



**STOCKPORT**  
METROPOLITAN BOROUGH COUNCIL

**2024-25**

## **Internal Audit Progress Report 3**

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**Distribution:** Corporate Leadership Team  
Corporate Governance Group  
Audit Committee

**Date:** 19<sup>th</sup> March 2025

## 1 Introduction and Background

- 1.1 The report sets out the progress made in the period 26<sup>th</sup> October 2024 to 21<sup>st</sup> February 2025 against the 2023-24 and 2024-25 audit plan.

## 2 Status of Internal Audit Work

- 2.1 The table below shows the cumulative number of internal audit reviews completed (including schools), in progress with respect to high and medium priority risk based audit work during the period from 26<sup>th</sup> October 2024 to 21<sup>st</sup> February 2025. This includes

Audit Plan Year	Audit Status	No. of Reviews
2023/24	Audits completed	23
2024/25	Completed	5
	Audits at Draft Report stage	7
	Fieldwork	5
	Planning	4

## 3 Outcomes from Final Reports

- 3.1 The detailed outcomes from each finalised audit since 26<sup>th</sup> October 2024 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 (NFI) and 5 days for one proactive review.

### Investigations

- 4.2 The following investigations have been undertaken in the period:

Area	Status
N/A	No investigations undertaken in the period.

## 5. Risk Management Arrangements

5.1 The service continues to develop and embed a proportionate approach to documenting and monitoring both internal control and risk management within Directorates/services. This includes quarterly attendance at all Directorate SMT meetings to:

- Discuss relevant audits completed in the period along with key findings.
- Discuss the agreed management recommendations and the status of all recommendations relevant to that directorate.
- Review and update directorate risk registers and to enable a clear link between escalation and derisking of related corporate risks.

## 6. Project advisory work

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

Project	Advisory Work	Status
<b>Highways Capital/ Highways Improvement Programme</b>	Attendance at Boards and risk management advice.	Ongoing
<b>A34 MRN</b>	The Risk Manager attends the Monthly Programme Board for the delivery of the major scheme on the A34.	Ongoing
<b>Capital Board</b>	Attendance at the monthly corporate Capital Board providing advice, support and challenge on strategic capital programmes	Ongoing
<b>Workforce Development Group</b>	Ongoing attendance at Group meetings and advisory role in developing strategic objectives including the One People Plan and associated policies.  Recent projects include updating the Travel Policy (car park arrangements for staff) and the Spotlight on Leadership programme.	Ongoing
<b>Stockroom</b>	Project Board attendance as the scheme moved to completion and “go live” later this year. Ensuring risks around transferring staff, catering contract and logistics of library stock moves are considered.	Ongoing
<b>Academy Steering Group</b>	Review and challenge of new charges for the 2025/26 financial year. This includes a check between current charging models adapted by services and compared to the corporate BTCOS model.	Ongoing



## 7 Schools and Other Work

- 7.1 Appendix C summarises the work done in this period to complete the 2024-25 school reviews.
- 7.2 Appendix D summarises the requests for other work advice or ad-hoc audit work that have been dealt with by the team since 26<sup>th</sup> October 2024. These include advice and ad-hoc audit work, risk management consultancy work, compliance work / grant claims and continuous auditing exercises.

## 8 National Fraud Initiative

- 8.1 We provided a comprehensive update on the National Fraud Initiative to the Audit Committee in November 2024.
- 8.2 The National Fraud Initiative (NFI) matches data to help in the prevention and detection of fraud. Data for the NFI is provided by over 1,100 participating organisations from the public and private sectors, including local authorities, government departments, private registered providers of social housing and pension schemes.
- 8.3 The Council is required by this legislation to provide set data every two years to the Cabinet Office. In October 2024, all local authorities were required to provide the required datasets and the results of the data matching process has been returned in January 2025. The returned results are as below:

Fraud Risk Rating	Number of matches
High	172
Medium	915
Low	472
Nil	86
<b>Total</b>	<b>1,645</b>

- 8.4 Work is underway to investigate the remaining high fraud risk matches. **It is important to note at this stage that historically the majority of matches are highlighted due to differences in the data between the two systems, data errors or incomplete data. Very few materialise into actual fraud cases.** The original returned fraud risk matches are split as follows:

Description	Number of High Fraud Risk Matches
RTB and Housing Tenants. Stockport Homes to investigate.	99
Payroll, Pensions, Blue Badges and. Internal Audit to investigate.	20

Council Tax Reductions Scheme and Housing Benefit Claimants. Revenues and Benefits to investigate.	53
<b>TOTAL</b>	<b>172</b>

8.5 We will provide further updates at future Audit Committee meetings.

## 9 Implementation of Recommendations

9.1 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.

