

Report to Audit Committee

2024/25 Internal Audit and Counter Fraud Plan

Portfolio Holder: Councillor Abdul Jabbar MBE, Deputy Leader and Cabinet Member Finance and Low Carbon

Officer Contact: John Miller – Head of Audit and Counter Fraud

Report Author: John Miller – Head of Audit and Counter Fraud

26 March 2024

Reason for Decision

To provide Members with details of the proposed Internal Audit and Counter Fraud Plan for the 2024/25 financial year.

Executive Summary

The report summarises the work planned to be carried out by the team from 1 April 2024 to 31 March 2025.

The plan has been compiled based on insight and information from a number of sources including the Council's:

- Annual Audit Needs Assessment
- Corporate Plan
- Strategic Corporate and Service Risk Registers
- Fraud and Loss Risk Assessment

Information and intelligence from senior officers, including the S151 Officer, has also been utilised in compiling the audit plan for the year ahead.

The plan includes work on the Council's Fundamental Financial Systems (FFS) to support the 2024/25 audit of the financial accounts, and the requirements of the S151 Officer in the discharge of their responsibilities.

The plan also focuses audit resources on key themes identified in the Council's Corporate Plan 2022 - 2027 (adopted by Full Council 7th September 2022) which are summarised below and explored further in the body of this report.

- Healthy, safe and well supported residents
- A great start and skills for life
- Better jobs and dynamic businesses
- Quality homes for everyone
- A clean and green future

Recommendation

Members are requested to approve the 2024/25 Audit and Counter Fraud Plan.

2024/25 Audit and Counter Fraud Plan**1. Background**

1.1 This report summarises the Audit and Counter Fraud Plan for the period 1 April 2024 to 31 March 2025.

1.2 The main content of the report is structured as follows:

- Section 2 Areas of Audit focus
- Section 3 Corporate Counter Fraud
- Section 4 Audit of Direct Payments

2. Areas of Audit focus**2.1 Fundamental Financial Systems**

2.1.1 Fundamental Financial Systems (FFS) reviews are integral to Internal Audit's work and support the Head of Audit's Annual Report and Opinion. These audits which are classed as "high priority" in the Annual Audit Needs Assessment due to both their nature and materiality in the Council's Financial Statements.

2.2 Alignment to Corporate Objectives

2.2.1 Whilst our work in connection with FFS reviews supports the objectives of the Council across all areas, we also plan to undertake a number of reviews which are more readily related to those identified in the Council's Corporate Plan as summarised below:

- **Healthy, safe and well supported residents**
Our FFS work across Adults and Children's Services has revealed inadequate control environments in these areas, reflecting the corporate risks associated with these services. We have provided continued support to the Director of Adult Social Services in addressing the recommendations we have made in this area and will continue this support in addition to our FFS work for 2024/25. Our inaugural review of Children's Social Care in 2022/23 also revealed weaknesses in the control environment in this area. Children's Services has been an area of Corporate Level management focus during 2023/24, which will continue into 2024/25. We will support this effort in following up on our recommendations in this area during the year and assisting management in addressing the identified areas of weakness. We will also undertake our annual review of the Council's wholly owned Community Interest Company Miocare's financial systems and a review of the Commissioning of Public Health Services by the Council.
 - **A great start and skills for life**
We have a planned programme of audit reviews in connection with the Authority's maintained schools, with particular focus on fully advanced cheque book schools. We also plan to review the Council's arrangements for the provision of Speech and Language Therapy, and Children's Mental Health Services, Children's Social Care demand management, and Children's to Adults Transitions Management in Social Care.
 - **Better jobs and dynamic businesses**
The Council has several large capital regeneration projects currently underway. We will select a number of these projects at various stages to determine if the project management processes in place reflect best practice and are likely to
-

achieve best value for the Authority. It is also planned to review the Council's recruitment practices.

- **Quality homes for everyone**

It is planned to review the Council's Housing Options Service and Building Control functions.

