



STOCKPORT
METROPOLITAN BOROUGH COUNCIL

2021-22

Progress Report 1

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Distribution: Corporate Leadership Team
Corporate Governance Group
Audit Committee

Date: 14 July 2021

1 Introduction and Background

- 1.1 The report sets out the progress made in the period 1st February 2021 to 21st June 2021 against the 2020-21 and 2021-22 audit plans.

2 Coronavirus response work and impact on audit plans

- 2.1 The past 15 months has been unprecedented for the Internal Audit service and the Council as a whole. Due to the Covid 19 pandemic and the overall effects on all services, significant demands have been placed on Internal Audit to support those services by undertaking less than traditional audit work. These requests continue at the time of production of this progress report. To help address this unparalleled demand, audit resources have been deployed flexibly on a risk and request basis.
- 2.2 The additional work in response to coronavirus and changing risk environment has been incorporated into the revised audit plan previously reported to the Audit Committee in February 2021.
- 2.3 The Head of Internal Audit has continued to regularly risk assess the audit plan and a two-year revised audit plan was presented at the Audit Committee meeting in March 2021. Any agreed changes to the audit plan are presented to following Audit Committee meeting.
- 2.4 The progress against the existing agreed coronavirus response work is set out in Appendix C.

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 high and medium priority risk based audit work during the period from 1st February 2021 to 21st June 2021.

Audit Plan Year	Audit Status	No. of Reviews
2019/20	Audits completed	1
	Audits substantially completed or at draft report stage	1
2020/21	Audits completed	6
	Audits substantially completed or at draft report stage	6
	Audits in progress	6
2021/22	Audits in progress (incl new additional work)	4
	Audits not yet started	30

4 Outcomes from Final Reports

- 4.1 The detailed outcomes from each finalised audit since 1st February 2021 to 31st March 2021 are shown in the Head of Internal Annual Audit Report and Opinion. Those detailed outcomes for each finalised audit since 1st February 2021 are shown in Appendix B. It should be noted that since the delivery of these audits, the control environment may have changed considerably and the follow up reviews of these audits will take this into consideration.

5 Counter Fraud work and Investigations

Proactive counter fraud work

- 5.1 The revised two-year Audit Plan includes 60 days for participation in the National Fraud Initiative and 50 days for counter fraud work, which includes four proactive anti-fraud reviews. Due to deployment on coronavirus grants, minimal work has been done to date to analyse the results of the NFI. This is in line with national guidance from Cipfa on prioritising internal audit resources effectively during the pandemic.

Investigations

- 5.2 Two investigations have been undertaken and completed in the period.

6 Schools and Other Work

- 6.1 Appendix C summarises the work done in this period to complete the 2020-21 school reviews. Furthermore, the Summary Annual School Audit Report 2020/21 was presented to the Schools Forum in May 2021.
- 6.2 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 31 May 2021. These include advice and ad-hoc audit work, risk management consultancy work, compliance work / grant claims and continuous auditing exercises.

7 Implementation of Recommendations

- 7.1 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.
- 7.2 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 since February 2021 is shown below.

By Recommendation Grade	B/Fwd	New	Closed	C/Fwd
High	26	4	0	30
Medium	34	2	0	36
Low	14	4	0	18
Total	74	10	0	84

APPENDIX A

STATUS OF APPROVED INTERNAL AUDIT PLAN 2020/21 & 2021/22

This table below reports the status of the remaining audit work from the 2020/21 audit plan and the progress in commencing audit work from the 2021/22 audit plan

Audit Plan	Review	Status
2020-21	Stockport Town Centre West – Mayoral Development Corporation (MDC)	Completed
2020-21	Contract monitoring over Stockport Homes delivering Council services	Completed
2020-21	Children Equipment	Completed
2019-20	Liquid Logic applications security (Salford Computer Audit)	Completed
2020-21	Cash receipting & banking (new Civica Pay)	Completed
2020-21	Dog Warden Service	Completed
2020-21	Social Care Finance – Homecare payments	Completed
2019-20	Cloud based storage (Salford Computer Audit)	Draft report issued
2020-21	Mental health services (Phase 1)	Draft report issued
2020-21	External Looked after children placements	Draft report issued
2020-21	Post 16 supported accommodation	Draft report issued
2020-21	Street lighting – LED replacement – value for money	Draft report issued
2020-21	Short breaks & respite care for disabled children	Draft report issued
2020-21	Education, Health & Care Plan (EHCP) assessments	Draft report issued
Coronavirus Plan	Business Support Grants issued in response to Covid-19 pandemic	Draft report issued
2020-21	S117 after care services	Fieldwork

