

Stockport MBC Internal Audit Services Annual Head of Internal Audit Opinion and Report 2020/21

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Distribution: Audit Committee
Corporate Leadership Team (CLT)
Corporate Governance Group (CGG)

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1. Introduction

Purpose of this report

- 1.1 The Deputy Chief Executive, as the s151 officer, is responsible for ensuring a sound system of internal control that supports the achievement of the Council's objectives and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system. A key element of assurance is the overall assurance opinion from the Head of Internal Audit, Risk and Insurance.
- 1.2 This report sets out the overall Audit Opinion together with a summary of the work that the Council's Internal Audit Service has undertaken during 2020/21. The report also provides information on the performance of the Internal Audit service in 2020/21 and an assessment of the compliance against the Public Sector Internal Auditing Standards (PSIAS).

The role of Internal Audit

- 1.3 Internal Auditing is defined as '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.' (Public Sector Internal Audit Standards – PSIAS).
- 1.4 The scope of our work, management and audit's responsibilities, the basis of our assessment and access to this report are set out in Appendix A to this report.

Reflecting the challenges from Coronavirus on the delivery of the Internal Audit Plan

- 1.5 The Covid-19 pandemic has had significant implications for the delivery of services for the 2020-21 year. The Council experienced significant organisational disruption, new emergency responsibilities, changes in risk appetite and the control environment with staff primarily delivering services whilst working remotely from home. This has inevitably impacted on internal control, risk management and corporate governance arrangements throughout the Council. In the context of the above, conducting this annual report to deliver an opinion on the full financial year has been a challenge.

- 1.6 The impact of Covid-19 on all the Council services has been considerable and for the Head of Internal Audit (HIA) it has raised the question of whether available resources would be able to undertake sufficient internal audit work to gain assurance during 2020/21. This is a key consideration to fulfil the requirement of the Public Sector Internal Audit Standards (PSIAS) for the Head of Internal Audit (HIA) to issue an annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This opinion is in turn one of the sources of assurance that the Council relies on for its annual governance statement.
- 1.7 Furthermore, it is important to highlight the professional and regulatory expectations on the Council to ensure that internal audit arrangements conform with PSIAS and this has not significantly changed in the period. With this in mind the Head of Internal Audit has had to consider whether they can still issue the annual opinion or whether there will need to be a limitation of scope. A limitation of scope arises where the HIA is unable to draw on sufficient assurance to issue a complete annual opinion in accordance with the professional standards. This is an issue not only for the HIA but also for the leadership team and the audit committee who normally rely on that opinion. It may also have wider consequences for stakeholder assessments of the organisation.
- 1.8 The key requirements that the HIA, in consultation with Corporate Leadership Team (CLT) and the Audit Committee has considered, are set out below:
- The HIA has planned to obtain sufficient assurance to support the annual opinion, considering both internal audit work and other sources of assurance. The reliance the HIA is placing on other sources of assurance has been disclosed in the overall opinion.
 - The HIA has kept under regular review, and discussed with key stakeholders, internal audit capacity to develop an action plan to mitigate the risk.
 - The HIA has made best use of audit resources to maximise assurance. This has resulted in a revised and fully flexible risk-based plan in 2020/21 supported by a Covid Assurance Plan 2020/21.
 - The HIA has considered a limitation of scope and the leadership team and audit committee were advised promptly.
 - The HIA has set out the likely consequences assessed and advise on remedial action to avoid a limitation of scope.
 - The HIA considered that the annual report should contain a clear explanation of any limitation of scope along with its causes and plans to address the situation going forward.
 - Where the HIA annual report and opinion contains a limitation of scope the authority should state this in the annual governance statement.
- 1.9 The factors impacting on the availability of assurance from internal audit and other sources of assurance include:

- the significant and ongoing changing risks and impacts on the Council itself
- whether key governance, risk management and internal control arrangements have deteriorated or been maintained
- changes to the resource base of internal audit staff, whether staff or budget related, through turnover and secondment
- demands on internal audit for any advisory or non-audit support that will not directly support the HIA opinion
- operational disruptions that impact on the access of internal auditors to key staff, information or systems resulting in greater inefficiency and reduced outputs. This has been a major factor in 2020/21.
- The Council has a reasonable assurance framework, and this has been used by the HIA to support the opinion.

1.9.1 When delivering the risk-based audit plan in 2020/21 the HIA, supported by Corporate Leadership Team, undertook a regular review to make best use of available internal audit resources over the remainder of the year. Outcomes included:

- A flexible risk-based plan reviewed quarterly and supported by an ongoing Covid 19 Assurance Plan.
- Streamlining audit processes to increase capacity.
- Narrowing the focus of audit scopes to examine only key risks in agreed audit review areas.
- Consideration to buying in audit expertise from an external provider. For example, reviewing broader counter fraud assurance arrangements with an external provider.
- Exploring opportunities for internal secondments or other support for the audit team to support and help deliver key critical process including national business grants support.
- Evaluating any requests for advisory work and prioritising assurance work and advisory work that supports the annual opinion via the Covid 19 Assurance Plan.
- Avoiding diversion of internal audit staff on to counter fraud work, or other non-core audit work, beyond that which is already accommodated within the plan.
- Increasing communication with client services to help ensure good co-operation from client services and avoid unnecessary delays in undertaking engagements.

