coverage
Covid Test and Trace Service Support Scheme (NHS) (ongoing)	5	Grants awarded need to comply with various specific criteria to confirm correct use of funds.	Post assurance grant work to ensure Council complied with specific criteria
Covid Test and Trace Support Payment Scheme (Ongoing)	20	Grants awarded need to comply with various specific criteria to confirm correct use of funds.	Ongoing pre-assurance review of grants criteria for test and trace as a requirement for the Council receiving the grant
Business rates grants – local restrictions (Ongoing)	75	Following the lifting of the national lockdown, the tier system was in operation with local restrictions placed on businesses. Further grants were issued to qualifying local applicants.	Ongoing advice, consultancy and support including more detailed review of applications not meeting the immediate criteria for further detailed investigation.
Christmas support payments (Ongoing)	2		
Winter package grants (Ongoing)	15		
Recovery Planning Phase – Workforce development (Ongoing support)	5	Council planning for workforce to deliver services both through the pandemic phase and the longer term	Advisory work on the Recovery Planning Phase- Workforce development
Systems Data Access Policy Consultancy (Ongoing support)	5	More staff are working from home now with remote access to systems.	Support to the Head of Data on a systems data / access policy.

Audit Review	Estimated Days	Risks context	Planned / Actual coverage
Adult Social Care- Provider risk assessment (Ongoing support)	5	Risk assess care home providers' sustainability in a vastly different market due to the pandemic.	Advice and assistance to ASC colleagues as required.
New Alliance Framework – operational procedures (Ongoing support)	5	The new Framework is in procurement. It is essential that policies and processes are designed to ensure it is implemented efficiently and effectively from inception.	Advice and assistance to Place Management colleagues as required.
Life Leisure – Covid19 reconciliation (Ongoing)	5		Reconcile costs to actual incurred.
Mandate Fraud	5	Specific fraud case identified	Review of controls, audit and training
Microsoft Office 365 Project (Ongoing)	5	Services working remotely fail to understand the operation and storage of files held in Office 365 presenting a security and efficiency risk.	IA forming part of project group advising and supporting the rollout of Office 365 and the associated risk and control measures.
Outsourced Invoices Project	5	Lack of resources leading to inefficient processes	IA forming part of project group to advise on risk and control issues.
Advice and guidance to cross sector organisations on current fraud and scam issues. (Ongoing)	5	Increase in opportunity for fraud and scam activity on third sector organisations and vulnerable members of the Stockport Community.	Overview presentation at the Cross Sector Forum. Co-operation with Scambusters to develop work programme to support Stockport residents.
Support work to the Monitoring Officer (Ongoing)	15	Current demands on workload in specific areas may affect performance and deadlines.	Support on three specific pieces of work to support the Monitoring Officer.
Delivering Covid Safe Elections	5	Project designed to ensure that the 2021 elections process is delivered in a safe	Advice and practical support around managing

Audit Review	Estimated Days	Risks context	Planned / Actual coverage
Working Group (Ongoing)		environment.	risks involved in delivering two elections safely
Elections - Cyber risk (Planning)	10	Additional review requested by the Chief Executive to review arrangements around data/online security connected to the 2021 elections. Also includes supplier risks and business continuity controls.	Review of control environments around online election activity. Assessment of the reliance on external suppliers and what assurance they can provide over cyber controls. Review of business continuity arrangements.
Future Estates Business Plan (Planning)	5	Project around utilising future estates and assets effectively and consequent future working arrangements for staff and partners to deliver services.	Review and appraisal of business plan.
Animal Handling Whistleblowing Complaint (Ongoing)	5	Response as per the Whistleblowing Policy.	Support to Monitoring Officer and service. Full audit review proposed.
Review of ASC – support to care home market (Completed)	25	<p>Along with many other local authorities, the Council has been working to support care providers to continue to provide a strong continuity of care and resilience in the face of the COVID-19 pandemic.</p> <p>In Adult Social Care, the Council is required to support the sustainability of the entire provider market. This includes all care providers that are located within Stockport, including those that are not commissioned and under contract to the Council.</p> <p>A summary of the funding package for care</p>	<p>The review will aim to provide assurance over controls around:</p> <ul style="list-style-type: none"> <li>the new processes in place to provide financial support to care homes during Covid 19.</li> <li>a review of the supporting evidence provided (and/or required from SMBC) by Care Homes as evidence of increased Covid 19 related costs through the funding streams identified above.</li> </ul>