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Audit Plan	Review	Status
2020-21	Debt recovery arrangements within adult social care	Fieldwork
2020-21	Contract monitoring over supported living services	Fieldwork
2020-21	IT service continuity (Salford Computer Audit Service)	Fieldwork
2020-21	Patch and Vulnerability Management (Salford Computer Audit Services)	Fieldwork
2020-21	Payroll	Fieldwork
2021-22	Counter Fraud of Residential & Nursing Care financial assessments	Fieldwork
2021-22	Council Tax	Fieldwork
2021-22	Housing Benefits	Planning
2021-22	Financial Resilience	Planning

APPENDIX B

OUTCOMES FROM FINAL AUDIT REPORTS

Review	Overall Opinion	Analysis of Recommendations		Summary of Findings
Cash receipting & banking (new Civica Pay)	Moderate	High	0	<p>Based on our findings, our review confirmed that in general, the Income Management System (CivicaPay) controls were found to be robust, well managed and adhered to.</p> <p>We identified areas where governance arrangements could be further strengthened, in particular a number of policies where broken hyper links to other documents were found. Access to the cash management system was given to staff that had not had the relevant training and access to the system had not been removed timely. Furthermore, aged suspense items were only periodically investigated, leaving monies unallocated.</p>
		Medium	2	
		Low	4	
Dog Warden Service	Limited	High	4	<p>Audit was requested to consider the effectiveness of controls in place around the management and contractual arrangements with an external Dog Warden Service provider to ensure risks to the Council are managed appropriately.</p> <p>Our review highlighted</p> <ul style="list-style-type: none"> • A lack of supported evidence to confirm adequate contract monitoring had taken place by the Council. • The statutory register of dogs seized was not properly maintained and there was a lack of supporting evidence to identify the level of euthanised dogs as per contract. <p>Our review of the proposed new contract framework confirmed significant changes and improvements have been made to ensure contracts can be effectively managed and monitored.</p>
		Medium	0	
		Low	0	
Stockport Town Centre West – Mayoral Development Corporation (MDC)	Substantial	High	0	<p>We consider that the arrangements currently in place should ensure good governance of the MDC activities, with robust checks and balances built in to the arrangements between the MDC and key stakeholders. The MDC has been well established from a governance perspective and its aims and objectives remain very relevant despite unprecedented challenges for the Borough and region.</p> <p>We have included recommendations around:</p>
		Medium	1	
		Low	2	

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Review	Overall Opinion	Analysis of Recommendations		Summary of Findings					
			<ul style="list-style-type: none"> ensuring a process is built into the governance processes for periodic assessment of the value of the MDC towards the Council's regeneration strategy in the medium and longer term. to consider whether more formal arrangements are needed in assessing and managing risks to the delivery of the plans and objectives of the MDC, as well as sources of assurance on the key risk mitigations. 						
Contract monitoring over Stockport Homes delivering Council services	Substantial	<table border="0"> <tr> <td>High</td> <td>0</td> </tr> <tr> <td>Medium</td> <td>2</td> </tr> <tr> <td>Low</td> <td>2</td> </tr> </table>	High	0	Medium	2	Low	2	<p>The monitoring arrangements for three ancillary Agreements between Stockport Homes and Stockport MBC have been examined. These are the Anti-Social Behaviour Service, the Homelessness Service, and the Adaptations Service, with particular reference to the delivery and administration of the Disabled Facilities Grant.</p> <p>The audit found that service level agreements are adhered to and monitored, with staff having a very good understanding of the requirements and sufficient access to supervisions, training and updates to ensure their knowledge was up to date. Staff demonstrated a detailed knowledge of current issues and cases within their specialist areas. The way in which all three services have adapted to the recent Covid crisis is very impressive, and the speed and willingness of staff to adopt new ways of working should be thoroughly commended.</p> <p>Our review of the performance management framework in operation for the Council to hold Stockport Homes to account has lapsed. We have made a number of recommendations to address this.</p>
High	0								
Medium	2								
Low	2								
Children Equipment	Limited	<table border="0"> <tr> <td>High</td> <td>8</td> </tr> <tr> <td>Medium</td> <td>5</td> </tr> <tr> <td>Low</td> <td>0</td> </tr> </table>	High	8	Medium	5	Low	0	<p>Overall the review has confirmed that there is a need to obtain clear assurance and governance arrangements across services and settings when using special equipment. There are a number of issues around roles and responsibilities for prescribing equipment and ensuring health & safety inspections as per LOLER regulations are performed. There is a gap in service specifications and lack of clarity over funding which has created difficulties in ensuring an efficient and effective service is provided and meets the need of the child on a timely basis.</p> <p>A multi-disciplinary Project Team involving both Council staff and health partners has been established to undertake a further review of the equipment and adaptations for children</p>
High	8								
Medium	5								
Low	0								