9.2 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 26<sup>th</sup> October 2024 is shown below.

By Recommendation Grade	B/Fwd	New	Closed	C/Fwd
<b>High</b>	30	11	9	32
<b>Medium</b>	56	21	35	42
<b>Low</b>	19	8	14	13
<b>Total</b>	<b>105</b>	<b>40</b>	<b>58</b>	<b>87</b>

9.3 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. An updated position statement is shown below.

Review	Update
Legal – Norwell bundling	<p>A Follow Up review of the service has confirmed that five out of the six original recommendations have either been implemented or partially implemented.</p> <p>We do not propose to do any further follow up work in this area unless we are asked to do so by management.</p> <p><b>COMPLETED</b></p>
Debtors	<p>The service is working with colleagues in the debt recovery team to develop a range of regular interrogation checks that can be run automatically on debt related data. This is historically done using IDEA interrogation software but we are moving our approach over to PowerBi.</p> <p>Once the adaptability of the new software has been tested then internal audit can determine how (and if) this can support the service moving forward.</p> <p><b>ONGOING</b></p>
	<p>Ongoing work between Payroll and Finance colleagues continues.</p> <p>Internal Audit will explore future opportunities to develop PowerBi scripts to help improve controls in the reconciliation of key payroll</p>

Review	Update
Payroll control account reconciliations	control accounts and to aid in the identification of any future anomalies. <b>ONGOING</b>
Household Support Funds	All recommendations have been fully implemented, with Internal Audit keeping the master data document under review, until the end of HSF5 in March 2025. <b>COMPLETED</b>
Trading Standards	Progress continues around integration into Neighbourhoods working, with a reassessment due to take place in the coming weeks. This will take account any ongoing challenges. Recruitment to a vacant post continues to be challenging, with 0.6FTE of 2 FTE being filled, with agency staff, although a further 0.6 may be starting in February 2025. <b>ONGOING</b>

9.4 Within this reporting period we issued further limited opinions on Data Quality, ASC Waiting Lists and Office 365 (SharePoint) and will report on progress at the next Audit Committee meeting.

## 10 Performance Indicators

10.1 The table below sets out the performance of the Internal Audit team from 1<sup>st</sup> April 2024 to 21<sup>st</sup> February 2025.

Performance Indicator	2024-25 Target	Forecast to February 2025	Actual to February 2025
Revised Audit plan completed by year end	90%	82.5%	81%
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%	26%

## APPENDIX A

### STATUS OF APPROVED INTERNAL AUDIT PLAN

This table below reports the status of the remaining audit work from the 2023/24 audit plan and the progress in commencing audit work from the 2024/25 audit plan

Audit Plan	Review	Status
2023-24	Data Quality	Completed
2023-24	Information governance	Completed
2023-24	ASC – improvements in quality and performance – waiting lists	Completed
2024-25	ASC – VFM Commissioning	Completed
2024-25	Financial Resilience	Completed
2023-24	SharePoint / Office 365	Completed
2024-25	Venue management	Draft report issued
2024-25	School absence management & exclusions	Draft report issued
2024-25	STAR service and SMBC Procurement (unplanned)	Draft report issued
2024-25	DOLS – process for undertaking assessments on LAS	Draft report issued
2024-25	Artificial Intelligence	Draft report issued
2024-25	Arboricultural services (tree management)	Draft report prepared
2024-25	Homelessness	Draft report prepared
2024-25	Car parking income	Draft report prepared
2024-25	Bailiffs contract	Fieldwork
2024-25	Continuing health care data matching	Fieldwork
2024-25	Complex safeguarding including missing children	Fieldwork
2024-25	CCTV audit (unplanned)	Fieldwork



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Audit Plan	Review	Status
2024-25	DWP Searchlight access rights (unplanned)	Fieldwork
2024-25	Short stay residential placement rules	Fieldwork
2024-25	SEND Transport	Planning
2024-25	Recovery and Restoration of Information systems	Planning
2024-25	Rental collection (I & D properties)	Planning
2024-25	Civica Pay	Planning

