



Auditor's Annual Report
Tameside Metropolitan Borough Council – year ended 31 March 2022

June 2024

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Introduction

Introduction

Purpose of the Auditor's Annual Report

Our Auditor's Annual Report ('AAR') summarises the work we have undertaken as the auditor for Tameside Metropolitan Borough Council ('the Council') and for the Greater Manchester Pension Fund ('the Pension Fund') for the year ended 31 March 2022. Although this report is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.



Opinion on the financial statements

We issued our audit report on 7 June 2024. Our opinion on the financial statements was unqualified.



Wider reporting responsibilities

We have received group instructions from the National Audit Office in respect of our work on the Council's WGA submission. The Council is below the audit threshold of £2bn, therefore we are not required to complete any audit work on the Council's WGA submission.



Value for Money arrangements

We have completed our work on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources.

We have identified two significant weaknesses in respect of arrangements in place at the Council during 2021/22.

The first of these, which was also a weakness in the previous year, related to the Council's governance arrangement for financial reporting. The second related to the Council's arrangements for both governance and improving economy, efficiency and effectiveness in children's services following the latest OFSTED inspection which graded the service as "Inadequate".

We have made recommendations in respect of the significant weaknesses identified. Further details can be found in Section 3.

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Audit of the financial statements

Audit of the financial statements

Tameside Metropolitan Borough Council

The scope of our audit and the results of our opinion

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing ('ISAs').

The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council's financial position as at 31 March 2022 and of its financial performance for the year then ended. Our audit report, issued on 7 June 2024, gave an unqualified opinion on the financial statements for the year ended 31 March 2022.

Qualitative aspects of the Council's accounting practices

Draft accounts were received from the Council on 31 August 2022. Our initial review of the Statement of Accounts identified a number of technical and disclosure changes needed to ensure compliance with the 2021/22 Code of Practice. These are listed in full in our Audit Completion Report ('ACR') taken to Audit Panel on 1 February 2024.

We have reviewed the Council's accounting policies and disclosures in the revised Statement of Accounts and concluded they comply with the 2021/22 Code of Practice on Local Authority Accounting, appropriately tailored to the Council's circumstances.

Significant difficulties during the audit

As part of our audit of the Council's accounts for the year ended 31 March 2021, we reported issues with the poor quality of the draft accounts submitted for audit and the significant difficulties we encountered during the audit process. These issues led to a delay in the conclusion of the audit for that year. The nature and volume of errors identified meant the Council had not had sufficient time to implement our recommendations in full before submitting the accounts for the year to 31 March 2022 for audit. As a result, and whilst acknowledging the timing issue, the accounts for the year to 31 March 2022 were again of poor quality.

The issues identified with the accounts included the need for technical and disclosure changes to the accounts to ensure proper compliance with the accounting framework and to address errors identified from our sample testing of income, expenditure, creditors and leases. We also identified issues with the valuation of the Council's property, plant and equipment portfolio. These issues are discussed in more detail in Section 3 of this report. We identified a number of internal control weaknesses which are set out on the following pages.

The accounts were prepared by officers no longer working at the Council. As a result, the finance team found it challenging to deal with the volume of audit queries, and the technical nature of some of them. This inevitably meant additional time was required to respond to us and this contributed to the delay in completion of our audit work. The team also had to deal with some national technical issues relating to infrastructure asset accounting, pensions accounting and the existence of reinforced autoclaved aerated concrete ('RAAC') in public sector buildings. Notwithstanding these challenges, during the course of the audit, the finance team worked to provide the information required for us to conclude our work. We had the full co-operation of management and we place on record our thanks to the Director of Resources and his team who have been supportive in seeking to resolve the outstanding matters to allow the conclusion of our work.

A summary of the internal control recommendations we made are outlined in the Appendix to this report.

Audit of the financial statements

Greater Manchester Pension Fund

The scope of our audit and the results of our opinion

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing ('ISAs').

The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Pension Fund and whether they give a true and fair view of the Pension Fund's financial position as at 31 March 2022 and of its financial performance for the year then ended. Our audit report, issued on 7 June 2024, gave an unqualified opinion on the financial statements for the year ended 31 March 2022.

Qualitative aspects of the Council's accounting practices

Draft accounts were received from the Pension Fund on 19 August 2022 and were of a good quality. Good quality supporting working papers have been made available in a timely manner and these have assisted our audit progress. Pension Fund officers have been helpful in promptly answering our detailed audit queries.

We have reviewed the Pension Fund's accounting policies and disclosures and concluded they comply with the 2021/22 Code of Practice on Local Authority Accounting, appropriately tailored to the Pension Fund's circumstances.

Significant difficulties during the audit

During the course of the audit we have had the full co-operation of management.

The Pension Fund Statement of Accounts form a part of the financial statements for Tameside Council, as the administering authority of the Pension Fund. This means we are unable to provide our opinion on the Pension Fund's accounts until we have also completed our audit for the administering authority. There delays in completing the audit of the Council's accounts have an impact on the completion of our work on the Pension Fund.

The Pension Fund's financial statements should reflect the best available information. The delay in completion of our work on the Pension Fund resulted in additional information becoming available in the period between preparation of the draft accounts and the date of signing the accounts. This additional information included the valuations of specific pooled investment vehicles categorised at level 3 in the fair value hierarchy. Where audit queries arose from the additional information, we had the full co-operation of management in dealing with these queries.

A summary of the internal control recommendations we made are outlined in the Appendix to this report.

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Our work on Value for Money arrangements

VFM arrangements

Overall Summary



VFM arrangements – Overall summary

Approach to Value for Money arrangements work

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:



Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services.



Governance - How the Council ensures that it makes informed decisions and properly manages its risks.



Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Our work is carried out in three main phases.

Phase 1 - Planning and risk assessment

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Council has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements.

We obtain our understanding of arrangements for each of the specified reporting criteria using a variety of information sources which may include:

- NAO guidance and supporting information
- Information from internal and external sources including regulators
- Knowledge from previous audits and other audit work undertaken in the year
- Interviews and discussions with staff and directors

Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses.

Phase 2 - Additional risk-based procedures and evaluation

Where we identify risks of significant weaknesses in arrangements, we design a programme of work to enable us to decide whether there are actual significant weaknesses in arrangements. We use our professional judgement and have regard to guidance issued by the NAO in determining the extent to which an identified weakness is significant.

We outline the risks that we have identified and the work we have done to address those risks on pages 12 and 13.

Phase 3 - Reporting the outcomes of our work and our recommendations

We are required to provide a summary of the work we have undertaken and the judgments we have reached against each of the specified reporting criteria in this Auditor's Annual Report. We do this as part of our Commentary on VFM arrangements which we set out for each criteria later in this section.




We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Council. We refer to two distinct types of recommendation through the remainder of this report:

- **Recommendations arising from significant weaknesses in arrangements** - We make these recommendations for improvement where we have identified a significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where such significant weaknesses in arrangements are identified, we report these (and our associated recommendations) at any point during the course of the audit.
- **Other recommendations** - We make other recommendations when we identify areas for potential improvement or weaknesses in arrangements which we do not consider to be significant but which still require action to be taken.

The table on the following page summarises the outcomes of our work against each reporting criteria, including whether we have identified any significant weaknesses in arrangements or made other recommendations.