- **A clean and green future**

The Council has projects underway closely aligned with the green agenda, Northern Roots being a notable example. It is intended to examine partnership governance and project management arrangements (as appropriate) for these projects to assist in the achievement of their stated objectives. We also plan to review the Council's "Don't Trash Oldham" Initiative

3. Corporate Counter Fraud

3.1 The Corporate Counter Fraud Team will continue to collaborate with the Internal Audit Team and contribute to the delivery of the Internal Audit and Counter Fraud Plan.

3.2 In addition to the team's proactive role in fraud prevention and detection, including leading the Council's participation in the National Fraud Initiative and maintaining our anti-fraud and corruption policies and procedures, the team will also continue to respond at need to undertake investigations in areas as diverse as:

- Procurement
- Direct Payments
- Blue Badges
- Council Tax Reduction, Exemptions and Discounts
- Insurance Fraud
- Grant Fraud
- Single Person Discount Fraud
- COVID related grants
- Referrals relating to Council employees

3.3 In addition, the team assesses the Council's arrangements to fight fraud and corruption against the Fighting Fraud and Corruption Locally 2020s checklist on an annual basis and undertakes resulting pro-active fraud prevention work because of actions arising from this assessment. This year we will also be examining options for publicising more widely the Council's Counter Fraud Policies and procedures, and undertaking a review in relation to Standards of Conduct.

4. Audit of Direct Payments

4.1 The Direct Payments (DP) Audit team will continue to undertake a dual role of:

- ensuring client spending is in line with their agreed Support Plan, and;
- identifying overpayments made and/or client contributions outstanding for recovery.

5 Options/Alternatives

5.1 The Audit Committee can either:

- a) choose to accept the 2024/25 Audit and Counter fraud Plan, or;
 - b) decline to accept and suggest an alternative approach.
-

6 Preferred Option

6.1 The preferred option is that the Audit Committee accepts the 2024/25 Audit and Counter Fraud Plan.

7 Consultation

7.1 N/A.

8 Financial Implications

8.1 N/A.

9 Legal Services Comments

9.1 N/A.

10 Cooperative Agenda

10.1 N/A.

11 Human Resources Comments

11.1 N/A.

12 Risk Assessments

12.1 The 2024/25 Audit and Counter Fraud Plan is prepared, reviewed, and updated using a risk-based approach. The Terms of Reference for each agreed project are also determined using a risk-based methodology. (John Miller)

13 IT Implications

13.1 N/A.

14 Property Implications

14.1 N/A.

15 Procurement Implications

15.1 N/A.

16 Environmental and Health & Safety Implications

16.1 N/A.

17 Equity, Community Cohesion and Crime Implication

17.1 N/A.

18 Equality Impact Assessment Completed

18.1 No.

19 Forward Plan Reference

19.1 N/A.

20 **Key Decision**

20.1 No.

21 **Background Papers**

21.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act.

File Ref: Background papers are included as Appendix 1
Officer Name: John Miller
Contact: john.miller@oldham.gov.uk

22 **Appendices**

22.1 The following Appendix is available to support this Report:

Appendix 1 – 2024/25 Audit and Counter Fraud Plan

Oldham Council Internal Audit and Counter Fraud Plan 2024-2025

1 April 2024 to 31 March 2025

2023/24 Audit and Counter Fraud Plan

Contents Table

Section	Contents
1.0	Introduction to Oldham Council Internal Audit
1.1	2013 Public Sector Internal Audit Standards (Revised 2017)
1.2	Internal Audit Charter
1.3	Internal Audit Strategy
2.0	2024/25 Audit and Counter Fraud Plan

Section 1.0: Introduction to Oldham Council Internal Audit

1.1 2013 Public Sector Internal Audit Standards (Revised 2017)

The work of Internal Audit at Oldham Council is governed by the **UK Public Sector Internal Audit Standards (PSIAS) 2013 (Revised 2017)**.