**APPENDIX B**

**OUTCOMES FROM FINAL AUDIT REPORTS**

(Schools are reported in Appendix C)

Review	Overall Opinion	Analysis of Recommendations		Summary of Findings
Data quality	Moderate & Limited	High	4	<p>A significant amount of digital improvement is evident within the Council over the past five years, particularly around the development of the new Data Enterprise Warehouse, increased development and usage of analytics dashboards and new cross organisation sharing innovations. However, feedback from the Data Service identified the following issues which are documented in the Data Strategy :</p> <ul style="list-style-type: none"> <li>• inconsistent governance control over data,</li> <li>• identified data quality improvements to be made, and as yet undiscovered data issues,</li> <li>• a lack / inconsistency of understanding and recognition across the Council in the importance of data quality,</li> <li>• lack of accountability and awareness of ownership responsibilities across the Council.</li> </ul> <p>Recent initiatives have recently been undertaken to raise the profile of data quality literacy and embed a culture of recognising the importance of data throughout the Council. A key theme arising from the data quality issues identified as part of this audit, is the wider implications such as procurement, development of systems, and supporting colleagues that require a whole organisational approach and leadership to effectively mitigate the risks.</p>
		Medium	1	
		Low	0	
Information governance	Moderate	High	1	<p>The Information Governance (IG) Team has developed mandatory IG training for all colleagues, monitored via a Tableau Dashboard, with a current completion rate of 97.94% (at the time of the audit review. This rate is constantly changing). IG Policies and Guidance are available on Connect, though some were found to be outdated. The team’s work is recorded across various platforms, making it difficult to assure the effectiveness of their advice. The IG Team supports both internal Council services and Local Authority schools, providing clear SLAs and useful guidance. The service has also re-launched a</p>
		Medium	4	
		Low	1	

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Review	Overall Opinion	Analysis of Recommendations	Summary of Findings						
			<p>Self-Assessment Dashboard for schools with the aim of improving IG controls in education.</p> <p>Good practices were found in non-digital storage, but the central record of historic paperwork is incomplete. The IG Team ensures Council policy compliance with legislation and advises on Data Protection risks. They support the SIRO Board with data risk insights but lack an internal Risk Register. Overall, the audit found good practices but recommended better evidence of the team’s support across schools and Council services.</p>						
<p>ASC – improvements in quality and performance - Waiting lists</p>	<p>Limited</p>	<table border="0"> <tr> <td>High</td> <td>4</td> </tr> <tr> <td>Medium</td> <td>3</td> </tr> <tr> <td>Low</td> <td>0</td> </tr> </table>	High	4	Medium	3	Low	0	<p>The service recently restructured case management on the LAS system to improve visibility of the cases waiting for allocation to a social work professional for assessment. Through discussions with officers and analysis of data we identified some issues that collectively might mean clients experience delays before being assessed:</p> <ul style="list-style-type: none"> <li>• Staff sickness levels and number of cases waiting for allocations are high.</li> <li>• Lack of visibility post allocation, a need for better data on stages of the assessment process.</li> <li>• Stockport Local, a recent initiative launched to introduce a convenient method of meeting and triaging client needs is not working effectively as anticipated.</li> <li>• Updated and published Practice standards which require significant embedding within the workforce to better hold workers to account and take ownership of their allocated cases.</li> <li>• Communications with client during waiting for assessment needs to be improved.</li> <li>• Periodic care reviews are not always reviewed annually.</li> <li>• Community Deprivation of Liberty Safeguards (CDOLS) assessments are not regularly identified in the Neighbourhoods teams.</li> </ul> <p>We have made a number of recommendations for senior management to address, and we have identified this as an audit to be undertaken again during 2025-26</p>
High	4								
Medium	3								
Low	0								