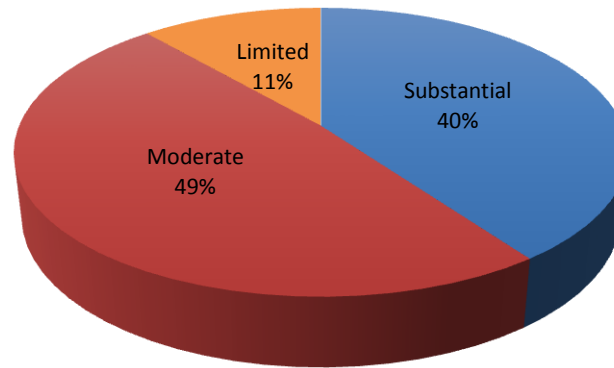
2. Overall Opinion and Assurance Statement

Overall Opinion

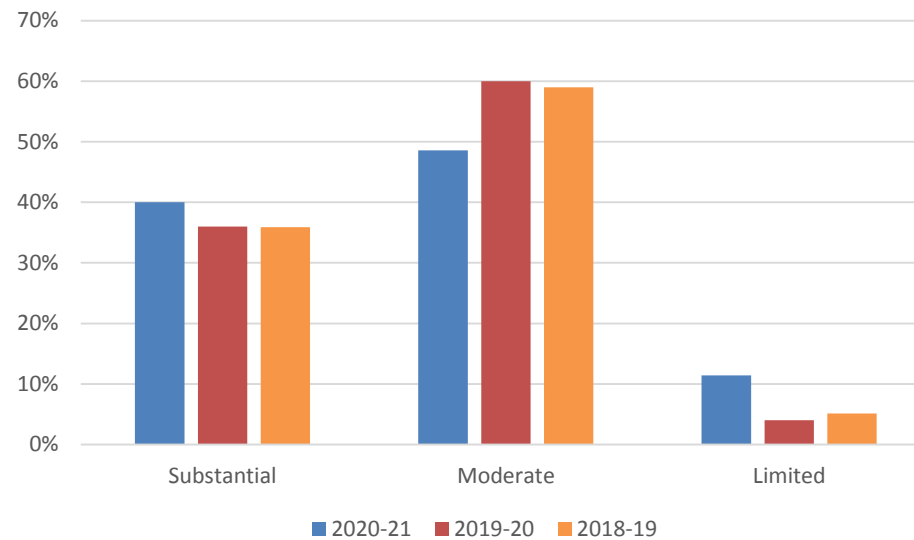
- 2.1 ***On the basis of our programme of work for the year, I can provide moderate assurance overall that there is a generally sound system of internal control, adequately designed to meet the Council's objectives, and controls are generally being applied consistently. However, some weaknesses in the design and inconsistent application of controls put the achievement of particular objectives at risk.***
- 2.2 In forming my opinion on the Council's internal control environment, risk management process and corporate governance, I have considered the work undertaken by the Internal Audit Service throughout the year. I have come to this conclusion given the coverage of audit work delivered in both the Risk Based Internal Audit Plan 2020/21, the Covid 19 Assurance Plan, work on new and emerging high risk areas including significant assurance and support around business and community grants and reliance on other assurance areas, for example as identified in both the updated Local Code of Governance and the Annual Governance Statement.

Summary of assurance provided by the Internal Audit Service

- 2.3 A summary of all the assurance we have provided during the year is provided below. This includes each audit review directed to providing controls assurance, but it excludes work, for example, on the majority of Covid 19 related activity, on the certification of grant certification work and our support to management on fraud investigation work. The overall picture of assurance provided across the audit reviews undertaken during 2020-21 is summarised below. (See Appendix B for description of assurance levels).



2.4 The overall picture of assurance provided across the audit reviews carried out over the past three years is set out in the chart below. The issue of a 'substantial opinion' has slightly increased whilst moderate assurance has dropped significantly during 2020-21 with a small increase in limited assurance opinions. However overall, we were able to issue 89% of audit reviews at either substantial or moderate level of assurance.



Management's response to our findings

- 2.5 Each of the issues the Internal Audit service has raised during the year has been discussed with the relevant service management teams as part of a formalised closure meeting. Action plans have been subsequently agreed and actions are already being implemented by nominated officers. The Internal Audit service will follow up our findings during the course of 2021-22 and provide support to management to develop and implement solutions to the control issues identified.

Follow-up of our previous work

- 2.6 The approach is now focussed on audits which have been given a "limited" or "moderate" assurance opinion to ascertain and provide management and members with a timely assessment of how well the agreed recommendations have been implemented. A summary of the position statement for those audit reviews which were given a limited assurance opinion is set out in the quarterly updates to Audit Committee. Where improvements have been made to the control environment, we will use this to update our opinion and assurance ratings may be improved as a consequence. This provides stakeholders with a clearer and timelier view of the current control environment in operation. This is a positive reflection on the importance attached to addressing key recommendations by managers throughout the Council.
- 2.7 Furthermore, we have undertaken work to ascertain progress in implementing agreed recommendations resulting from all other audit work completed in year and from earlier year's reviews. Good progress has been made to implement the action plans as agreed.

3. Key Issues and Themes

Internal control environment

- 3.1 The Covid-19 pandemic had impacted on the delivery of Council services in the past 12 months which has meant that the Council experienced significant organisational disruption, new emergency responsibilities and new ways of working with staff delivering services whilst working from home. This has kept the overall risk to the internal control environment high with changes in staff responsibilities and associated authorities. Internal Audit supported the Council through this process and actively advises and contributes through its ongoing proactive involvement in all key risk areas including business rates grants, adult social care, office 365, leisure centre delivery model, workforce development and input on new and redesigned systems and processes.

- 3.2 Our work found no evidence of significant lapses in the internal control framework and we consider that management have responded appropriately and positively to Internal Audit recommendations. Furthermore, management have engaged constructively and transparently with internal audit colleagues which has helped to deliver ongoing and advisory work to a high standard.
- 3.3 Our work has confirmed that adequate management arrangements are in place including robust monitoring and reporting processes.