The Standards comprise a definition of Internal Auditing, a Code of Ethics for Internal Auditors working in the Public Sector and the Standards themselves. The Standards are mandatory for all internal auditors working in the UK public sector.

1.2 Internal Audit Charter

The Internal Audit Charter sets out that:

- At least annually, the Head of Internal Audit will submit to senior management and the Audit Committee an internal audit plan for review and approval.
- The internal audit plan will be developed based on a prioritisation of the audit universe using a risk-based methodology, including input of senior management and the Audit Committee.

The Charter sets out that the scope of the Audit and Counter Fraud Team's work encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management, and internal control process as well as the quality of performance in carrying out assigned responsibilities to achieve the Council's stated goals and objectives. This includes:

- Evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such information.
- Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organisation.
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Evaluating the effectiveness and efficiency with which resources are employed.
- Evaluating operations or programmes to ascertain whether results are consistent with established objectives and goals and whether the operations or programmes are being carried out as planned.
- Monitoring and evaluating governance processes.
- Monitoring and evaluating the effectiveness of the organisation's risk management processes.
- Performing consulting and advisory services related to governance, risk management and control as appropriate for the organisation.
- Reporting periodically on the purpose of internal audit activity, authority, responsibility, and performance relative to its plan.
- Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Audit Committee.

- Evaluating specific operations at the request of the Audit Committee or management, as appropriate.
- Involvement in the investigation of any allegations of fraud in accordance with the Council's Fraud Response Plan.

Therefore, the 2024/25 Audit and Counter Fraud Plan has been developed by an assessment of risk, to meet the following objectives around the management of the Audit service to:

- Set out the priorities of the team's activities.
- Facilitate the development of the annual audit opinion.
- Ensure the service is flexible enough to meet the changing risks and priorities of the Council.
- Engage with third party technical specialists for ICT Audits.

1.3 Internal Audit Strategy

The strategy that the Internal Audit and Counter fraud Service adopts to deliver these service objectives, and uses as a basis for continuous service improvement, is as follows:

- The Audit and Counter Fraud Service adopts the mission of Internal Audit, as set out in the PSIAS ***To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.***
- The Service assesses, on an ongoing annual, and 5 yearly basis, the degree of conformance of the Audit and Counter Fraud Service with the requirements of the PSIAS.
- From these assessments, the Service produces a Quality Assurance Improvement Plan (QAIP) to address any areas of non-conformance with the PSIAS, and/or any areas where improvements may be made.
- The Service reports on progress against the QAIP actions on a regular basis to the Council's Director of Finance and Audit Committee.

The following pages set out the 2024/25 Audit and Counter Fraud Plan for the Council and the planning, management, quality assurance and development activities required to support the delivery of the plan.

John Miller
Head of Audit and Counter Fraud

Section 2: 2024/25 Audit and Counter Fraud Plan

The 2024/25 Annual Audit and Counter Fraud Plan is summarised in the pages that follow. The plan covers broad areas of risk across Council Directorates and Activities as at the date of compilation. It sets out the audit reviews and other work the Audit and Counter Fraud Service intend to cover during the year. The plan will be flexed and amended through the course of the year to accommodate changes to the Council's risk profile and emerging needs whilst maintaining sufficient coverage to support the Annual Audit Report and Opinion.