VFM arrangements – Overall summary

Overall summary by reporting criteria

Reporting criteria	Commentary page reference	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
 Financial sustainability	14 - 16	No	No	No
 Governance	17 - 22	Yes - see risks on page 12 and 13	Yes - see recommendations on pages 26 and 27	No
 Improving economy, efficiency and effectiveness	23 - 24	Yes - see risk on page 13	Yes - see recommendation on page 26	No

VFM arrangements – Overall summary

Risks of significant weaknesses in arrangements

We have outlined below the risks of significant weaknesses in arrangements that we have identified as part of our continuous planning procedures, and the work undertaken to respond to each of those risks.

Risk of significant weakness in arrangements	Work undertaken and the results of our work
<p>1 Quality of the Draft Statement of Accounts Submitted for Audit In our audit for the year ending 31 March 2021 we highlighted several issues including the poor quality of the draft financial statements submitted for audit and the significant difficulties encountered during the audit process.</p> <p>We had significant issues with the Property Plant and Equipment valuations and underlying Estates records. where management failed to provide sufficient oversight and challenge over the valuations process, leading to material misstatements being identified during the audit process.</p> <p>There were other issues with the draft financial statements published by the Council across a range of areas and this led to a significant delay in issuing the audit opinion. This delay had a consequential impact on the audit for the year ending 31 March 2022.</p> <p>In our view, the issues identified during our audit last year indicated a significant weakness in relation to the Council’s arrangements for governance; specifically, with regard to financial reporting.</p>	<p>Work undertaken To follow up on the identified weakness in the prior year, we will:</p> <ul style="list-style-type: none"> • Review the Council’s arrangements to produce its financial statements in 2021/22; • Review how management engages with, and challenges the information provided by its experts; and • Draw on conclusions from the 2021/22 accounts audit to determine whether these highlight any actual weaknesses in arrangements. <p>Results of our work Our Audit Completion Report in respect of the 31 March 2022 audit identified 17 misstatements. Of these, management amended 10, with a gross value of around £80m. The remaining 7 errors were unadjusted with a gross value of £13m and had a net impact of £2.6m. Our work also identified a number of disclosure amendments were required to the accounts. On this basis, we have not seen sufficient evidence to indicate the Council’s arrangements to prepare its financial statements have improved.</p> <p>Overall, in our view the matters identified with respect to weaknesses in financial reporting and internal control represent a significant weakness in the Council’s governance arrangements.</p>

VFM arrangements – Overall summary

Risk of significant weakness in arrangements	Work undertaken and the results of our work
<p>2 OFSTED Inspection: Children’s Services OFSTED is the Office for Standards in Education, Children’s Services and Skills. It inspects and regulates services that care for children and young people.</p> <p>In February 2024 OFSTED issued a report following its inspection carried out between 4 and 15 December 2023 on the Council’s Services.</p> <p>The inspection report concluded that the overall effectiveness of the Council’s services is inadequate.</p> <p>These matters indicate a risk of significant weaknesses in proper arrangements in respect of governance and in respect of improving the economy, efficiency and effectiveness of services.</p>	<p>Work undertaken To address this risk we plan to:</p> <ul style="list-style-type: none"> • Review the OFSTED inspection report; • Hold discussions with management to understand the arrangements which were in place within Children’s Services; and • Review the Council’s response to the Ofsted report and action plan. <p>Results of our work We reviewed the OFSTED inspection report published in February 2024 to gain an understanding of the findings. We discussed the findings with management to understand how this report reflected the arrangements in place during the year to 31 March 2022 and the arrangements put in place for the subsequent period.</p> <p>The 2024 report followed a series of inspection activity from OFSTED. A full inspection was reported in 2019 and this concluded Children’s Services as requiring improvement. OFSTED also conducted two focused visits and one local area SEND inspection following the 2019 inspection. These did not lead to a change in the overall assessment and continued to identify areas for improvement.</p> <p>To address this, the Council established the Children’s Improvement Board and the Children’s Services Scrutiny Panel. Following a change in senior leadership of the service in August 2023 the improvement plan was refreshed, and a new performance management framework was put in place. This was intended to ensure consistent and sustainable improvement in practice for the services provided to children in Tameside.</p> <p>However, the passage of time since implementing these changes means the effectiveness of the changes, and the sustainability of the improvements, could not be demonstrated. Although OFSTED referred to these changes as “swift and decisive action” by the new leadership team, the inspection report sets out that not all of the shortfalls previously identified in recent reports, or by the Council’s own performance management framework, had been addressed. OFSTED conclude there remains a risk of harm to children in Tameside. The evidence we have reviewed shows these issues were present during the 2021/22 year.</p> <p>In our view, the matters identified with respect to weaknesses in delivering Children’s Services represent significant weaknesses in the Council’s governance arrangements and the Council’s arrangements to improve economy, efficiency and effectiveness.</p>

VFM arrangements

Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services



VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria

Background to Tameside's operating environment in 2021/22

Since March 2020 local authorities have faced a period of unprecedented challenge, both financially and economically, as they are responding to the impact of, and recovery from, the global Covid-19 pandemic. This led to significant changes in how the Council operates and delivers services to the residents and businesses of Tameside. Throughout the past few years, the Council has adapted to new ways of working in order to ensure the continuation of service delivery and the provision of new services to support the local communities through the pandemic. Since then, the Borough moved toward recovery from the immediate impact of national restrictions and the outbreaks of new Covid variants into dealing with the longer-term impacts.

The financial impact of the pandemic on the Council has been significant. During 2021/22 the Council faced additional costs as a result of the new responsibilities it faced to respond to the pandemic but also because of the loss of income as a result of the on-going national restrictions. Some of the government's initiatives to respond to the covid-19 pandemic were supported by additional funding for the Council, and as in 2020/21, Tameside received significant additional funding in the form of government grants for 2021/22. Whilst the Council received financial support from Government to address these issues, it clearly recognised this funding is one-off in nature. As such, the Council has continued to work to understand the longer-term impact of the pandemic, its financial plans were adapted to take account of the financial scarring over the medium term.

As the Council looked forward from 2021/22, to the future, the financial challenges were increasing. In addition to dealing with the recovery from the Covid-19 pandemic, the war in Ukraine had an adverse impact on the UK economy, with resulting increases in energy costs, supply chain issues and inflation rates reaching highs not seen in recent times. The subsequent increases in the cost of living, which continue to have an impact, mean the Council needs to continue to pay close attention to its budget position and to reassess the impact at regular intervals in order to identify mitigations at the earliest opportunity.

2021/22 Financial Performance

We have undertaken a high-level analysis of the audited financial statements, including the Movement in Reserves Statement and the Balance Sheet.

The Council's balance sheet position has increased when comparing the net assets to the prior year (£73.8m in 2020/21; £255.4m in 2021/22). The most significant change in the balance sheet relates to movements in the Council's share of the pension fund net liability of £252.8m, down from £372.6m in the prior year. It is not unusual to see material movements in the net pension liability and this is consistent with our experience at

other local authorities. The deficit position was also typical across the sector for the 2021/22 financial year. We also note significant movement in the property, plant and equipment balance, from £506.2m to £530.2m, as a result of revaluation of the Council's assets in year. The levels of cash and cash equivalents (£50.3m 2020/21; £49.6m 2021/22) and debtors (£94.8m 2020/21; £96.5m 2021/22) have remained relatively stable.