Risk management

- 3.4 A range of key projects continue to receive ongoing consultancy and advice from the service. The key objective is to provide continuous assurance and advice on how risks are being identified, managed and controlled. These include:
- Due diligence on the establishment of a Community Interest Company to operate the Council's leisure facilities when the existing in arrangements with Life Leisure come to an end.
 - Transformation programmes, particularly in Children's and Education services around the review of the Dedicated Schools Grant and the integration of Children's and Education Service.
 - Various capital projects including Highways as well as Merseyway and Stockport Exchange where required.
 - Re-integration of the Mental Health service back into Adult Social Care.
- 3.5 The Risk Manager has also been holding a number of planned workshops across the range of operations to understand and assist services in managing their operational risks. This will result in an update to the Council's Risk Strategy later in the year.

Corporate Governance

- 3.6 The Internal Audit Service continues to be involved in the development of the Council's corporate governance arrangements and monitoring of the Annual Governance Statement through the Head of Internal Audit's attendance at the Corporate Governance Group, Fraud & Irregularities Panel, Data Breach Panel, Information Governance Board and Health and Safety Group.
- 3.7 All audit reviews give an opinion not only on the control environment but also on governance and risk management arrangements as well. Where issues are identified, Internal Audit will work with services to improve and develop processes that allow governance and risk management to further help achieve the overall objectives of the service.
- 3.8 The Corporate Governance Group meets before all scheduled Audit Committee meetings. Standing agenda items include corporate governance issues, risk management, business continuity and audit committee agenda items. The draft Annual Governance Statement

(AGS) was updated by the Head of Internal Audit, Risk and Insurance and this has been discussed with members of the Corporate Governance Group, CLT and members of the Audit Committee. Quarterly updates on the progress of the AGS Action Plan is reported to the same forums.

- 3.9 The review of the effectiveness of the Council’s governance framework in 2020/21 has identified and confirmed the following areas that will need to be addressed or continue to be addressed during 2021/22. These are:-
- Programme of Reform and achievement of Medium-Term Financial Plan; and
 - Stockport One Transformation Programme.
- 3.10 Finally internal audit have updated and reviewed the Council’s Local Code of Governance which fundamentally underpins the Council’s commitment to effective corporate governance arrangements in everything that it does.

4. Delivery of 2020-21 Audit Plan

- 4.1 The Internal audit plan for 2020/21 was approved by the Audit Committee at its meeting in March 2020 and the committee received regular updates on progress against the plan during the year.
- 4.2 The following table summarises the outturn of audit reports and other outputs produced in 2020/21. More information about the outcomes of Internal Audit work relating to risk -based reviews, financial system reviews and proactive anti-fraud work is provided at Appendix C.

Type of Work	Audit Outputs	Audit Outcomes
Covid Assurance work including advice and consultancy support to Council management	<p>Feedback, opinion and assurance where appropriate</p> <p>Draft report stage on Business Support Grants</p>	<p>One significant project undertaken involved using IDEA software to support the Council in making accurate and valid grant payments to local businesses and individuals.</p> <p>The work delivered under the Covid Assurance Plan is set out in Appendix D</p> <p>NB: The audit work undertaken on the Small Business Grant Fund, Retail, Hospitality & Leisure Fund and LA Discretionary Grants which were issued in response to the Covid 19 pandemic is currently summarised in an audit report</p>

Type of Work	Audit Outputs	Audit Outcomes						
		to be issued to client management shortly.						
Programme and project assurance work	Feedback, opinion and assurance on key programme and projects	<p>Projects supported include:</p> <ol style="list-style-type: none"> 1. Stockport Exchange and Merseyway. 2. Review of Dedicated Schools Grant and integration of children's and Education Service. 3. Leisure services delivery model – CIC. 4. Mental Health re-integration. 						
Service reviews	<p>9 final reports issued 3 draft reports issued 3 at draft reports stage 3 at fieldwork stage</p>	<p>The number of opinion and assurance ratings for the finalised reports are listed below</p> <table border="1" data-bbox="999 683 1453 890"> <tbody> <tr> <td>Substantial assurance</td> <td>3</td> </tr> <tr> <td>Moderate assurance</td> <td>4</td> </tr> <tr> <td>Limited assurance</td> <td>2</td> </tr> </tbody> </table> <p>The summary of the opinion and assurance statements for the individual risk-based reviews which were finalised in the year are provided in Appendix C.</p>	Substantial assurance	3	Moderate assurance	4	Limited assurance	2
Substantial assurance	3							
Moderate assurance	4							
Limited assurance	2							
School audit visits	<p>22 final reports issued 1 draft report issued 2 at draft report stage</p>	<p>Nine schools from 2019-20 were finalised in 2020-21.</p> <p>During 2020-21, a further 16 schools were audited, of which 13 were completed and three remain underway. Seven schools were c/f to 2021-22.</p> <p>The number of opinion and assurance ratings for the 22 finalised reports are listed below</p> <table border="1" data-bbox="999 1264 1453 1331"> <tbody> <tr> <td>Substantial assurance</td> <td>11</td> </tr> </tbody> </table>	Substantial assurance	11				
Substantial assurance	11							

