



STOCKPORT
METROPOLITAN BOROUGH COUNCIL

2022-23

Progress Report 1

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Distribution: Corporate Leadership Team
Corporate Governance Group
Audit Committee

Date: 20th July 2022

1 Introduction and Background

- 1.1 The report sets out the progress made in the period 19th February 2022 to 10th June 2022 against the 2021-22 and 2022-23 audit plans.

2 Status of Internal Audit Work

- 2.1 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 19th February 2022 to 10th June 2022.

Audit Plan Year	Audit Status	No. of Reviews
2020/22	Audits completed	7
	Audits substantially completed or at draft report stage	2* Note 1
2022/23	Audits in progress	6* Note 2

File Note 1 – this is the respite care / short breaks audit

File Note 2 – this is the Salford Computer audit on patch and vulnerability management

3 Outcomes from Final Reports

- 3.1 The detailed outcomes from each finalised audit since 19th February 2022 to 31st March 2022 are also shown in the Head of Internal Annual Audit Report and Opinion as well as Appendix B.
- 3.2 Those detailed outcomes for each finalised audit since 1st April 2022 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.

4 Counter Fraud work and Investigations

Proactive counter fraud work

- 4.1 The Audit Plan includes 20 days for participation in the National Fraud Initiative and 30 days for counter fraud work, which includes three proactive anti-fraud reviews.

Investigations

- 4.2 Two investigations have been undertaken. One has been completed in the period and the other is ongoing. These are scoped under the direction of the Whistleblowing Panel.

5. Project advisory work

- 5.1 A summary of the progress on the individual projects we are providing advisory support are set out in the table below:

Project	Advisory Work
Staff Survey Development Group	Support and challenge around the development of the recent staff survey and the subsequent action plan that will arise following analysis of feedback.
Workforce Steering Group	Ongoing membership of this key group looking at a range of broad HR projects aimed at developing the workforce and managing the risks around HR.
Direct Payment policy, process & decision panels	Providing ongoing advice and support to the Board led by the new Assistant Director (Adult Social Care) in reviewing Direct Payments cases, policies and processes on a weekly basis.
Project Evergreen	To provide support to the Project Group on the first phase of the project, ensuring the actions are robust and assumptions supported with evidence.
MTFP	Targeted support to Finance colleagues in key projects including fees and charges, spend analysis, cemeteries and crematorium fees and contract.
Transformation Programme – Project Steering Group	Support to this key group to manage the key risks associated with those projects designed to support the MTFP and associated savings targets.

6 Schools and Other Work

- 6.1 Appendix C summarises the work done in this period to complete the 2021-22 school reviews. The Summary Annual School Audit Report 2021/22 has been prepared and shared with all relevant parties.
- 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 10th June 2022. 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 2022 is shown below.

By Recommendation Grade	B/Fwd	New	Closed	C/Fwd
High	35	15	(6)	44
Medium	57	29	(5)	81
Low	16	5	(3)	18
Total	108	49	(14)	143

7.3 It is also part of the agreed approach that an update on those audits where a limited or no assurance opinion are provided to the Audit Committee. A detailed update was provided to the Audit Committee in November 2021 and therefore a brief update is provided below for those remaining outstanding.

Review	Original Opinion	Updated Opinion	Update
Office 365	Limited	Another follow up audit is planned for later in the year to assess and confirm progress.	<p>A new project manager has been appointed and re-establishment of project team commenced during January 2022.</p> <p>We will continue to obtain evidence and follow progress to ensure that data protection aspects of Office 365 are properly addressed and timescales for the full roll out of the data migration process, application of sensitivity and retention labels and training arrangements is adhered to.</p>
Children community equipment	Limited	Another follow up audit is planned for later in the year to assess and confirm progress.	We reported in February 2022 that this was a complex project and whilst significant progress has been made by the project team, there remains further work to understand and clarify operational dispute procedures which will be developed as part of the specification review.
Homecare Payments	Limited	Once the new visits module has been implemented, we will verify the new arrangements to confirm the new process is working effectively.	<p>We reported limited level of assurance over the processes in operation around oversight of actual services 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 hours delivered.</p> <p>Since then, a short-term solution was implemented where providers were required to confirm their submission of actual visits to the Finance team. This has reduced the number of discrepancies and disputes regarding charges for care.</p> <p>In the longer term, the systems teams are planning to implement additional functionality (Visits Module) enabling providers' electronic care management (ECM) systems to link directly into the Provider Portal. The implementation of this is still in the planning phase.</p>
Education welfare/ Children Missing Education (CME)	Limited	Given the complexity of the system, we propose to undertake a full audit in the next financial year. If the	<p>There has been significant progress since our last update (July 2021)</p> <p>The service redesign of the Education Welfare Service and Education Access Service was completed over summer 2021 and the new posts/structure in place from September 2021.</p> <p>The different teams and functions involved with the cohort of children and young people at risk of missing</p>