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Review	Overall Opinion	Analysis of Recommendations		Summary of Findings
				<p>and young people (age 0-25) with disabilities and SEND. The outcomes of this review will be reported to the SEND Joint Commissioning Board and we plan to review the outcomes of this project to obtain assurance that the above issues are being resolved.</p>
Liquid Logic applications security (Salford Computer Audit)	Tolerable	High 1	Medium 12	<p>The review examined the controls in place to minimise key risks associated with Liquid Logic systems including the Controcc financial system.</p>
			Low 0	<p>The audit looked at</p> <ul style="list-style-type: none"> • Maintenance and support controls • Access control management • Data security • Audit trail management • Systems availability
				<p>The review of the management of the Liquid Logic Social Care systems including the Controcc financial system has concluded that whilst there are a number of good controls in place to manage some key risks, further work is required to provide assurance that all key risks are being managed appropriately. The majority of the recommendations made was around improving access control management.</p>
Homecare Payments	Limited	High 1	Medium 4	<p>Based on our findings, we found significant control weaknesses in the areas reviewed, in particular, concerns around the overall assurance that services are being delivered by providers. This had significant risk as the Council is only aware of non-delivery of service, when a client raises a dispute in relation to the recharge in the actual hour's delivered. As a result of the pandemic, clients were currently not being recharged.</p>
			Low 0	<p>We also identified areas where controls could be strengthened. These included high volume of exceptions not always being investigated by providers and disputes raised had not always been investigated by the QA Team in a timely manner</p>

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Review	Overall Opinion	Analysis of Recommendations	Summary of Findings
			<p>The issues identified as part of the review have already been acknowledged by the Service and short-term and long-term solutions are currently being developed and this will include, determining if providers are able to provide information from their call monitoring systems, to reconcile to the information entered into the portal to ensure effective monitoring of service delivery. In addition, the Visits Module product will be introduced which will provide further assurance in respect of a link between provider attendance and payment</p>

APPENDIX C

CORONAVIRUS ASSURANCE PLAN UPDATE

Audit Review	Description of Work	Status / Outcome
NON GRANTS RELATED		
Mandate fraud	A review of mandate counter fraud controls following the identification of a specific fraud case. Review of controls, audit and training.	Completed
Advice and guidance on cross sector issues	Advice and guidance to cross sector organisations on current fraud and scam issues. Overview presentation at the Cross Sector Forum. Co-operation with Scambusters (GM Police) to develop work programme to support Stockport residents.	Completed
Delivering Covid Safe Elections Working Group	Project designed to ensure that the 2021 elections process is delivered in a safe environment. Advice and practical support around managing risks involved in delivering two elections safely.	Completed
Review of ASC – support to care home market	Advice and consultancy support provided regarding the financial risks around social care providers. The outcome was reported to client management and this is included in the Annual Audit Report.	Completed
ASC Care Homes Risk Matrix advice	Advice and support to the external risk partner on developing risk matrices for care home providers to manage the risk of over reliance on key providers to deliver services.	Completed
Community Interest Company	Due diligence work provided	Completed
Recovery Planning Phase (Workforce Development)	Advice and consultancy support being provided on an ongoing basis regarding the Recovery Planning Phase (Workforce Development). This involves attendance at fortnightly meetings to provide consultancy and risk advice, for example on the suite of risk assessment	Work in Progress

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Audit Review	Description of Work	Status / Outcome
	documents recently developed.	
Community Interest Company	Ongoing support being provided with regards to the establishment of the new Community Interest Company	Ongoing
Support work to the Monitoring Officer	Ad hoc support work to the Monitoring Officer on three specific pieces of work, two of which are completed.	Completed for 2 pieces of work Work in progress for remaining work
Future Estates Business Plan	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.	Work in Progress
GRANTS RELATED		
Small Business Grants (SBGF)	Fraud Risk Assessments, Pre and Post payment assurance activities including the use of IDEA and spotlight testing, provision of monthly grant payments and fraud figures to BEIS, provision of evidence pack to BEIS as part of declaration Support to Finance on reconciliation Investigation of potential fraudulent payments, subsequent recovery process, reporting to Action Fraud and updates to BEIS	Completed Almost completed Ongoing
Retail, Hospitality & Leisure Grants (RHLGF)	Fraud Risk Assessments, Pre and Post payment assurance activities including the use of IDEA and spotlight testing, provision of monthly grant payments and fraud figures to BEIS, provision of evidence pack to BEIS as part of declaration Support to Finance on reconciliation Investigation of potential fraudulent payments, subsequent recovery process, reporting to	Completed Almost completed Ongoing