Type of Work	Audit Outputs	Audit Outcomes					
		Moderate assurance	10				
		Limited assurance	1				
		<p>We have made a total of 163 recommendations at the 22 schools visited where we have completed our audit and these were graded as follows: 12 High, 73 Medium and 78 Low risk.</p> <p>Our recommendations to address the high to medium risk findings included</p> <ul style="list-style-type: none"> the need to ensure ongoing management of budgetary forecasts to minimise risk of going into a deficit budget, to ensure three competitive quotes are always obtained and that there are evidence of discussion and approval by Governors, to ensure long contractual arrangements with existing suppliers are subject to review or re-tendering, to ensure health & safety walkarounds are reintroduced post lockdown, the need to ensure privacy Notices are published on school's website, the need for schools to comply with new DfE requirements to publish link to DfE financial benchmarking information and to disclose number of staff earning £100,000 or more, to ensure all declaration of business interests for Governors are up to date. <p>We have issued a separate summary of findings report to all schools. This report was also presented to the Schools Forum on 20th May 2021.</p>					
Financial systems reviews	2 final reports issued 1 at draft report stage 3 at fieldwork stage	<p>The number of opinion and assurance ratings for the finalised reports are listed below</p> <table border="1" data-bbox="999 1246 1453 1382"> <tbody> <tr> <td data-bbox="999 1246 1361 1313">Substantial assurance</td> <td data-bbox="1361 1246 1453 1313">0</td> </tr> <tr> <td data-bbox="999 1313 1361 1382">Moderate assurance</td> <td data-bbox="1361 1313 1453 1382">1</td> </tr> </tbody> </table>		Substantial assurance	0	Moderate assurance	1
Substantial assurance	0						
Moderate assurance	1						

Type of Work	Audit Outputs	Audit Outcomes					
		N/A – no opinion given	1				
Contracts / Projects audits	1 final report issued 1 draft report issued 1 at fieldwork stage	<p>The number of opinion and assurance ratings for the finalised reports are listed below</p> <table border="1" data-bbox="999 504 1453 643"> <tr> <td data-bbox="999 504 1361 568">Substantial assurance</td> <td data-bbox="1361 504 1453 568">0</td> </tr> <tr> <td data-bbox="999 568 1361 632">Moderate assurance</td> <td data-bbox="1361 568 1453 632">1</td> </tr> </table> <p>The summary of the opinion and assurance statements for the individual contract reviews are provided in Appendix C.</p>		Substantial assurance	0	Moderate assurance	1
Substantial assurance	0						
Moderate assurance	1						
ICT audits	1 final report issued 2 draft report issued 2 at fieldwork stage	The summary of the opinion and assurance statements for the individual ICT audits are provided in Appendix C.					
Compliance reviews for Council management (non-Covid)	2 unqualified opinions	<p>We undertook compliance work at the request of management and issued unqualified opinions for 1 grant return (non-Covid) and one statement of accounts for a charity.</p> <p>We are currently undertaking work on the Annual Governance and Accountability Return (AGAR) for the Stockport Mayoral Development Corporation.</p>					
Continuous Auditing	Limited reports	<p>Due to work on coronavirus grants which has involved the use of IDEA, this has been paused. Ad hoc work has been undertaken around analysing data in the taxi licensing service.</p> <p>NB: With many services migrating to Office 365 during the coronavirus pandemic, this has changed how data is accessed. Work will be required to</p>					

Type of Work	Audit Outputs	Audit Outcomes																				
		existing data scripts before continuous auditing can be recommenced.																				
Advice and consultancy support to schools	12 ad-hoc advice provided	<p>During the year we received twelve ad hoc non Covid related requests for advice and consultancy support on a broad range of matters, such as payment of invoices, school fund matters, charity commission requirements, BACS payments, orders requisition processes and gifts procedures.</p> <p>All advice was issued on a timely basis to assist management to maintain proper systems of internal control.</p>																				
Pro-active anti-fraud reviews including National Fraud Initiative work	<p>Feedback, opinion and assurance on key proactive anti-fraud reviews</p> <p>Possible data matches generated and shared with the Revenues and Benefits team for investigation</p>	<p>The National Fraud Initiative 2020 results and matches have recently been distributed to all Local Authorities. Internal Audit is in the process of reviewing high risk alerts and matches and is liaising with key contacts within the necessary service areas to investigate high risk cases</p> <p>Activity around all counter fraud work from the last financial year is highlighted in the Annual Fraud Report 2020/21.</p> <p>We have begun a program of counter fraud work within services, starting with residential payments for adult social care.</p>																				
Investigations	Four investigations	Internal Audit has undertaken four investigations of which two have been reported to the Fraud and Irregularities Panel and one to the Whistleblowing Panel.																				
Follow-ups	18 follow up reports issued	<p>A summary of the recommendations that have been made during the year and implemented during the year is shown below.</p> <table border="1"> <thead> <tr> <th>Grade</th> <th>B/Fwd</th> <th>New</th> <th>Closed</th> <th>C/Fwd</th> </tr> </thead> <tbody> <tr> <td>High</td> <td>37</td> <td>15</td> <td>22</td> <td>30</td> </tr> <tr> <td>Medium</td> <td>74</td> <td>13</td> <td>51</td> <td>36</td> </tr> <tr> <td>Low</td> <td>29</td> <td>16</td> <td>27</td> <td>18</td> </tr> </tbody> </table>	Grade	B/Fwd	New	Closed	C/Fwd	High	37	15	22	30	Medium	74	13	51	36	Low	29	16	27	18
Grade	B/Fwd	New	Closed	C/Fwd																		
High	37	15	22	30																		
Medium	74	13	51	36																		
Low	29	16	27	18																		

Type of Work	Audit Outputs	Audit Outcomes				
		Total	140	44	100	84

5 Quality Assurance and Improvement Programme

- 5.1 As part of the Public Sector Internal Audit Standards there is a requirement for the internal audit team to have in place a Quality Assurance and Improvement Programme (QAIP). This must include both internal and external assessment of compliance against the standards. The internal assessments are ongoing, and an external assessment must be undertaken once every five years.
- 5.2 The external assessment of the service took place in 2017/18 and the overall judgement was that the Council's Internal Audit service was assessed as fully conforming to the Public Sector Internal Audit Standards (PSIAS). This is a very positive achievement and demonstrates the level and quality of assurance provided by the service.
- 5.3 We report the results of the internal assessments as part of the QAIP to Audit Committee members.