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Review	Overall Opinion	Analysis of Recommendations		Summary of Findings
ASC - VFM commissioning	Moderate	High	2	<p>The Strategy acknowledges the main driver is moving away from residential care towards early help and support in users' homes. There is a recognition overall that from both a financial and person-centred perspective that maintaining residents in their own accommodation is more beneficial than bed-based placements. However, it is not clear from the strategy how this ambition will be measured and tracked to determine if the service is achieving this objective. The strategy lacks a specific focus on value for money, which is crucial in a challenging financial environment, and there is a need to adopt measures to help mitigate financial pressures. The Strategy also does not include an "as is" assessment of current commissioning arrangements.</p> <p>The service is committed to recognizing the voice of service users, and the Strategy reflects this. However, it is essential to socialize the detailed action plans into the wider service to ensure initiatives are successfully managed and embedded into standard practice. The Strategy aims for integrated commissioning between Health and Social Care over the next few years.</p>
Financial Resilience	Substantial	High	0	<p>Our review confirmed that the Council has robust controls around managing the risks to its 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.</p> <p>A strong framework is in place for consideration of annual savings proposals which is supported by the Transformation Programme and Board that underpins the delivery of the MTFP savings proposals and robust budgetary control mechanisms for monitoring of achievement of savings plans. Financial governance arrangements within the leadership team and relevant members are effective and overall, the Council complies with the CIPFA Financial Management Code.</p> <p>Overall, the Council has robust financial sustainability arrangements. However, the continuing and increasing demands on services is making it challenging for the Council to deliver those services within the financial constraints it currently operates in.</p> <p>Financial resilience remains a key risk for councils across the country including Stockport Council as they face significant the financial challenge over the medium-term period. The</p>

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Review	Overall Opinion	Analysis of Recommendations		Summary of Findings					
			Council's continuing financial resilience should remain the key focus for the Cabinet and CLT.						
Office 365 (SharePoint)	Limited	<table border="0"> <tr> <td>High</td> <td>1</td> </tr> <tr> <td>Medium</td> <td>0</td> </tr> <tr> <td>Low</td> <td>0</td> </tr> </table>	High	1	Medium	0	Low	0	<p>Initially a project board was established to oversee the data migration project, but the scale and complexity of the project coupled with lack of oversight and challenge from line management and the Digital Board meant that minimal progress had been made.</p> <p>Once identified, a decision was made to address the migration of data to Sharepoint using a staged process methodology. We have been advised that there have been discussion and consideration around how to tackle the information governance risks relating to the migration of data.</p> <p>This is a project that has wider considerations (such as training, Organisational Development, information governance) than a 'pure' technical services shift and therefore the project team need to be established to oversee the full suite of considerations and be properly resourced with clear routes for escalation and regular reporting. An agreed action plan is in place to address this.</p>
High	1								
Medium	0								
Low	0								

## 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 October 2024.

Year	School	Status	Opinion
2024-25	Cheadle RC Infant School	Completed	Moderate
2024-25	All Saints (Marple) school	Completed	Moderate
2024-25	St Phillips R C School	Completed	Moderate
2024-25	Abingdon School	Completed	Limited
2024-25	Alexandra Park Primary	Draft report issued	-
2024-25	Prospect Vale Primary	Draft report issued	-
2024-25	Greave Primary	Draft report issued	-
2024-25	Outwood Primary school	Site visit completed, draft report in preparation	-
2024-25	Bramhall High School	Site visit underway	-
2024-25	Heaton School	Site visit booked for end of February 2025	-

## APPENDIX C

### AUDIT OF ACADEMIES

Academic Year	Academy	Status / Outcome
2024-25	Hursthead Junior School (The Kirkstead Education Trust)	Autumn report completed Spring visit booked for end of February 2025
2024-25	Mellor Primary School (The Honeycomb Trust)	Autumn draft report issued

## OTHER WORK

Type of Other Work	Status / Outcome
<b>Ad-hoc advice</b>	Provided advice to a school regarding retention periods around staff declaration forms
<b>Ad-hoc advice</b>	Provided advice to a school and signpost to Legal Services regarding a subscription to a private company
<b>Ad-hoc advice</b>	Provided advice to a school regarding the most appropriate procedures to follow regarding staff purchases and petty cash
<b>Ad-hoc advice</b>	Advised a school to obtain a PCI Attestation of Compliance with respect to the School Money system
<b>Ad-hoc advice</b>	Advised school on how to account for donations given for specific use
<b>Ad-hoc advice</b>	Provided advice to a school regarding an online purchase with cashback facilities.
<b>Ad-hoc advice</b>	Site visit and advice provided to the Adult Education Centre regarding the financial operation of a charity shop.