The Council's usable reserves decreased from £206.6m at 31 March 2021 to £190.7m at 31 March 2022. This includes a decrease in Earmarked Reserves to £124.2m (down from £150.0m in the previous year) whilst the General Fund remained at a similar level (2020/21: £27.2m, 2021/22: £27.4m). Of this downward movement £19.5m is due to a reduction in the Collection Fund reserve and £7.4m results from the use of the Capital Investment reserve which finances the Council's capital investment programme.

The Council's reserves provide some mitigation against future financial challenges. However, the Council will need to ensure that any use of reserves to smooth the financial position over the next few years is properly planned. This is because reserves cannot be relied on to provide a long-term solution to funding gaps.

Financial planning and monitoring arrangements

In February 2021 the Council set a balanced budget for the 2021/22 financial year. The budget for 2021/22 included a number of budget reductions due to additional income and delivery of savings, including the full year effect of savings identified in previous years.

The budget included £8.9m of savings to be delivered during 2021/22 and the Medium Term Financial Plan ('MTFP') assumed a further £4.9m of savings to be delivered in 2022/23. Proposed savings were subject to robust review and challenge by the finance team, Senior Officers and Members. The review process was used to continue to monitor both the delivery of savings through the year and the identification of new savings for future years. Throughout the 2021/22 year the Council regularly updated its budget forecast, this enabled budgets to remain up-to-date in the fast-changing and uncertain operating environment of the pandemic.

VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria – continued

Financial planning and monitoring arrangements (continued)

A detailed analysis of the Council's balances and reserves is carried out as part of the budget setting process and the report provided to Budget Council each February under the Local Government Act 2003 to provide assurance that the level of reserves and balances are appropriate.

The final outturn position on the 2021/22 budget presented a small overspend of £0.1m on the Council budget. This overspend was funded from general reserves resulting in an overall balanced position. However, a number of savings targets were not delivered in full in 2021/22, and these were also mitigated by one-off alternatives.

The main area of overspend for 2021/22 was in Children's Social Care Services, as it was in 2020/21. The outturn position of £3.8m over budget was an improvement on the forecasted in-year reporting but remained significantly in excess of budget. The overspend was predominantly due to an increase in the number children requiring support and a significant increase in cost of placements, particularly for external placements.

The Council had arrangements in place for the quarterly monitoring of all revenue and capital budgets. These are reported to the Single Leadership Team, Board and Executive Cabinet. Arrangements were also in place for the regular monitoring of Service Delivery Plans by directorates in terms of performance indicators and updates. We have reviewed a sample of monitoring reports. These contained appropriate detail of the significant variances to budget and provided an update on the delivery against savings targets. They also contained appropriate information on the delivery of the approved capital programme, including explanations for both over and under spends against the budget profile.

We have considered the arrangements in place in respect of budget management as part of the Governance criteria.

Arrangements for the identification, management and monitoring of funding gaps and savings

The MTFP is the Council's five year plan which sets out the resources available to deliver the Council's overall commitment to provide services that meet the needs of people locally and represent good value for money. The MTFP also assesses the adequacy of reserves and of provisions held for past events which may impact on the Council's resources.

Budget setting and MTFP review is a six-to-nine-month process which starts in May / June each year and through to February, with the final full Council sign off at the February Council meeting.

The MTFP was routinely refreshed throughout the year to update forecasts for known and anticipated cost pressures, savings, and funding changes. Emerging pressures were also identified through the in-year budget monitoring process and factored into future year budget forecasts.

Arrangements and approach to 2022/23 financial planning

In February 2022 Full Council approved a budget that includes £4.782m of new savings to be delivered during 2022/23, alongside delivery of old savings amounting to £1.696m and budget reductions amounting to £1.183m. The MTFP assumes that a further £2.8m of savings and other budget reductions will be delivered in 2023/24.

Progress on the delivery of the savings proposed as part of the 2022/23 budget process is monitored on a monthly basis, with a proportion of schemes reviewed at different points during the year. All directorates completed an implementation template as part of their original proposal and the reporting schedule has been tailored to align with key implementation points of proposals. For those assessed to be a red or amber delivery risk this reporting provides assurance to members that delivery is on track. As part of this reporting, detailed plans are reviewed by the Senior Leadership Team against the implementation section of the original savings templates.

The final outturn position on the 2022/23 budget presented a small overspend on the Council Budget of £0.7m. This overspend was funded by general reserves resulting in an overall balanced position and a total use of the General Fund in the 22/23 year of £1.3m, bringing the general fund down to £26.1m at year end. There remain a number of savings targets which have not been delivered in full in 2022/23, and mitigated by one-off alternatives.

Based on the above considerations we are satisfied there is not a significant weakness in the Council's arrangements in relation to financial sustainability.

VFM arrangements

Governance

How the body ensures that it makes informed decisions and properly manages its risks



VFM arrangements – Governance

Overall commentary on the Governance reporting criteria

Risk management and monitoring arrangements

The Council's assurance arrangements conform with the governance requirements of the CIPFA Statement. The Head of Internal Audit Opinion for 2021/22, reported to the Audit Panel in July 2022, confirms members and senior management can take reasonable assurance that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively within those areas reviewed.

Throughout the year we have attended all Audit Panel meetings. Through attendance at these meetings, we have confirmed that the Panel receive regular updates on both internal audit progress and risk management in the form of risk registers.

Arrangements for budget setting and budgetary control

Budget setting and the Medium Term Financial Plan review is a six-to-nine-month process which starts in May / June each year and concludes during February, with the final full Council sign off at the February Council meeting. The Director of Resources and the Assistant Director of Finance have worked with the Executive Members and the Senior Leadership Team during the budget preparation period to ensure that a robust set of savings plans are in place and a clear delivery plan has been drawn up for the year ahead.

A detailed analysis of the Council's balances and reserves is carried out as part of the budget setting process. A report provided to Budget Council each February under the Local Government Act 2003 provides assurance that the level of reserves and balances are appropriate.

Monthly budget monitoring is led by Finance Business Partners in partnership with Directorates. Financial reports are produced monthly, and regular meetings are held to discuss progress against the financial forecasts. Significant variances against budget are investigated.

During the year the Council reported its financial position to the Executive Cabinet monthly. We have reviewed a sample of the reports presented for 2021/22. These contain appropriate detail of the significant variances to budget and provide an update on the delivery against savings targets.

Decision making arrangements and control framework

Tameside has an established governance structure in place which is set out within its Annual Governance Statement. This is supported by the Council's Code of Corporate Governance, the Governance Framework, the Constitution and scheme of delegation. Members and Officers are governed by Codes of Conduct, Cabinet Portfolios, contracts of employment, employment rules and procedures, Professional Codes of Conduct and bound by the Constitution and Code of Corporate Governance. Conflicts of interest are recorded in the minutes of all meetings, where applicable, and a register is maintained for both members and officers by the Monitoring Officer.

The Council's Constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. The Constitution is the document that describes the decision-making process and establishes the legal framework in which the Council operates.

The Council has in place all relevant policies we would expect including policies on:

- Gifts and hospitality;
- Declarations of interest; and
- Whistle blowing.