It is the opinion of the Head of Internal Audit, Risk and Insurance that in all material aspects Stockport Council's Internal Audit Service conforms to the definition of internal audit, the Code of Ethics and the Public Sector Internal Audit Standards.

- 5.4 Whilst the Public Sector Internal Audit Standards only require non-conformance to be disclosed when it impacts the overall scope or operational of the internal audit activity, the additional requirements for the public sector state that all instances of non-conformance and progress against improvements plans must be reported in the annual report. The progress against the 2020-21 QAIP action plan is included in Appendix E.

A Scope, responsibilities and assurance

Scope

- A.1 In accordance with the Public Sector Internal Audit Standards, the scope of Internal Audit encompasses all of the Council's activities, resources and services including where they are provided by other organisations on their behalf. Internal Audit has unrestricted access to all Council employees and Elected Members and the authority to obtain such information and explanations, as it considers necessary to fulfil its responsibilities.

Responsibilities

- A.2 It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit is an element of the internal control framework assisting management in the effective discharge of its responsibilities and functions by examining and evaluating controls. Internal auditors should not be seen as a substitute for management's responsibilities.
- A.3 However, we have planned our work so that we have a reasonable expectation of detecting significant control weaknesses. We have reported all such weaknesses to management as they have become known to us, without undue delay, and have provided advice to management on appropriate mitigating actions to address risk. However, Internal Audit procedures alone, even when carried out with due professional care, do not guarantee fraud will be detected. Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud or other irregularities which may exist, unless we are requested to undertake investigations in such matters under the direction of the Fraud and Irregularities Panel.
- A.4 Internal audit's role include assessing the adequacy of the risk management processes, key internal control systems and corporate governance arrangements put in place by management and performing tests to ensure that these controls were operating for the period under review.

Basis of our assessment

A.5 My opinion on the adequacy of control arrangements is based upon the results of Internal Audit reviews undertaken and completed during the period in accordance with the plan approved by the Audit Committee. Sufficient, reliable and relevant evidence has been obtained to support the recommendations made.

Limitations to the scope of our work

A.6 There have been no limitations to the scope of the audit work.

Limitations on the assurance that Internal Audit can provide

A.7 The audit process is generally dependent upon the existence of an effective system of internal control. There is always a risk of an internal control system failing to operate as designed. There are inherent limitations as to what can be achieved by an internal control system. Any system of internal control may be ineffective against fraud involving collusion among employees or fraud committed by management, for instance management overriding controls, faulty judgement in decision making processes or breakdown in controls due to human error. No matter how well designed and operated, sound internal control systems can only provide reasonable assurance and not absolute assurance that objectives have been, and will continue to be, met. Furthermore, there is no certainty that internal controls will continue to operate effectively in future periods or that the controls will be adequate to mitigate all significant risks which may arise in the future. Such inherent limitations of internal control system also contribute to inherent limitations of an audit.

A.8 Decisions made in designing internal controls inevitably involve the acceptance of some degrees of risk. As the outcome of the operation of internal controls cannot be predicted with absolute assurance, any assessment of internal control is judgmental.

B Levels of Assurance Definitions and Classification of Audit Recommendations

In order to provide management with an assessment of the adequacy and effectiveness of their systems of internal control, the following definitions are used.

Opinion	Definition
Substantial Assurance	There is a sound system of internal control designed and operating in a way that gives a reasonable likelihood that the objectives will be met.
Moderate Assurance	Whilst there is a basically sound system of internal control, there are weaknesses which put some of the objectives at risk or there is evidence that the level of non-compliance with some of the controls may put some of the objectives at risk.
Limited Assurance	Weaknesses in the system of internal control are such as to put the objectives at risk or the level of non-compliance puts the objectives at risk
No Assurance	Control is generally weak leaving the system open to error or abuse; or significant non-compliance with basic controls leaves the system open to error or abuse.

Appendix C

C Summary of Outcomes from Finalised Audit Reports during 2020/21

Review	Overall Opinion	Recommendations	Summary	Improvements made / agreed						
Performance Management	-	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">High</td> <td style="width: 10%; text-align: center;">2</td> </tr> <tr> <td>Medium</td> <td style="text-align: center;">3</td> </tr> <tr> <td>Low</td> <td style="text-align: center;">3</td> </tr> </table>	High	2	Medium	3	Low	3	<p>Our review confirmed that at members level, the performance management framework is well developed, with performance measures largely driven by members and the strategic priorities.</p> <p>A CLT dashboard is in place with new dashboards being developed at directorate/service levels with plans to automate the process as much as possible.</p> <p>At directorate/service level, this is a mixed picture with some services having well developed and embedded performance management systems and other services having less mature arrangements.</p> <p>The Business Intelligence (BI) team provides significant support to the People’s directorate. Performance measures are calculated on an automated basis with scripts in place to extract data from case management systems.</p> <p>We observed that data within case management systems may not be up to date which in turn affects the accuracy of the performance measures and limited quality assurance checks are carried out.</p>	<p>The BI team will be developing the performance management role and relationship with Directorate Management Teams, working with them to embed the use of corporate dashboards, develop a greater depth of understanding in relation to key performance issues and strengthen the golden thread between the corporate performance reports and Directorate/ Service level performance.</p> <p>Greater automation of reporting through web-based dashboards is something that they are working towards and will continue to progress over the next 12 months.</p> <p>The BI team will highlight importance of accurate data, introducing “accuracy” reports or metrics to help monitor data quality.</p>
High	2									
Medium	3									
Low	3									
Design & Technical	Moderate	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">High</td> <td style="width: 10%; text-align: center;">3</td> </tr> <tr> <td>Medium</td> <td style="text-align: center;">3</td> </tr> <tr> <td>Low</td> <td style="text-align: center;">4</td> </tr> </table>	High	3	Medium	3	Low	4	<p>Our review found satisfactory arrangements are in place to ensure the new in-house service are equipped with skills, knowledge and experience to manage property construction works.</p> <p>A new Quality Management System (QMS) has been implemented which prescribes the process, roles and</p>	<p>The QMS has been updated with revised procedures following the audit.</p> <p>Things have been complicated by COVID, home working and the need for contracts to be physically signed.</p> <p>STAR is currently implementing new</p>
High	3									
Medium	3									
Low	4									