Review	Original Opinion	Updated Opinion	Update
		measures introduced by management detailed here are operating effectively, we would expect the assurance rating to increase after the next audit.	<p>education are now better aligned, have better information to monitor and manage those at risk.</p> <p>The LA's CME functions have recently been reviewed as part of the Children's Services inspection, which concluded that 'Children who are missing education receive a robust response'.</p> <p>Some actions identified in our initial audit are still outstanding including the introduction of an Exclusions Dashboard of high level performance statistics and also the identification of a senior management Board to oversee CME performance.</p> <p>We propose to undertake a full audit on the redesigned service, how it manages the risks to the cohort and how new controls are operating in the 2023/24 audit year.</p>
Dog warden service	Limited	Another follow up audit is planned for later in the year to assess and confirm progress.	<p>We have been advised by the Service that the legal advice on the licensing issue is not a legal requirement but good practice. In addition, the tendering process that was commenced two years ago but then postponed due to the pandemic, will be used going forward and the providers that initially put in a bid will be asked if they would still like to go ahead.</p> <p>The Service intend to draft a report which will cover the above matters and the issues raised in our report to present to members/senior management prior to any action being taken to ensure these are fully scrutinised</p>
S117 after care services	Limited	Another follow up audit is planned for later in the year to assess and confirm progress.	<p>The key issue impacting on the overall opinion assurance stems from the lack of a formal documented s117 policy agreed between Stockport Clinical Commissioning Group (SGGG) and the Council. Progress has been made on s117 policies and procedures via the establishment of an informal 50/50 policy.</p> <p>Discussions have taken place with SCCG colleagues with a view to formalising the current S117 position whereby joint funding is routinely allocated in all cases. It has been agreed that a small group comprising senior NHS and SMBC managers will meet to produce a local written agreement. This is ongoing and it is anticipated that this document will be developed and produced within the next few months. It is not anticipated that the move to ICS will have any bearing on the development of this local agreement.</p>

7.4 Two reports (“Complaints Handling” and “Debt recovery within Adult social care”) issued in this period was given a limited assurance opinion and will be included in the above table in the next progress report. These are currently included in Appendix B.

8 Performance Indicators

8.1 The table below sets out the performance of the Internal Audit team from 1st April 2022 to June 2022.

Performance Indicator	2022/23 Target	Forecast to 31 st May	Actual to 31 st May
Audit plan completed by year end	90%	15%	12%
Chargeable time	80%	80%	Note 1
A proportion of agreed audit recommendations reported to Management are high level, strategic and prioritised as high risk which provides added value to Management and the Service	15 – 30 %	15-30%	28%

Note 1: Timesheets are now being recorded on the time recording system but the functionality to generate reports have been lost. This will be looked at with a view to restoring this for the next progress report.