VFM arrangements – Governance

Overall commentary on the Governance reporting criteria – continued

Audit of the 2021/22 Statement of Accounts

Draft accounts were received from the Council on 31 August 2022. Our initial review of the Statement of Accounts identified a number of technical and disclosure changes were needed to ensure compliance with the 2021/22 Code of Practice.

Some of the challenges which arose during the audit included:

- the Council did not obtain formal valuations for all of the land and buildings assets within the portfolio. Furthermore, management did not consider whether there was a risk those assets not revalued could be materially misstated at the balance sheet date. We challenged the Council to provide us with evidence to show those assets not revalued in year were materially stated. Following a review of external market data, management concluded there was evidence of a material change in the value of these assets. An indexation adjustment of £13.5m was made to amend the valuation of these assets;
- Where the Council did engage a valuer to provide an updated valuation for assets, the Council's estates team was required to provide information on the floor and land areas for the relevant assets. The information provided by estates to the valuer was not always up-to-date and contained errors; and
- our sampling procedures identified errors in specific items of income, expenditure, creditors and leases selected for testing. As a result, we were required to carry out additional testing to gain the assurance we required. We reported both actual and estimated errors to the Audit Panel.

As a result of our work, we identified ten errors, with a total value of approximately £80m which management amended in the financial statements. A further seven errors, with a gross value of £13m were reported to the Audit Panel as unadjusted. The net impact of these adjustments was £2.6m. Management declined to make the changes to the accounts on the basis of materiality. A large number of disclosure adjustments were also required to ensure the accounts were internally consistent and properly compliant with the accounting framework.

We also reported 11 internal control weaknesses to the Audit Panel. Of these:

- three were designated as high priority (of which two were outstanding from the prior year);
- six were designated as medium priority (of which one remains unresolved from the prior year); and
- two were classed as low priority (of which one remains unresolved from the prior year).

The significant issues identified in our 2021/22 external audit indicates there continues to be weaknesses in financial reporting and internal control representing a significant weakness in the Council's governance arrangements.

VFM arrangements – Governance

Overall commentary on the Governance reporting criteria – continued

Regulators

We have reviewed the regulatory reports issued in respect of the Council.

Care Quality Commission ('CQC')

There are two services registered with the CQC. These are Tameside Learning Disability Service and Wilshaw House. Both services received "good" ratings across each of the five CQC inspection areas of: Safe; Effective; Caring; Responsive; and Well-led. Tameside Learning Disability Service was inspected by the CQC in January 2024. The last full inspection of Wilshaw House was in June 2018. The CQC carried out a review of the service in July 2023 and concluded the rating did not require review at that time.

Information Commissioners Office ('ICO')

We have reviewed the ICO's website and decision notices in respect of Tameside Metropolitan Borough Council. From our review, we did not identify any issues indicating a weakness in arrangements.

However, we were informed of a data breach identified at the Council which dated back to 2018 and we have discussed this with management and which the Council identified. It arose from the way in which the Council actioned a freedom of information request it received in 2018. Management found staff payroll information had been uploaded to the Council's website in error. Once the breach was identified, the information was removed from the website immediately. The Council then launched an internal investigation. This demonstrated that, although possible, the information had not been accessed by anyone external to the Council.

The Council reported the breach to the ICO. The ICO has not reported any issues with the way in which the Council dealt with the data breach.

In order to reduce the risk of such an error arising again, mandatory GDPR training has been completed by all members of Council staff. This includes training on freedom of information. A change in policy means the only information that can be updated to Council's website must in an a specific (PDF) format to prevent unauthorised information being uploaded in error. Currently there is also a project team in place refreshing the information governance policies which were last revised in 2021.

From our work and discussions with management, our review has not identified any issues which indicate there is a weakness in the Council's arrangements.

Office for Standards in Education, Children's Services and Skills ('OFSTED')

OFSTED is the Office for Standards in Education, Children's Services and Skills. It inspects and regulates services that care for children and young people. The most recent inspection of Children's Services by OFSTED was carried out between 4 and 15 December 2023 and issued on 13 February 2024. The overall effectiveness of the service was assessed as "Inadequate". Of the four inspection areas, "the impact of leaders on social work practice with children and families", "the experiences and progress of children who need help and protection" and "the experiences and progress of children in care" are rated "inadequate", with "the experiences and progress of care leavers" remaining at the rating of "requires improvement to be good" from the previous full inspection.

Following the 2024 OFSTED report, we held discussions with management to understand the issues underpinning the report and the challenges faced by Children's Services at Tameside. This is because the 2024 report effectively reflected a deterioration in the Council's services since the last full inspection, undertaken in 2019, when the service was assessed as "Requiring Improvement". We sought to understand the extent to which the issues identified in 2024 were reflective of the service during the 2021/22 financial year.

Following the May 2019 full inspection of its Children's Services the Council accepted the report and began to implement changes to improve the quality of services it provided. In doing so, the Council took a number of direct and positive steps to ensure the effectiveness of its monitoring of improvement activity and service development. To do so, it ensured the close review and oversight through regular performance reports to lead Members, the Tameside Safeguarding Children's Partnership, and the Children's Improvement Board. The Council also sought to strengthen the scrutiny role provided by the Integrated Care and Wellbeing Scrutiny Panel.

In May 2021 OFSTED undertook a 'Focused Visit' but due to Covid-19 restrictions, the visit was carried out remotely. No grading was given by OFSTED. However, the lead inspector provided a letter in June 2021 setting out the findings and areas for improvement. The letter recognised the challenges brought about by Covid-19 on the Council and senior leaders, and praised the effective systems between the Council and school leaders to ensure strong communication. However, the findings noted issues with caseloads in social work teams, the weaknesses in the performance data to evaluate the experiences of children, and in the timeliness of decision-making. Overall, the letter concluded improvements were needed to ensure a better focus on the experiences and outcomes for children and young people.

VFM arrangements – Governance

Overall commentary on the Governance reporting criteria – continued

Office for Standards in Education, Children’s Services and Skills (‘OFSTED’) (continued)

During October 2021, OFSTED and the CQC conducted a joint inspection of the local area of Tameside to judge the effectiveness of the area in implementing the special educational needs and / or disabilities (‘SEND’) reforms as set out in the Children and Families Act 2014. As a result of the findings of this inspection, Her Majesty’s Chief Inspector (‘HMCI’) determined a Written Statement of Action is required because of significant areas of weakness in the Council’s practice. Although HMCI highlighted some strengths with regards to the arrangements for identifying and meeting the needs of, in improving the outcomes of children and young people with SEND in Tameside, several areas of significant weakness were also noted. These included weakness in quality and timeliness of education, health and care (‘EHC’) assessments, the high level of dissatisfaction among parents and carers, the waiting times, and the limited oversight of the quality of SEND provision for children and young people’s education.

During April 2022 OFSTED undertook a further “Focused Visit” to Tameside’s Children’s Services. This inspection again did not result in a revised overall rating. However, a letter to the Council setting out the review findings was provided to the Director of Children’s Services (‘DCS’) in June 2022. This letter highlighted concerns about the pace of change and scale of improvement made to date. The letter recognised that appointment of a new DCS had led to an improved pace of change and noted some positive changes intended to support improvements in social work practice, staff morale and partnership working. These improvements included the move of the multi-agency safeguarding hub (‘MASH’) to new premises, which enabled the co-location of the early help team and MASH, the development of neighbourhood teams and the reintroduction of duty and assessment teams.