Review	Overall Opinion	Recommendations	Summary	Improvements made / agreed
			<p>functions of the team when carrying out their projects. Our review confirmed that robust financial and project management processes are in place to monitor progress of building works to ensure this is on schedule, on time and within budget.</p> <p>Satisfactory arrangements are in place to comply with health & safety legislation.</p> <p>Appointments of contractors have been strengthened by bringing in this responsibility in-house. A process is in place to monitor the performance of the contractor from the start of the project throughout the lifecycle of the project.</p>	on-line forms process for key business processes, including PID's.
Education Welfare	Limited	<p>High 3</p> <p>Medium 1</p> <p>Low 0</p>	<p>Our review indicates a need to refocus the work of the various teams within the Council that work around identifying and managing children and young people at risk of or actually missing education. We raised four recommendations:</p> <ul style="list-style-type: none"> • A need to prioritise the resources working with the cohort to focus on the children and young people most at risk; • Ensure processes for the management of cases are clarified; • Streamlining and improving management information to better identify and manage cases; and; • Clarifying the reporting and oversight of this work to senior officers. <p>It should be noted that the fieldwork for this review was completed immediately before the first Covid 19 lockdown and we understand significant improvements have been made in this area during the past months. We will follow up on these developments early in 2021/22.</p>	Management have indicated that significant progress on the area has been made during the lockdown period, but this area will be revisited as a detailed follow up in 21/22
Highways Code of	Substantial	High 0	Our review of the Council's arrangements for	-

Review	Overall Opinion	Recommendations	Summary	Improvements made / agreed
Practice (CoP)		Medium 0 Low 0	implementing the key provisions of the Well-Managed Highways Infrastructure CoP confirmed that the Council took a risk-based approach when seeking to approve policies and ensured that these covered the most significant areas of asset management. Risk assessment matrices have been established to guide inspectors on inspection of defects on site and sufficient training has been provided to inspectors on their role. A number of policies remain to be developed but we are satisfied that the Council has appropriately prioritised them in accordance with risk.	
Highways reactive maintenance	Substantial	High 0 Medium 0 Low 2	Our review of the Council's arrangements for highways reactive maintenance have confirmed that management have implemented processes and methods of working to achieve the level of ad-hoc and routine inspections. This is supported by improvements in documentation and records, particularly through the use of mobile technology and apps. Procedures are in place to review performance information on a monthly basis and sample audit checks on inspection data are carried out regularly by management. Since the introduction of hand-held devices, the audit checks have become a secondary check on quality and is becoming an improvement tool. Defensibility rates have steadily increased from 50% in 2013 to over 80% last year. In the same period, the average cost of closed claims has steadily dropped from £6,000 per claim in 2013 to £2,000 per claim last year.	Management have considered the recommendations and consider the current quality checks are reasonable and achievable, and that closed claims continue to be reviewed periodically with the Insurance team
Fees & Charges	Moderate	High 1 Medium 4 Low 4	Our review confirmed that significant progress has been made to establish robust and fair fee calculations to ensure proper consideration has been given to whether fees should be based upon full cost recovery, operational cost recovery or subsidised service delivery. The Fairer	The recommendations have been considered and agreed. The BTCOS Board shall review their policies, fees and charges and ensure such fees and charges are publicly available and

Review	Overall Opinion	Recommendations	Summary	Improvements made / agreed						
			<p>Charging Policy is in place to ensure a standardised approach to including all relevant staffing costs and contributions to cost of overheads. However, we have identified a number of areas where further clarity is required and have made a number of recommendations to address this</p> <p>The Balancing the Cost of Services (BTCOS) Board is overseeing increased fees and charges for services and since the audit was concluded, now includes representatives from the People directorate as well as Place Management and CSS (including Finance).</p>	correct. The BTOCS Board considers that the process for approving subsidisation should be a service decision						
Modern Slavery Statement	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	Good progress has been made since the Council published its first Modern Slavery Statement, and there is substantial oversight of the process involved, up to executive level. However, the Covid 19 crisis has delayed the implementation of some parts of the plan, and work is now needed to ensure that the objectives of the Modern Slavery Statement are met in 2020.	Clear guidelines outlining which job roles require modern slavery training, were produced and disseminated to managers. This has been complemented by the launch of the Manager Dashboard which allow managers to view the completion rates of their staff.
High	0									
Medium	2									
Low	2									
Schools Key Finance controls	Substantial	<table border="0"> <tr> <td>High</td> <td>0</td> </tr> <tr> <td>Medium</td> <td>1</td> </tr> <tr> <td>Low</td> <td>2</td> </tr> </table>	High	0	Medium	1	Low	2	The team have developed robust mechanisms to ensure that the statutory duties of School Finance Team are met, as well as the terms of the Service Level Agreement which is in place for schools purchasing additional services. Management ensure they have a detailed overview of the work of the team, and report on it at the highest level. Monitoring systems have been introduced to ensure that corporate and statutory deadlines are adhered to, and the service provided to schools is both professional and supportive.	<p>Recommendations were considered and</p> <ul style="list-style-type: none"> a training matrix to be adopted and used alongside the PDR process to support, identify and develop any staff development/training needs. corporate annual questionnaire exercise used to be undertaken by the LA SLA link officer
High	0									
Medium	1									
Low	2									
Dog Warden Service	Limited	<table border="0"> <tr> <td>High</td> <td>4</td> </tr> <tr> <td>Medium</td> <td>0</td> </tr> </table>	High	4	Medium	0	Audit was requested to consider the effectiveness of controls in place around the management and contractual arrangements with an external Dog Warden Service	As a result, Legal Services advised the Council to make alternative arrangements with another provider and		
High	4									
Medium	0									