APPENDIX A

STATUS OF APPROVED INTERNAL AUDIT PLAN

This table below reports the status of the remaining audit work from the 2021/22 audit plan and the progress in commencing audit work from the 2022/23 audit plan [* finalised by 31st March 2022 and also included in Annual Audit Report]

Audit Plan	Review	Status
2020-22	Special Guardians payments	Completed *
2020-22	Complaints handling procedures	Completed *
2020-22	Debt recovery arrangements within adult social care	Completed *
2020-22	Stockport Support Funds	Completed *
2020-22	Supported accommodations for post 18 care leavers	Completed
2020-22	Mayoral Development Corporation	Completed
2020-22	Financial Resilience	Completed
2020-22	Short breaks & respite care for disabled children	Draft report issued
2020-22	SAP access controls	Draft report issued
2020-22	Patch and Vulnerability Management (Salford Computer Audit Services)	Fieldwork
2022-23	Continuing Health Care / Funded Nursing contributions (joint review with MIAA)	Fieldwork
2022-23	CLA maintenance payments	Fieldwork
2022-23	Community relations and VCSFE	Planning
2022-23	Thematic review of sports coaches	Planning
2022-23	SPB rental estates	Planning

APPENDIX B

OUTCOMES FROM FINAL AUDIT REPORTS

Review	Overall Opinion	Analysis of Recommendations		Summary of Findings
Special Guardians payments	Moderate	High	0	<p>Systems are in place to ensure that SG Allowances are correctly calculated, recorded, and paid, however we note that it could be strengthened with respect to annual reviews of allowances and when the young person reaches 18.</p> <p>Processes are in place to ensure that spending on SG Allowances are adequately monitored and reported upon, and that the Council meets its statutory requirements although we note that social care do not currently monitor and record which families are accessing SG support services (other than financial support) and which may require annual reviews.</p> <p>Policies and procedures which support the administration and delivery of Special Guardian (SG) Allowances is made available to staff via Tri-X, however some aspects of it did not reflect current practice. Information sharing procedures with respect to SGO cases between teams involved in the administration of SG allowances were not always robust.</p> <p>A SG Panel has been established, attended by staff from all teams involved, in order to consider SG cases where there is a complaint or appeal. Discussions at this panel are collaborative and solution-focused, and all colleagues report that the Panel has proved helpful in resolving complaints.</p>
		Medium	6	
		Low	3	
Complaints handling procedures	Limited	High	3	<p>All statutory and non-statutory complaint handling have been merged into one service with a new One Team approach, however we found existing complaints handling policies and procedures have not yet been aligned with this. Training in complaints handling is currently being developed with a view to rolling this out as an e-learning course.</p> <p>Our review found several systems and excel spreadsheets are used to record complaints and reporting arrangements relies on data contained within these systems and spreadsheet. We found significant scope for improvement in data quality in these systems and spreadsheet, and it has been agreed that Verint will be the main source data going forwards in support of the new complaints dashboard which is currently being developed.</p>
		Medium	12	
		Low	1	

APPENDIX B

Review	Overall Opinion	Analysis of Recommendations	Summary of Findings									
Debt recovery arrangements within adult social care	Limited	High 6 Medium 2 Low 0	<p>The level of debt within Adult Social Care (ASC) increased, although it proved difficult to identify precisely by how much, due to uncertainty about the accuracy of figures. Approximate figures were provided as below.</p> <table border="1" data-bbox="1111 443 1760 533"> <thead> <tr> <th></th> <th>April 2020</th> <th>August 2021</th> </tr> </thead> <tbody> <tr> <td>Residential debt</td> <td>c£2.0m</td> <td>c£3.3m</td> </tr> <tr> <td>Non-residential debt</td> <td>c£1.2m</td> <td>c£2.0m</td> </tr> </tbody> </table> <p>The increase in debt may be due to several factors including suspension of reminder letters in response to welfare concerns during the pandemic, the increase in demand for care, and the suspension of court sittings, which impacted Court of Protection applications</p> <p>Ownership of ASC debt is unclear, with no regular or focused high-level meetings between ASC management and Finance teams, and no joint strategy in place to address the debt.</p> <p>There is generally a lack of effective policy and procedures for both ASC and Finance Functions to make Social Workers aware when their clients begin to accumulate debt, and no agreed process for Social Workers to discuss financial concerns with clients. There was also no procedure to follow for Social Workers to alert colleagues in Social Care Charging regarding concerns about clients' mental capacity relating to finances.</p> <p>Staff have inherited a system and collection of processes which is unclear, and which does not adequately support the prevention or management of ASC Debt. The Covid 19 pandemic has exacerbated an existing problem, resulting in a large increase in ASC debt within Stockport. In order to address this, Finance and ASC teams now need to work jointly to address this issue and introduce systems to prevent it reoccurring in future.</p> <p>Since the completion of the review a number of key meetings have been held to address the issues outlined in the report. Subsequently an Action Plan has been developed and oversight and support will be provided by a nominated Senior Reporting Officer (SRO) – the Council's Deputy Chief Executive and Section 151 Officer. This additional commitment and focus will help and further enable the strengthening of the control environment in this area.</p>		April 2020	August 2021	Residential debt	c£2.0m	c£3.3m	Non-residential debt	c£1.2m	c£2.0m
	April 2020	August 2021										
Residential debt	c£2.0m	c£3.3m										
Non-residential debt	c£1.2m	c£2.0m										