Alongside these improvements, OFSTED identified the need for the Council to take further action in two priority areas. These related to the timeliness of social work interventions with children and families, and to a need to sharpen the extent of understanding and oversight of the service by both members and the Council’s corporate leadership.

In July 2022 Tameside established the Children’s Services Scrutiny Panel. This Panel has responsibility to consider all matters related to Children’s Social Care and Education. It is the main mechanism by which members scrutinise and monitor the planning and performance of the Council’s services to children and young people, and the Council’s Corporate Parenting role. The Panel receives regular reporting on the improvement

plan in place for the service and on the safeguarding partnership. The Panel is intended to provide “critical friend” challenge to the Council’s Executive specifically with regard to the delivery of the improvements required by OFSTED. The Panel also considers the delivery of statutory functions where educational matters are considered.

A sample of the agenda papers and minutes of the Children’s Services Scrutiny Panel meetings have been reviewed. We can see the meetings are well attended and occur at least quarterly. The Panel receives updates on Children’s Services improvements, including a scorecard, and covers revisions to the improvement plan. An updated Improvement Plan was presented to the Panel in July 2022 and focuses on seven priorities to drive improvements in line with OFSTED’s findings. There is evidence the Panel looks to ensure there are mechanisms in place to encourage participation in this so that views are properly representative.

The Council commissioned a peer review in August 2023 following the appointment of a new DCS. This led to a refreshed improvement plan to support continued improvement in children’s services within the borough. This was presented to the Children’s Improvement Board in October 2023 and to the Children’s Services Scrutiny Panel shortly after.

OFSTED undertook a further inspect of the Council’s children’s services in December 2023. Despite the actions taken by the Council in response to the 2019 full inspection and subsequent focused visits, OFSTED identified that not all of the shortfalls in the Council’s service had been adequately addressed. The inspection report sets out serious weaknesses in Children’s Services which “leave children being harmed or at risk of harm”. The report provides details areas for improvement, including the Council’s:

- oversight, accountability and governance of Children’s Services;
- quality of service provided;
- regularity and effectiveness of management oversight and challenge; and
- the timeliness of actions to improve.

VFM arrangements – Governance

Overall commentary on the Governance reporting criteria – continued

Office for Standards in Education, Children’s Services and Skills (‘OFSTED’) (continued)

Following this inspection report, the Secretary of State appointed a Commissioner for Children’s Services to the Council through a statutory direction. Under the direction, the Children’s Services Commissioner is expected to:

- issue any necessary instructions to the Council for the purpose of securing immediate improvement in the Council’s delivery of children’s social care; to identify ongoing improvement requirements; and to recommend any additional support required to deliver those improvements;
- bring together evidence to assess the Council’s capacity and capability to improve itself, in a reasonable timeframe, and recommend whether or not this evidence is sufficiently strong to suggest that long-term sustainable improvement to children’s social care can be achieved should operational service control continue to remain with the Council.
- advise on relevant alternative delivery and governance arrangements for children’s social care, outside of the operational control of the Council, taking account of local circumstances and the views of the Council and key partners; and
- report to the Parliamentary Under Secretary of State by July 2024.

OFSTED recognise the action taken by the new DCS and her team to improve the service provided. However, they concluded it was too soon to say whether the “swift and decisive action” taken by the Council since August 2023 are sufficient to lead to sustained improvements to the service and ultimately improve the quality of care provided to children in Tameside.

We have reviewed a sample of Children’s Services Scrutiny Panel meeting minutes and reports following the issuing of the 2024 OFSTED report. These demonstrate a positive outlook from management on the future of the directorate in responding to OFSTED’s findings. Management intend to continuously engage with OFSTED to demonstrate the service improvements are being delivered.

Our review has considered the OFSTED reports from 2019 and 2024, the monitoring visits in 2021 and 2022, and the local area SEND inspection in 2021, as well as discussions with management and reviews of minutes and papers from the Children’s Services Scrutiny Panel and the Children’s Services Improvement Board throughout the 2021/22 financial year and following the year.

In our view, despite the actions taken by management to improve services, the OFSTED report rating of “inadequate” indicates there is a significant weakness in the Council’s arrangements for Children’s Services in relation to governance and improving economy, efficiency and effectiveness throughout the 2021/22 financial year.

VFM arrangements

Improving Economy, Efficiency and Effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services



VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria

Partnerships and Commissioning

The Council is open to considering all options to deliver services. This means it commissions from other organisations where it is appropriate, and where it can achieve the same or better outcomes at reduced cost. The Council actively seeks to commission jointly with other public service agencies where possible.

Tameside use STAR procurement for procuring services. STAR partners include Rochdale, Stockport, Tameside and Trafford Councils who govern STAR through a Joint Committee, as well as NHS Tameside & Glossop, and NHS Trafford CCGs.

STAR and the organisations it provides services to have agreed a Responsible Procurement Strategy to reflect how they work and to place responsible, sustainable and ethical procurement at the heart of their service. The Strategy recognises the national, regional and local influences which shape procurement world and sets out how STAR will achieve their business objectives through procurement activity. The STAR Partners are fully committed to supporting Greater Manchester to achieve net carbon zero by 2038.

Performance Management

Tameside's Corporate Plan 'Our People - Our Place - Our Plan' outlines the Council's aims and aspirations for the area. The corporate plan reflects five themes:

- Starting Well;
- Living Well;
- Ageing Well;
- Great Place; and
- Inclusive Growth.

The corporate plan is based on a relationship between public services and citizens, communities and businesses that enables shared decision making, democratic accountability and voice, genuine co-production and joint delivery of services.

A Corporate Scorecard which sets out a range of data (financial and non-financial) is reported to the senior leadership team and Council Board. Data monitored and used to drive corrective action includes: staff headcount, sickness rates (by Directorate), Freedom of Information requests, Subject Access Requests, key cost and demand drivers including temporary accommodation, numbers of care users and so on.

We reviewed the Corporate Scorecard for June 2022. This showed the position at the time compared to the outcome metrics specified in the corporate plan, along with the previously reported position and direction of travel. The level of detail provided in the Scorecard provides the Senior Leadership Team and Council members to see easily how services were performing and to identify trends in performance.

Performance of Children's Services at the Council

We have commented on the Council's Children's Services elsewhere in this report. Given the indications of poor performance received by the Council in its 2019 OFSTED inspection report and subsequent focussed visits. Together with the "inadequate" rating received on the overall effectiveness of Children's Services in the 2024 OFSTED report, there is a weakness in arrangements for performance management of Children's Services at the Council.

A new performance management framework has been implemented in the directorate support better services. However, it is too early to assess whether these changes are leading to a sustainable impact on the quality of services provided.

Based on the above considerations there is an indication of a significant weakness in the Council's arrangements for improving economy, efficiency and effectiveness with respect to Children's Services.

VFM arrangements

Identified significant weaknesses in arrangements and our recommendations



VFM arrangements – Identified significant weaknesses and our recommendations

Identified significant weaknesses in arrangements and recommendations for improvement

As a result of our work we have identified significant weaknesses in the Council’s arrangements to secure economy, efficiency and effectiveness in its use of resources. These identified weaknesses have been outlined in the table below.