Review	Overall Opinion	Recommendations	Summary	Improvements made / agreed
		Low 0	<p>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>	therefore it was agreed that immediate implementation of the new framework and to ensure the relevant particulars required under section 149(8) of are also incorporated.
Cash receipting & banking (new Civica Pay)	Moderate	High 0 Medium 2 Low 4	<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>	IT confirmed that the new user form and CivcaPay procedures will be reviewed and updated and annual audits will be completed to ensure users had completed the necessary training. A control will be put in place to ensure aged suspense items are reviewed annually.
Regional adoption agency – reconciliation of Adoption Support Funds (ASF)	-	High 3 Medium 2 Low 1	<p>We undertook an independent review of the finance and reconciliation procedures and confirmed that approximately 43% of the cases had been successfully reconciled. We confirmed that the majority of cases are funded by ASF with very few cases with other local authorities match funding.</p>	<p>Management, Business Support and Accountancy have accepted and agreed an action plan.</p> <p>We will be undertaking a further review during 2021-22 once the results of the above exercises are completed.</p>

Review	Overall Opinion	Recommendations	Summary	Improvements made / agreed						
			<p>Overall, we confirmed that</p> <ul style="list-style-type: none"> With respect to cases where excess costs have been recorded, these continue to be investigated with potential for recovery from other local authorities With respect to cases where excess income has been recorded, processes are underway to identify whether therapy support have been completed so that the case can be closed down and monies repaid to ASF as appropriate <p>We identified some issues arising from the review and have made a number of recommendations.</p>							
Homecare Commissioning	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>0</td> </tr> </table>	High	0	Medium	2	Low	0	<p>Our review confirmed satisfactory arrangements are in place around setting of fees to enable homecare providers to meet their statutory responsibilities and to ensure they remain sustainable. An Ethical Framework is in place to improve the quality of service provision and continuity of carers.</p> <p>Improvements have been made to extracting data from case management systems into an effective management information tool. This enables management to monitor the homecare provider's percentage share of the market to ensure sustainability and minimises risks of business continuity failure.</p> <p>Alongside the above, the Council has a joint working team to address the workforce market in the long term. This is to ensure that there is a long-term plan to address the demographic issues and to develop sufficient market capacity to deal with the increasing homecare market in the future.</p>	Management accepted both recommendations and confirmed that management information on Tableau is now running smoothly from LAS / ContrOCC following the change in systems.
High	0									
Medium	2									
Low	0									
Office 365	Limited	<table border="0"> <tr> <td>High</td> <td>2</td> </tr> </table>	High	2	Our review confirmed at the time of our audit, that there were no plan, timescales or project team for the implementation of Office 365 and the development of the	Management agreed that an implementation plan would be drafted and presented to the Digital Board. This				
High	2									

Review	Overall Opinion	Recommendations	Summary	Improvements made / agreed
		<p>Medium 0</p> <p>Low 0</p>	<p>sensitivity and retention labels (business rules) by the Information Asset Owners (IAOs) across the Council.</p> <p>The approach was for the ICT team to take responsibility for the technical aspects for installing Office 365 and an expectation that individual services are responsible for fully implementing the functionality of the Office 365 software to ensure the full benefits are achieved.</p> <p>There have been some attempts by ICT to provide training to services on the application of Office 365, but this has been limited. There is a risk that services will not fully implement the full benefits of the security features within Office 365 due to IAOs' lack of understanding and the current restraints on staffing resources.</p> <p>At the time the original final report was due to be issued, COVID-19 impacted on every aspect of the Council and its services. This resulted in ICT services speeding up the process to set up all users and corresponding teams onto Office 365 in order to further support staff working from home. For ICT services, this was a mammoth and complex task in exceptional circumstances, and it was reported that only a few service areas have migrated supporting data.</p> <p>We made a number of recommendations to address the risks.</p>	<p>plan included recommendation of a sub-group consisting of appropriate officers across all directorates plus Internal Audit.</p> <p>This sub-group is taking the lead to implement the project and address the audit recommendations.</p>
<p>Review of ASC – support to care home market (coronavirus response)</p>	<p>Moderate</p>	<p>High 0</p> <p>Medium 0</p> <p>Low 1</p>	<p>We undertook a review of the Council's arrangements over the new processes to provide financial support to care homes during Covid19.</p> <p>We confirmed that robust arrangements were in place for the operation of the Funding Panel who effectively scrutinised and challenged provider specific returns for payment and managed effectively the adult social care funding allocations. Sufficient processes are in place to</p>	<p>Management has agreed that correspondence with providers on the next phase of Infection Control Funding will be done to ensure clarity in advance of scheme closure on any underspends as well of the requirements to ensure all expenditure is committed by the close date of the scheme.</p> <p>Scrutiny of final returns for significant</p>