Contents	
1	Fundamental Financial Systems and ICT
2	Specialist ICT audit reviews
3	Group Companies
4	Central Corporate Services
5	Finance
6	Legal Services
7	Regeneration
8	Housing and Building Control
9	Partnerships
10	Environment
11	Children's Services
12	Adult Social Care
13	Public Health
14	Counter Fraud
15	Direct Payments
16	Management & Administration

17	Training
18	Follow ups
19	Contingency

Section 2.1: Fundamental Financial Systems

2024/25 Audit and Counter Fraud Plan	Audit Days
Fundamental Financial Systems:	255
<p>The effective operation of the Council’s Fundamental Financial Systems (FFS) is essential to providing assurance to the section 151 officer of the adequacy and effectiveness of the Council’s systems of internal financial control. As such they form the backbone, and are traditional areas of focus, for Internal Audit work each year. These systems include:</p> <ul style="list-style-type: none"> • Fixed Assets • Treasury Management and Bank Reconciliations • Accounts Payable • Accounts Receivable & Debt Recovery • Council Tax (including Discounts, Exemptions and Council Tax Reduction) • Business Rates (Non-Domestic Rates - NDR) • Payroll • Cash Income / VAT Review • Residential Care Payments (Adults Social Care) • Adults Social Care Direct Payments • Children’s Social Services 	
Specialist ICT Audit Reviews:	30
Salford Computer Audit Service (SCAS) The Council engages Salford Council’s Computer Audit Service for the provision of specialist ICT audit reviews.	
Group Companies:	30
MioCare Group Community Interest Company Annual review of Miocare’s fundamental financial systems, plus other work requested and agreed by the Miocare Finance and Resources Committee during the course of the year.	

2024/25 Audit and Counter Fraud Plan	Audit Days
Central Corporate services:	65
<p>Corporate Performance Reporting A review of the systems and processes in place to monitor performance against the objectives and targets in the Corporate Plan.</p> <p>Corporate Risk Register A review of the procedures in place to compile, report on and monitor the Council's Corporate Risk register.</p> <p>Annual Governance Statement A review of the procedures in place to compile, report on and monitor the issues identified in the Council's Annual Governance Statement.</p> <p>Decision Recording A review of the Council's processes in place for recording decisions made by Officers.</p>	
Finance:	80
<p>Grants related support, audit and verification Ongoing support on the review and certification of grants requiring assurance statements from internal audit by the government funding department.</p> <p>Procurement Function An allocation of time within the annual audit plan to undertake work in connection with the Council's Procurement function.</p>	
Legal Services:	30
<p>Elections Support and Assurance Members of the team will assist the Elections Service for both Local and Parish Elections, and any other Elections which may be called. In addition to supporting the activities during the Elections and the Election Counts, the team review of postal ballot papers prior to distribution to residents, and Audit support for the live process on the day(s) of Election(s) to reflect the potential risks in the processes utilised for postal votes.</p>	

2024/25 Audit and Counter Fraud Plan	Audit Days
Regeneration:	30
<p>Procurement and/or management of large Construction Contracts The Council has plans in place for a number of high-profile capital projects, including those in connection with the regeneration of the town centre. Review of these projects commenced during 2022/23 and a number of reports have already been issued, mainly concerning the pre-contract procurement phases of these schemes. A watching brief will be maintained, and further reviews of the contract management and post contract review phases of these projects will be undertaken as and when progress allows and/or concerns are raised in connection with these schemes.</p>	
Housing and Building Control:	30
<p>Housing Options Service A review of the systems and processes in place to support the Council's work in this area.</p> <p>Building Control A review of the Council's Building Control Service.</p>	
Partnerships:	30
<p>Northern Roots Consultancy to support the Directorate in examining the governance arrangements in place.</p>	
Environment:	15
<p>“Don't Trash Oldham” A review of the “Don't Trash Oldham” Initiative, including performance against objectives.</p>	
Children's Services:	90