Identified significant weakness in arrangements	Financial sustainability	Governance	Improving the 3Es	Recommendation for improvement	Our views on the actions taken to date
<p>1 OFSTED Inspection: Children’s Services OFSTED is the Office for Standards in Education, Children’s Services and Skills. It inspects and regulates services that care for children and young people. The most recent full inspection of Children’s Services by OFSTED was carried in December 2023 and assessed the Council’s service as “Inadequate”. The Council was already aware of the issues in the service as a result of previous inspections, monitoring visits and ongoing discussions with OFSTED. However, actions taken in response had not led to a sustainable improvement in the Council’s services for children. The issues identified by the December 2023 inspection were reflective of practice during the 2021/22 year.</p> <p>To address the issues identified previously, action had been taken to implement changes in leadership within the Children’s Services team, establish a scrutiny panel to consider matters relating to Children’s Services and Education, and to create a new performance management framework. The changes were acknowledged by OFSTED as “swift and decisive action” taken to improve management oversight and improve service quality.</p> <p>Despite the actions taken by the Council, the OFSTED report highlighted the quality of the social work practice as having deteriorated for those in need of help, referencing senior leaders as not having a clear line of sight on practice. The report also states that failures in the service “leave children being harmed or at risk of harm”. In our view this is indicative of a significant weakness in the Council’s arrangements in relation to the governance (how the body monitors and ensures appropriate standards), and improving economy, efficiency and effectiveness (how the body evaluates the services it provides to assess performance and identify areas for improvement) reporting criteria.</p>		●	●	<p>We recommend the Council puts in place arrangements to ensure the actions taken in response to OFSTED’s findings are being delivered on time and have a sustainable impact on the quality of service provided to, and the safety of, children in Tameside.</p>	<p>We document the actions taken by management to improve the provision of Children’s Services, including a change in senior leadership, setting up a Scrutiny Board and an Improvement Board, and implementing a new performance management framework.</p> <p>OFSTED recognise it is too early to see the impact of these changes in their latest inspection report. They describe the actions taken as “swift and decisive”. We note the steps taken by management to improve the service and await to see if these changes have the desired effect on the provision of services by the Council.</p>

VFM arrangements – Prior year significant weaknesses and recommendations

Progress against significant weaknesses and recommendations made in the prior year

As part of our 2020/21 audit work, we identified the following significant weaknesses, and made recommendations for improvement in the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources. These identified weaknesses have been outlined in the table below, along with our view on the Council's progress against the recommendations made, including whether the significant weakness is still relevant in the 2021/22 year.

Previously identified significant weakness in arrangements	Reporting criteria	Recommendation for improvement	Our views on the actions taken to date	Overall conclusions
<p>2 Quality of the Draft Statement of Accounts Submitted for Audit The audit of the 2020/21 draft Statement of Accounts identified several weaknesses in the preparation of those statements, in our 2020/21 Audit Completion Report we highlighted several issues including the poor quality of the draft Statement of Accounts submitted for audit and the significant difficulties encountered during the audit process. In particular there were numerous challenges relating to the audit of Property Plant and Equipment (PPE) with issues arising from both internal estates records and the valuations completed by the external valuer.</p>	<p>Governance</p>	<p>The Council should:</p> <ul style="list-style-type: none"> • implement procedures to improve the quality of the draft Statement of Accounts submitted for audit; • improve processes for engaging with, and challenging the information provided by valuation experts; • review the capacity within the Council's Estates team to ensure asset records are properly maintained; and • consider the issues raised as part of the 2020/21 audit in order to strengthen the overall control environment surrounding the preparation of the draft Statement of Accounts. 	<p>The recommendations raised were included in our audit report dated 14 August 2023. The Council prepared the 2021/22 accounts before we issued our recommendations and as such were not able to implement changes to improve the quality of the 2021/22 draft accounts.</p> <p>Nonetheless the 2021/22 accounts were poor quality and required significant amendments. Additional audit work was required to review amendments and gain assurance to support our audit opinion. We note that the 2021/22 accounts were prepared by officers no longer working at the Council.</p>	<p>We consider a significant weakness in arrangements is still relevant in respect of the quality of the draft statement of accounts submitted for audit remains for the 2021/22 year.</p>

Other reporting responsibilities and our fees

Other reporting responsibilities and our fees

Other reporting responsibilities

Matters we report by exception

The Local Audit and Accountability Act 2014 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to the law; and
- issue an advisory notice.

We have not exercised any of these statutory reporting powers.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We did not receive any such objections or questions.

Reporting to the NAO in respect of Whole of Government Accounts consolidation data

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data. The Council falls below the £2bn threshold, therefore we are not required to complete any work in relation to the Council's WGA submission in respect of the 2021/22 year.

Other reporting responsibilities and our fees

Fees for work as the Council's auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum presented to the Audit Panel in August 2023. Having completed our work for the 2021/22 financial year, we can confirm that our fees are as follows:

Area of work	2021/22 fees	2020/21 fees
Planned fee in respect of our work under the Code of Audit Practice	£80,863	£80,863
Fee variations:		
Additional testing on Property, plant and equipment in respect of changes in regulatory expectations	£18,750	£18,750
Additional testing on Property, plant and equipment in respect of errors in the draft financial statements	£17,500	£25,000
Additional testing on Property, plant and equipment due to the Council applying the statutory override in respect of infrastructure assets	£2,200	£10,000
Additional testing on Defined Benefit Pensions Schemes in respect of changes in regulatory expectations	£6,250	£6,250
Additional testing on Defined Benefit Pensions Schemes due to revised IAS 19 disclosures	£5,000	-
Additional auditor expert testing arising from an error in the valuation of the Council's shareholding of Manchester Airport Group	£2,000	-
Additional testing arising from quality issues with the draft Statement of Accounts	£26,000	£20,000
Additional testing arising from sampling errors requiring further audit testing	£19,500	-
Additional testing in respect of the implementation of new auditing standards: ISA 220 (Revised): Quality control of an audit of financial statements; ISA 540 (Revised): Auditing accounting estimates and related disclosures; ISA 570 (Revised): Going concern; and ISA 600 (Revised): Specific considerations – audit of group financial statements	£2,500	£2,500
Additional Value for Money work arising from the change in the Code of Audit Practice	£12,500	£12,500
Additional Value for Money work arising from risks of significant weaknesses in the Council's arrangements	£14,000	£8,000
Total fees *	£207,063	£183,863

* Final fees for 2020/21 have been approved by PSAA. The 2021/22 are subject to approval by PSAA.

We confirm that we have not undertaken any non-audit services for the Council in the year.

Other reporting responsibilities and our fees

Fees for work as the Pension Fund's auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum presented to the Audit Panel. Having completed our work for the 2021/22 financial year, we can confirm that our fees are as follows. All additional fees are subject to agreement by Public Sector Audit Appointments Ltd.

Area of work	2021/22 fees	2020/21 fees
Planned fee in respect of our work under the Code of Audit Practice	£43,383	£43,383
Recurrent scope changes: Additional testing on Investment Assets as a result of changes in regulatory expectations	£12,500	£12,500
In year additional work: engaging an auditor's valuation expert in respect of Investment Property valuations	£9,000	£9,000
In year additional work: work for other PSAA / NAO auditors including additional work on the triennial valuation data *	£36,000	£26,100
Total fees	£100,883	£69,483

* Our fees for this work relate to the employers where their auditor requested additional work in respect of the triennial revaluation.