Review	Overall Opinion	Recommendations	Summary	Improvements made / agreed
			<p>reconcile payments to Funding Panel approvals.</p> <p>Expenditure incurred by providers in response to Covid19 was examined on a sample basis and checked against the funding guidelines. We obtained sufficient evidence to give assurances to management that the providers understood and appears to be complying with the guidelines for the funding. We note however that some of the significant items included on the basis of orders with suppliers had not been issued by the time we issued our report. Subsequently we recommended that clarity should be made with providers in advance of scheme closure on any underspends as well of the requirements to ensure all expenditure is committed by the close date of the scheme.</p>	<p>items of estimation or significant items ordered close to the end of the funding window will be undertaken</p>

D Completion of Covid 19 Assurance Plan

1. Work completed in year

Type of Work	Description of Work
Secondment	Secondment of auditor for two months to Revenues and Benefits team to assist with business rates work
Risk advice and consultancy	Audit of arrangements for administering Covid support to care providers within Adult Social Care, resulting in the issue of a report. This identified specific recommendations that management have accepted.
Risk advice and consultancy	Research paper for Ethics Committee for Covid resource deployment
Risk advice and consultancy	Equality Impact Assessment – analysis of LGA recommendations to ensure that the Council has considered all relevant requirements.
Risk advice and consultancy	ASC support to care home market - Advice and consultancy support being provided on an ongoing basis regarding the financial risks around social care providers.
Grants	<u>Department for Business, Energy & Industrial Strategy (BEIS) – Small Business Grants Fund (SBGF)</u> Fraud Risk Assessment, 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
Grants	<u>BEIS – Retail, Hospitality & Leisure Grants Fund (RHLGF)</u> Fraud Risk Assessment, 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
Grants	<u>BEIS – Local Authority Discretionary Grants (LADG)</u> Fraud Risk Assessment, 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

Type of Work	Description of Work
Grants	<u>BEIS – Local Restrictions Support Grants (LRSB)</u> Fraud Risk Assessment
Grants	<u>BEIS – Closed Businesses Lockdown Payment</u> Pre and post payment assurance activities including the use of IDEA and spotlight testing Supported Finance in the reconciliation of CBLP
Grants	<u>BEIS – Christmas Support package (CSP)</u> Pre and post payment assurance activities including the use of IDEA and spotlight testing Supported Finance in the reconciliation of CSP
Grants	<u>DWP – Winter Support Package</u> Use of IDEA to provide assurance that there were no duplicate payments
Grants	<u>MHCLG – Enforcement & compliance surge enforcement) grant 31/5216</u> Verification of expenditure to ensure compliance with grant terms and conditions
Risk, advice and consultancy	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.
Risk, advice and consultancy	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.
Risk, advice and consultancy	ASC Care Homes Risk Matrix - Advice, consultancy and support on developing risk matrices for care home providers to manage the risk of over reliance on key providers to deliver services. Worked with our external risk partner (Gallagher Bassett) to provide further support in this area.
Risk, advice and consultancy	Advice and consultancy provided at high level at Highways Capital Board

Type of Work	Description of Work
Risk, advice and consultancy	Due diligence work on the new Community Interest Company
Advice	A review of mandate counter fraud controls following the identification of a specific fraud case. Review of controls, audit and training
Advice & Support	Ad hoc support work to the Monitoring Officer on two specific pieces of work.

2. Work still ongoing

Type of Work	Description of Work
Consultancy	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 documents recently developed.
Grants	<u>Department for Business, Energy & Industrial Strategy (BEIS) – Small Business Grants Fund (SBGF)</u> Support to Finance on reconciliation is almost completed Investigation of potential fraudulent payments, subsequent recovery process, reporting to Action Fraud and update to BEIS
Grants	<u>BEIS – Retail, Hospitality & Leisure Grants Fund (RHLCF)</u> Support to Finance on reconciliation is almost completed Investigation of potential fraudulent payments, subsequent recovery process, reporting to Action Fraud and update to BEIS
Grants	<u>BEIS – Local Authority Discretionary Grants (LADG)</u> Support to Finance on reconciliation is almost completed Investigation of potential fraudulent payments, subsequent recovery process, reporting to Action Fraud and update to BEIS

Type of Work	Description of Work
Grants	<p><u>BEIS – Local Restrictions Support Grants (LRSB)</u></p> <p>Pre and post payment assurance activities including the use of IDEA and spotlight testing</p> <p>Provision of monthly grant payments and fraud figures to BEIS</p> <p>Support to Finance on reconciliation</p>
Grants	<p><u>BEIS – Restart grants</u></p> <p>Fraud risk assessment</p> <p>Pre and post assurance activities including the use of IDEA and spotlight testing</p> <p>Support to Finance on reconciliation</p>
Grants	<p><u>Department of Health & Social Care (DoH&SC) – Covid Test and Trace – Contain Outbreak Management Fund</u></p> <p>Planning underway, there are currently 4 grant determinations with different deadlines to provide assurance on</p>
Grants	<p><u>DoH&SC – Covid Test and Support Payment Scheme</u></p> <p>Currently carrying out random sample checks on a weekly basis with advice on controls, as well as providing assurance that payments are currently accounted for correctly in the SAP system</p> <p>There are currently 4 grant determinations to provide assurance on</p>
Advice & Support	Ad hoc support work to the Monitoring Officer on one remaining specific piece of work.
Risk, advice and consultancy	Ongoing support being provided to the establishment of the new Community Interest Company
Advice and Consultancy	Future Estates 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

Appendix E

E Progress against QAIP Action Plan 2020-21

No.	Source	Issue	Action	Responsible Officer / Timescale
1.	Internal assessments.	Information received on customer satisfaction surveys is ad hoc and there is no regular robust process for analysing feedback.	<p>An improved electronic process has been implemented towards the year end which will hopefully improve the rate of feedback from customers.</p> <p>We will monitor the effectiveness of responses from customers and ensure received customer satisfaction surveys are analysed.</p>	CSS Audit Manager. New and ongoing.