Audit Review	Estimated Days	Risks context	Planned / Actual coverage
		<p>homes is illustrated below:</p> <ul style="list-style-type: none"> <li>• COVID-19 claim submissions to the funding panel covering mid-March-30th April</li> <li>• Infection Control Funding 1st May – 31st July</li> <li>• Occupancy Protection (6th April – 22nd June minimum – may be extended)</li> </ul> <p>Utilisation of the Infection Control funding would reduce draw down of the COVID-19 funding, which would be utilised for COVID-19 claims up to 30th April (for care homes) and occupancy protection.</p>	
<p>Deployment to other services on business rates grants reliefs and discretionary grants (Completed)</p>	60	<p>In response to the coronavirus pandemic, central government ordered certain companies to close down, particularly those in the retail, tourism and hospitality sector. They announced that there were be financial support for these companies, delivered through the Small Business Grant Fund and the Retail, Leisure and Hospitality Grant Fund.</p> <p>The Council was responsible for administering these grant payments.</p>	<p>One auditor who was previously employed by Revenues and Benefits was deployed to the service to assist in the new business grant payments</p> <p>Ongoing advice, consultancy and support including more detailed review of applications not meeting the immediate criteria for further detailed investigation.</p>
<p>Business rates grants – verification testing (Completed)</p>	60	<p>Business rate grants issued by the Council to qualifying local businesses via the MHCLG. Specific criteria must be met before the issue of a range of grant payments</p>	<p>Use of IDEA to undertake testing of business rates grants and staff assisting in the verification of results and queries</p> <p>Use of Spotlight software to undertake further detailed checks on applicant status</p>

Audit Review	Estimated Days	Risks context	Planned / Actual coverage
Discretionary grants (Completed)	35	Discretionary grants issued to qualifying local applicants. Specific criteria must be met before the issue of these grants.	Use of IDEA to undertake testing of discretionary grants  In 2021/22 we may, as required by management, undertake some post-payment review.
Equality Impact assessments 1 (Completed)	4	A review of updated equality impact assessments undertaken as part of covid 19 arrangements	Review of Covid response/ change EIAs
Equality Impact assessments 2 (Completed)	10	EIA's do not corrolate with LGA recommendations.	Undertake an analysis of the LGA recommendations and cross match with specific actions highlighted within the individual EIAs.  Identify any gaps and risks and confirm with responsible officer relevant mitigating actions.
Ethics Committee (Completed)	4	Consultancy advice on the key objectives of the function of an Ethics Committee around partnership working with key stakeholders including social care providers	Research paper for Ethics Committee for Covid resource deployment
Fraud Investigation 1 (Completed)	15	As directed by the Fraud Panel	
Fraud Investigation 2 (Completed)	15	As directed by the Fraud Panel	
Financial and Contract Procurement Rules (Completed)	5		Advice on updated procedures.
<b>Total</b>	<b>425</b>		

### Consultancy and Assurance work for Inclusion in 2020/22 Internal Audit Plan

Review	Description	Days
Continuous auditing / monitoring	Provision for further rollout of model on key areas and design of key reports. Review of results in partnership with relevant departments	30
Consultancy / advisory	Consultancy resulting from requests for ad hoc advice on risk and control matters	50
Project Development	A general and flexible contingency element equating to 20 days per Directorate. Advisory work in response to management requests for risk and control advice during key project implementation or system redesign. (included in covid related work contingency).	-
Management reviews / investigations	Undertaking unplanned reviews or investigations as matters arise during the year or as directed by the Fraud & Irregularities Panel.	80
External Work	Provision of Internal Audit services to TLC	65
Covid related work	A specific flexible contingency element in response to management requests for assistance in the coronavirus response programme from April 2021 (includes development of projects).	220
<b>Total consultancy and assurance work</b>		<b>445</b>