Appendix: Internal control recommendations

Appendix: Internal control recommendations

Internal control recommendations arising at the Council

As part of our audit of the Council we considered the internal controls in place that are relevant to the preparation of the financial statements. We did this to design audit procedures that allow us to express our opinion on the financial statements, but this did not extend to us expressing an opinion on the effectiveness of internal controls. We identified the following deficiencies in internal control as part of our audit.

Significant deficiencies in internal control – Level 1

Description of deficiency

Our detailed audit testing of income, expenditure, debtors and creditors identified a high number of errors in the financial statements because income and expenditure were not accounted for in the correct financial year.

Potential effects

There is a risk the Council's financial statements are materially misstated.

Recommendation

The Council should improve year end close down processes to ensure that year end adjustments such as accruals are correctly posted so that income and expenditure are accounted for in the correct financial year.

Management response

Management accepts the recommendation and has already begun to implement changes following the completion of the 2020/21 audit in August 2023. With a new Senior Leadership team in place within Finance, a different approach is being taken to the upcoming year end process for 2023/24. A full review of year end processes, along with training of staff both internally and with the support of CIFPA, will be undertaken in Q4 with areas of focus already identified.

Appendix: Internal control recommendations

Internal control recommendations arising at the Council (continued)

Other deficiencies in internal control – Level 2

Description of deficiency

Our audit procedures on the General Ledger system, Agresso, identified that the Council has no formalised policy / procedure supporting the change management process.

Potential effects

Unauthorised changes could be made, compromising the confidentiality, integrity and availability of information. Information relating to software development, authorisations for deployment, and test plans and results may not be documented sufficiently.

Recommendation

We recommend the Council formally document the change management process. The procedure/policy should clearly describe how change requests are registered, classified, analysed, solved and monitored. The document should be formally approved by the relevant senior officers, acknowledged by all relevant staff and periodically reviewed.

Management response in January 2024

A new Head of IT joined the Council in December 2023. Implementing a change management process is one of their priorities, but this has not yet been implemented at the time of this response.

Update to management response in May 2024

A new Assistant Director of ICT and Digital joined the Council in December 2023. The systems team under the remit of the Head of Transformation, alongside the Assistant Director of ICT and Digital will implement a change management process. A Service Improvement Project was stood up in late February 2024, as part of which a Change Management process is in the process of being developed using ITIL best practices and it is expected this will be finalised and implemented by summer 2024.

Appendix: Internal control recommendations

Internal control recommendations arising at the Council (continued)

Other deficiencies in internal control – Level 2

Description of deficiency

The last valuation of the Council's heritage assets took place in 2015. A valuation was scheduled in 2020 but was delayed because of the Covid pandemic. As at January 2024 year end, the formal valuation has not been carried out.

Potential effects

The value recorded for heritage assets could be misstated given the last revaluation was 7 years ago. The insurance value for the assets may be wrong, meaning the Council may not have adequate cover.

Recommendation

Management should commission a valuation of heritage assets.

Management response

Management accept the recommendation and will appoint specialist valuers to undertake a review of all heritage assets held by the Authority.

Description of deficiency

Our review of the Council's lease register identified some tenants within Council properties were "holding over" previous rent agreements and as such, did not have an up to date rent agreement in place with the Council.

Potential effects

There is a risk the Council is not receiving the market rent for properties where there is not a current lease agreement in place because rent reviews are not being undertaken. The Council is also open to other risks where the tenant does not have a current lease agreement in place.

Recommendation

The Council should ensure that lease agreements are reviewed and updated as they expire to ensure all properties leased out are subject to a contract.

Management response

Management accept the recommendation. The Head of Estates will undertake a review to ensure that all lease agreements are pro-actively reviewed, and that negotiations for lease renewals are taken place in a timely manner and at open market rental to minimise the number of tenants holding over.

Appendix: Internal control recommendations

Internal control recommendations arising at the Council (continued)

Other deficiencies in internal control – Level 2

Description of deficiency

Our testing of payroll transactions identified one employee who continued to receive pay for a three month period after they left the Council. This resulted in an overpayment of £7,717.33 which the Council is currently recovering from the former employee at a rate of £20 per month.

Potential effects

Without effective controls in place to ensure all leavers are removed from the payroll system promptly, there is a risk of overpayments being made.

Recommendation

Ensure the leaver process is strictly followed, by removing employees from the payroll on a timely basis.

Management response

It is a manager's responsibility to ensure leavers forms are processed in a timely manner. With the exception of those that leave in their probation period there should rarely be a situation which requires an invoice to be raised for leavers. Following completion of the notification form, the HR systems should reflect those that are working their notice with a leave date being in iTrent ahead of the date itself. Payroll process leavers live on instruction so that the systems are updated as quickly as possible. Staffing lists are sent to SUMS, HOS, ADs and Directors on a monthly basis as a mechanism for checking the workforce.

By April 2024, all services will be live on iTrent self service. Staffing lists will be live on iTrent to enable managers to have direct access and visibility to all staff they manage which is a further opportunity to ensure it includes no one that has left.

Management response (continued)

Managers are provided with a monthly staffing list that they are required to check to make sure that any leavers and other changes are reflected. We are currently exploring with Audit removing the tight level of security on the staffing lists so that managers can open them and use them more easily. Communication will then be provided on the portal and directly to service managers to affirm the importance of checking the monthly staffing list to avoid over/under payments.

Appendix: Internal control recommendations

Internal control recommendations arising at the Council (continued)

Other deficiencies in internal control – Level 2

Description of deficiency

Our payroll testing identified one case where employers national insurance was incorrectly calculated. This arose due to a coding error.

Potential effects

Incorrectly coding items of employee benefits expenditure in the payroll system can result in issues with compliance to paying over taxes and related costs to HMRC.

Recommendation

Ensure where additional pay, benefits and deductions are added within the payroll system, these are correctly set up to allow for pay and benefit costs to be calculated correctly.

Management response

This example related to Jury service and a more in depth review is required for this element in the payroll system to determine the appropriate set up for NI, Tax and Pension. Further guidance will be obtained from our software provider as well as benchmarking information across AGMA.

Other recommendations in respect of internal control – Level 3

Description of deficiency

Our payroll audit testing identified a number of employees where the Council does not hold evidence of a signed contract being returned.

Potential effects

There is a risk that where a contract of employment is not in place between the Council and individual employees, that the terms of employment may not be fully agreed and enforceable.

Recommendation

Controls to be implemented to ensure during the new starter process, a signed contract is obtained and stored by the Council.

Management response

Whilst Tameside request that individuals sign and return contracts it is accepted that a number do not do so. By working under the contract it is determined that they have accepted its terms. On balance, and considering the resource required to do so, there is no plan to implement a chasing process.

During 2024 a new applicant tracking recruitment system (ATS) will be implemented. As part of this implementation, it will enable the opportunity to review what onboarding functionality can be used. This will include the potential for using the ATS to issue offer letters with applicants having the ability to sign and accept the role/terms. As part of this, it can be explored as to whether the same can be used for contracts of employment.