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Review	Overall Opinion	Analysis of Recommendations	Summary of Findings						
Stockport Support Funds	Moderate	<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 of the application process confirmed robust arrangements in place, however we have recommended a regular formal review of applications processed by the team to be conducted as a control to enable segregation of duties and prevent errors.</p> <p>The support funds model operates with a small core budget for the daily essentials fund but provides access to the wider support available around DCTS and DHP as well as referrals to the furniture assistance scheme. Given the unprecedented nature of the Covid pandemic and its impacts on the vulnerable, it is not clear whether the core budget meets the needs of the support funds model due to the additional support schemes related to Covid-19. A recommendation has been made in relation to the financial risk this poses</p>
High	0								
Medium	2								
Low	0								
Supported accommodations for post 18 care leavers	Substantial	<table border="0"> <tr> <td>High</td> <td>1</td> </tr> <tr> <td>Medium</td> <td>2</td> </tr> <tr> <td>Low</td> <td>2</td> </tr> </table>	High	1	Medium	2	Low	2	<p>Based on our findings, our review confirmed that in general, controls were found to be robust, managed and adhered to, due to the following:</p> <ul style="list-style-type: none"> • The Children’s Commissioning Service has made positive progress on developing new accommodation for post 18 care leavers and this is supported by the contract in making supported accommodation available for a range of client groups. • The Children’s Commissioning Service and the provider work well together, and the contract is being consistently monitored to ensure service users are receiving sufficient services. • The Children’s Commissioning Service has been strong in respect of performance management especially in ensuring that providers are delivering value for money and high-quality services. • The provider has contributed effectively with consistent attendance at the Accommodation Panel meetings, and • The provider reports are adequate and deliver information that leads to effective scrutiny.
High	1								
Medium	2								
Low	2								

APPENDIX B

Review	Overall Opinion	Analysis of Recommendations	Summary of Findings
Mayoral Development Corporation (MDC)	-	High 0 Medium 0 Low 2	Completion of the Annual Internal Audit Report 2021/22 Checklist and the Annual Governance Statement 2021/22 prior to consideration and discussion by the MDC Board. Completion of Annual Internal Audit Report outlining the work undertaken by Internal Audit and recommendations for consideration by the Board.
Financial Resilience	Substantial	High 1 Medium 0 Low 1 NB: There is a high priority for the Council, but it does not demonstrate any underlying issues in controls. Rather it is a requirement for stronger focus in response to emerging risks	Our review confirmed that the Council has robust controls around aligning its financial strategy to the Council's strategic objectives and demonstrating how the risks have informed the preparation of the MTFP. There is ongoing regular review of the MTFP to ensure it remains up to date and the financial resilience assessment performed on the MTFP is effective with appropriate contingencies provided for and a strong reserves policy is in force. A strong framework is in place for consideration of annual savings proposals with robust budgetary control mechanisms for monitoring of achievement of savings plans. Financial governance arrangements within the leadership team and relevant members are effective. Overall, the Council has robust financial sustainability arrangements which was instrumental in successfully mitigating the risks and legacy from the Covid19 pandemic during 2021-22. However, the Covid scarring impacts continue to reverberate and with increasing demands on services as a result of Covid, this is making it harder for the Council to deliver services within the financial constraints it currently operates in. Coupled with increasing inflation and projected increases in interest rates, financial resilience remains a key risk and this should remain the key focus for the Cabinet and CLT.