2024/25 Audit and Counter Fraud Plan	Audit Days
<p>Children’s Services Demand Management A review of the roles and responsibilities of internal and external services in contributing to the management of demand for Children’s Social care Services.</p> <p>Cheque Book Schools A review of some of the Authority’s schools which manage their own finances and maintain their own bank accounts.</p> <p>Speech, Language and Occupational Therapy Services A review of the procedures and controls in place to monitor performance in respect of the Speech and Language Therapy and Occupational Therapy Services within Children’s Services.</p> <p>Children’s Mental Health Services A review of the Council’s provision on this area.</p> <p>Children’s to Adults Transitions: A review of the procedures in place to manage the transition of Children in receipt of Social Care Services onwards to Adult Social Care Services.</p>	
Adult Social Care:	20
<p>Adult Social Care – CQC Preparedness. Consultancy to support the Directorate in its work to prepare for the anticipated CQC review of the Service.</p>	
Public Health:	20
<p>Public Health Commissioning. A review of the systems and processes in place for the commissioning of Public Health Services for the Council.</p>	
Corporate Counter Fraud Activity:	190

2024/25 Audit and Counter Fraud Plan	Audit Days
<p>Recruitment Vetting Review Arising from the Fighting Fraud and Corruption Locally (FFCL) 2020s self-assessment of the Council's anti-fraud and Corruption arrangements in comparison with best practice. A review of the Council's recruitment vetting processes and procedures.</p> <p>Standards of Conduct Review Arising from the Fighting Fraud and Corruption Locally (FFCL) 2020s self-assessment of the Council's anti-fraud and Corruption arrangements in comparison with best practice. A review of the Council's processes and procedures to record and monitor adherence to the Staff and Member Codes of Conduct.</p> <p>Actions arising from self-assessment against FFCL 2020s In order to take forward issues identified in the self-assessment to explore opportunities to publicise more widely the Counter Fraud, Anti-Bribery Strategy and Counter Fraud Response Plan; explore options for inclusion of separate fraud and corruption risk register in the Council's Corporate risk management framework; and, explore options for reporting on anti-fraud and corruption consultative activity as part of periodic Audit Progress reports to Audit Committee</p> <p>North West Chief Audit Executives and Counter Fraud Sub-Group The regional Heads of Audit meet three times each year and share best practice. The Service attends both the NWCAE and Counter Fraud sub-group meetings where best practice is shared.</p> <p>National Fraud Initiative NFI data matches are investigated using a risk-based approach, as required by the Cabinet Office.</p> <p>Review of Counter Fraud Policies Review of policies and procedures in order to keep up to date with emerging Fraud risks, regulation and case law.</p> <p>Corporate Counter Fraud Investigations The team will continue to deliver both proactive and reactive approach to preventing and investigating fraud.</p>	
<p>Direct Payment (DP) Audit:</p>	<p>678</p>
<p>The Direct Payments team undertakes three main functions:</p> <ul style="list-style-type: none"> • Review of Adult Direct Payments against individual support plans. • Review of Children's Direct Payments against individual support plans. • Review of Personal Health Budgets with colleagues at the CCG against individual care plans. 	

2024/25 Audit and Counter Fraud Plan	Audit Days
<p>Additionally, the team also undertake:</p> <ul style="list-style-type: none"> Information sharing with the Internal Audit Team around key Council financial systems which require improvement. Liaison with Counter Fraud colleagues as required to undertake investigations where potential fraud or error is identified. 	
Management & Administration	370
<p>Activities in this area include:</p> <ul style="list-style-type: none"> Preparation of the 2024/25 Audit and Counter Fraud Plan. Determining the 2023/24 Annual Audit Opinion. Monitoring progress against the Audit and Counter Fraud plan and unplanned work arising. Management & Directorate/Departmental Liaison Quality Assurance of audit reviews, records and reports. Committee reporting throughout the year. Member Training. Administration of the Pentana Audit Management System (AMS). Time recording 	
Training and Development	45
<p>Includes technical training in accounting, finance and audit skills, and also management and personal development courses for the team as a whole.</p>	
Follow up work	45
<p>Follow up work to ensure that agreed audit recommendations are actioned in a timely manner.</p>	

2024/25 Audit and Counter Fraud Plan	Audit Days
Contingency	36
The contingency for unplanned work allows the audit team to respond to emerging issues and ad hoc pieces of work not foreseen at the annual planning stage.	