Appendix: Internal control recommendations

Internal control recommendations arising at the Council (continued)

Previous Years recommendations not yet implemented – Level 1

Description of deficiency

Our work on IT general controls identified that the Council does not have formal disaster recovery provisions in place. The Council is now in the process of commissioning a new Disaster Recovery facility located at Tameside Hospital and the Corporate IT Business Continuity and Disaster Recovery plan is currently going through the internal governance process.

Potential effects

Major incidents or disasters may cause outage of one or more business critical systems, causing data loss, thereby affecting the availability and integrity of information.

Recommendation

In order to avoid data loss due to the outage of one or more business critical systems, we recommend ensuring the disaster recovery plan clearly defines: Roles and responsibilities; Assets classification; Recovery point objective (RPO) for all critical systems; Recovery time objective (RTO) for all critical systems; The disaster recovery plan should be regularly tested, the testing should include business users and should be documented for audit and monitoring purposes.

2021/22 update and management response in January 2024

Our DR site is hosted at the Integrated Care Foundation Trust in a reciprocal arrangement. This is fully implemented. A secondary, back up site is at Ashton Old Baths and is delayed in being stood up due to cabling works issues, but is anticipated in 2024 to go live. TMBC uses an Immutable Back Up solution for Data Back Up protection with 'object locking' to keep any actors from altering or deleting data. Immutable back ups are one of the highest levels of protection and one of the easiest and quickest solutions to get systems back online. Business continuity arrangements are being reviewed across the Council, including specifically reviewing arrangements at data centres and implementation of disaster recovery plans will take place in 2024/25.

Update to management response in May 2024

Business continuity arrangements are being reviewed across the Council, including specifically reviewing arrangements at data centres and implementation of disaster recovery plans will take place in 2024/25.

Appendix: Internal control recommendations

Internal control recommendations arising at the Council (continued)

Previous recommendations - not yet implemented – Level 1

Description of deficiency

Our work on property, plant and equipment valuations identified that floor areas used by the valuer contained errors. These floor areas were summarised and sent to the valuer by the Council's estates team. When reviewing source evidence for floor areas of assets, the measurements within the evidence did not agree to the list of measurements provided by the estates team to the valuer.

Potential effects

For future valuations, or other Council-related activities, the information within the summary of recorded measurements of floor areas could be used and create further issues in valuations, or decision making.

Recommendation

Management should engage with the Council's estates team to ensure that the right measurements are communicated to the valuer.

Management should consider checking a sample of measurements to ensure the correct measurements are communicated to the valuer.

2021/22 update and management response

Through our audit testing of property, plant and equipment valuations in 2021/22 we have confirmed this deficiency is still present in 2021/22.

Management accept the recommendation and will ensure that this is implemented for the closing of the 2023/24 accounts. The Head of Estates will ensure that the correct measurements are communicated to the valuer, and will cross reference a sample of measurements to ensure they are correct.

Follow up on previous recommendations not yet implemented – Level 2

Description of deficiency

Our work on the Council's debtor balances identified an unreconciled difference of £0.632m between the general ledger and revenues and benefits system in respect of business rates debtors.

Potential effects

Discrepancies between the two systems can lead to a misstatement of the Council's debtor balance within the Statement of Accounts.

Recommendation

The discrepancy between the systems should be fully investigated and cleared.

2021/22 update and management response

Through our testing of business rates debtors in 2021/22 we have confirmed this deficiency is still present as at 31/03/2022 and as of January 2024 this has not been resolved.

All non-domestic rates receipts are correctly recognised in the Capita Non-Domestic Rates system and there is no misstatement of income due to the Council or individual non-domestic rate account balances. Management actions taken to date include undertaking quarterly reconciliations between Capita and the ledger and working with a neighbouring authority to improve workflow processes. There remains a mainly historical imbalance between the general ledger and Capita system for Non Domestic Rates and a minor in-year imbalance both due to timing differences and coding within the general ledger system, which will be fully investigated and corrected in the general ledger during the 2023/24 financial year.

Appendix: Internal control recommendations

Internal control recommendations arising at the Council (continued)

Follow up on recommendations not yet implemented – Level 3

Description of deficiency

Our work on Property, Plant and Equipment identified a small number of assets (total value £0.272m) which have not been revalued within the five year rolling cycle of valuations. Whilst the value is not significant, this is not in compliance with the requirements of the CIPFA Code.

Potential effects

Failing to revalue assets on a sufficiently regular basis can lead to a misstatement of the Council's Property, Plant and Equipment balance.

Recommendation

The assets should be included in the 2021/22 revaluation programme.

2021/22 update and management response

Through out audit testing of Property, Plant and Equipment we have confirmed that this deficiency is still present in 2021/22.

Management accept the recommendation. The Head of Estates will ensure these assets are included in the next valuation programme.

Appendix: Internal control recommendations

Internal control recommendations to the Greater Manchester Pension Fund

As part of our audit of the Pension Fund we considered the internal controls in place that are relevant to the preparation of the financial statements. We did this to design audit procedures that allow us to express our opinion on the financial statements, but this did not extend to us expressing an opinion on the effectiveness of internal controls. We identified the following deficiencies in internal control as part of our audit.

Other deficiencies in internal control – Level 2

Description of deficiency

The Code requires investments properties to be valued at fair value at the year end. At GMPF, investment properties are accounted for with a valuation date of 31 December, updated for any known transactions. The Fund did not undertake an assessment at the year end, to consider whether there was a movement in the fair value between the valuation date of 31 December and the year end.

Potential effects

The balance on investment properties may be materially misstated by not reporting the fair value at the year end.

Recommendation

Carry out an assessment of the movement in the fair value of investment properties between 31 December and the year end and update the carrying value if the movement is material.

Management response in November 2023

Whilst no formal valuation of investment properties is undertaken at 31 March, the Assistant Executive Director and Investment Property team do perform an informal review that considers any known changes relating to specific properties and in the property rental markets and wider macro environment at 31 March.

If these changes are considered to be potentially material than a new formal valuation is requested, the last time this occurred was 31 March 2020.

In order to assist future audits we will document the outcome of any informal reviews undertaken.

Update to management response in January 2024

Management implemented the recommendation in the 2022/23 year. The Assistant Executive Director and Investment Property team performed a review that considered any known changes relating to specific properties and in the property rental markets and wider macro environment at 31 March 2023.

Appendix: Internal control recommendations

Internal control recommendations to the Greater Manchester Pension Fund (continued)

Other deficiencies in internal control – Level 2

Description of deficiency

Our audit procedures identified one bank account of value £3.6m was not reconciled to the trial balance at the year end.

Potential effects

Financial information produced by the Pension Fund does not include all cash balances attributed to the Pension Fund and could result in missing transactions being recorded in the ledger, or transactions being recorded in the incorrect accounting period.

Recommendation

Ensure that the Fund reconcile all bank accounts to the trial balance every month.

Management response in November 2023

This instance occurred where cash had been transferred from one GMPF bank account to another GMPF bank account to cover expected payments due on 1st April. The unaccounted cash of £3.6 million was sat in this bank account for just 24 hours.

All bank accounts are now reconciled with full year end working papers available for audit to review.

Update to management response in January 2024

Management implemented the recommendation in the 2022/23 year. All bank accounts are now reconciled with full year end working papers.

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