APPENDIX C

AUDIT OF SCHOOLS and ACADEMIES

The table below shows the progress made on audit of schools and academies since the last progress report in February 2022.

Year	School	Status	Opinion
2020-21	St Josephs RC (Reddish)	Completed	Limited
2021-22	St George's Primary	Completed	Moderate
2021-22	Highfields College	Completed	Moderate
2021-22	Woodley Primary	Completed	Moderate
2021-22	St Ambrose RC Primary	Completed	Moderate
2021-22	Brookside Primary	Completed	Moderate
2021-22	Ladybrook Primary	Completed	Moderate
2021-22	Valley Special	Completed	Limited
2021-22	St Winifreds RC Primary	Completed	Substantial
2021-22	Whitehill Primary	Draft report issued	-
2022-23	Lark Hill Primary	Fieldwork completed, draft report prepared	-

APPENDIX C

Year	School	Status	Opinion
2022-23	St Thomas (Heaton Chapel)	Fieldwork completed, draft report prepared	-
2022-23	St Bernadettes	Fieldwork	-

AUDIT OF ACADEMIES

Academy	Status / Outcome
Hursthead Junior School (The Kirkstead Education Trust)	Spring term visit and Termly report issued
Mellor Primary School (The Honeycomb Trust)	Spring term visit and Termly report issued
Hursthead Junior School (The Kirkstead Education Trust)	Summer term visit underway

APPENDIX D

OTHER WORK

Type of Other Work	Status / Outcome
Elections	Management of postal vote process at local elections. Pre checking of ballot boxes prior to issue to Presiding Officers
Ad-hoc advice	Advice on security and control of supermarket vouchers
Ad-hoc advice	Advice on authorising and receipting on PECOS
Covid grants	<p><u>Small Business Grants (SBGF), Retail, Hospitality & Leisure Grants (RHLGF) and Local Authority Discretionary Grants (LADG)</u></p> <p>Ongoing work around investigation of potential fraudulent payments, subsequent recovery process, reporting to Action Fraud and updates to BEIS</p>
Covid grants	<p><u>Local Restrictions Support Grants (LRSG)</u></p> <p>This has been extended further to Phase 2 and Phase 3. Continuing with pre and post payment assurance activities, including the use of IDEA and spotlight testing</p> <p>Provision of monthly grants payment and fraud figures to BEIS</p> <p>Provision of required information to BEIS</p>
Covid grants	<p><u>Additional Restriction Grants (Phase 2 and 3)</u></p> <p>Ongoing work around pre-and post-payment assurance activities, including the use of IDEA and spotlight testing</p>
Covid grants	<p><u>BEIS – Omicron (NEW)</u></p> <p>Ongoing work around pre-and post-payment assurance activities, including the use of IDEA and spotlight testing</p>

APPENDIX D

Type of Other Work	Status / Outcome
Covid grants	<p><u>Covid19 Test and Trace Support Payment Scheme</u></p> <p>Internal Audit continues to be involved in carrying out random sample weekly checks. There are currently 4 grant determinations to provide assurance on.</p> <p>Assurance also provided on the payments being accounted for correctly in the SAP accounting system.</p>
Covid grants	<p><u>Contain Outbreak Management Grant</u></p> <p>Work is ongoing on auditing of these grants</p>
Support to management	<p>Support to the Revenues and Benefits team with regards to the payments of energy rebates to households who do not have a direct debit arrangement with the Council</p>
Certification work	<p>Completed audit of Protect and Vaccinate grant claim</p>
Certification work	<p>Completed audit of Brookfield Park Shiers Trust financial statements</p>
Certification work	<p>Completed audit of Adult Weight Management Services Grant (No 31/5440)</p>
Certification work	<p>Completed audit of Public Sector Decarbonisation Grant claim</p>