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Audit Review	Description of Work	Status / Outcome
	Action Fraud and updates to BEIS	
Local Authority Discretionary Grants (LADG)	Fraud Risk Assessments, Pre and Post payment assurance activities including the use of IDEA and spotlight testing, provision of monthly grant payments and fraud figures to BEIS, provision of evidence pack to BEIS as part of declaration Support to Finance on reconciliation Investigation of potential fraudulent payments, subsequent recovery process, reporting to Action Fraud and updates to BEIS	Completed Almost completed Ongoing
Closed Businesses Lockdown Payment (CBLP)	Pre and post payment assurance activities, including the use of IDEA and spotlight testing Support to Finance on reconciliation	Completed Completed
Christmas Support Package (CSP)	Pre and post payment assurance activities, including the use of IDEA and spotlight testing Support to Finance on reconciliation	Completed Completed
Winter Support Package	Use of IDEA to provide assurance that there were no duplicate payments	Completed
Enforcement & Compliance Grant	Verification of expenditure to ensure compliance with grant terms and conditions	Completed
Local Restrictions Support Grants (LRSG)	Fraud Risk assessments Pre and post payment assurance activities, including the use of IDEA and spotlight testing Provision of monthly grants payment and fraud figures to BEIS	Completed Ongoing Ongoing
Restart Grants	Fraud Risk Assessments, Pre and post payment assurance activities including the use of IDEA and spotlight testing, support to Finance on reconciliation of restart grants	Ongoing

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Audit Review	Description of Work	Status / Outcome
Covid19 Test and Trace Support Payment Scheme	Internal Audit involved in carrying out random sample weekly checks and provided advice on controls. There are currently 4 grant determinations to provide assurance on. Assurance also provided on the payments being accounted for correctly in the SAP accounting system.	Ongoing
Covid Test and Trace Contain Outbreak Management Fund	Internal Audit involved in the certification of the grant scheme. There are 4 grant determinations with deadlines. This will involve post assurance grant work to ensure Council complied with specific criteria	Planning
HMRC statutory notice return for SGBF, RHLGF, LADG	Internal Audit involved in extracting the required information from the data set and upload statutory notice return to the www.gov.uk website	Planning
HMRC statutory notice return for LSRGs, CSP and CBLP	Internal Audit involved in extracting the required information from the data set and upload statutory notice return to the www.gov.uk website	Planning

APPENDIX D

AUDIT OF SCHOOLS

The table below shows the progress made on audit of schools since the last progress report in February 2021.

Year	School	Status
2019-20	Moorfield Primary School	Completed
2020-21	St James High School	Completed
2020-21	Abingdon Primary School	Completed
2020-21	Castle Hill Special School	Completed
2020-21	Banks Lane Infant	Completed
2020-21	St Pauls CE Primary school	Completed
2020-21	Vernon Park Primary School	Completed
2020-21	Neville Road Infant	Completed
2020-21	Marple Hall High	Draft report issued
2020-21	Queensgate Primary	Fieldwork

APPENDIX E

OTHER WORK

Type of Other Work	Status / Outcome
Whistleblowing complaint	Response as per the Whistleblowing Policy. Provided support to Monitoring Officer and service. A full audit review of the Dog Warden service was undertaken and the outcomes reported in the Annual Audit Report.
Ad-hoc advice	Provided advice on Charity Commission rules around registration of charities.
Ad-hoc advice	Provided advice on process for order requisition forms and appropriate authority limits
Ad-hoc advice	Advice provided on audit requirements on separate school fund accounts
Ad-hoc advice	Advice provided on declaration of gifts
Ad-hoc advice	Provided further advice on Charity Commission rules around registration of charities, exemptions and threshold limits
Ad-hoc advice	Advice provided on PCI compliance at schools
Ad-hoc advice	Joint advice provided regarding treatment of VAT for subsidised invoice
Ad-hoc advice	Advice provided regarding proposed solutions for payments whilst changing bank
Certification work	Brookfield Park Shiers
Complaint investigation	Independent review of timeline of events as support to a Stage 1 complaint within Children Social Care

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