

## TRAFFORD COUNCIL

**Report to:** Accounts and Audit Committee  
**Date:** 15 July 2020  
**Report for:** Information  
**Report of:** Audit and Assurance Manager

### Report Title

**Annual Report of the Head of Internal Audit 2019/20**

### Summary

The purpose of the report is:

- To provide a summary of the work of the Audit and Assurance Service during 2019/20.
- To provide an opinion on the overall adequacy and effectiveness of the Council's control environment (which encompasses internal control, risk management and governance) during 2019/20.

### Recommendation

The Accounts and Audit Committee is asked to note the report.

### Contact person for access to background papers and further information:

Name: Mark Foster – Audit and Assurance Manager  
Extension: 1323

### **Background Papers:**

None

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**TRAFFORD**  
**COUNCIL**

## **Audit & Assurance Service**

# **Annual Report of the Head of Internal Audit 2019/20**

**July 2020**

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## Part One - Overview of Work Completed and Main Conclusions

### **SUMMARY AND OVERALL OPINION**

The Annual Report of the Head of Internal Audit sets out details of the work of the Audit and Assurance Service during 2019/20. The most important aspect of the Annual Audit Report is to give an independent and objective opinion as to the overall adequacy and effectiveness of the Council's control environment during 2019/20.

Internal Audit is a statutory function and the Audit and Assurance Service carried out its work in 2019/20 in general conformance with the Public Sector Internal Audit Standards.

Through its work, the Audit and Assurance Service aims to provide support to the organisation in its aim to maintain effective governance arrangements and a sound control environment; ensure effective systems are in place to manage risks including the risk of fraud and also demonstrate value for money.

Recommendations made in internal audit reports and guidance/advice provided are key mechanisms for identifying improvement actions required by the organisation. The Audit and Assurance Service also follows up the implementation of recommendations to ensure that improvements are actually occurring.

The Audit Opinion is based on internal audit work undertaken during the year. It is an important component of the Council's Annual Governance Statement which will accompany the Council's Annual Accounts for 2019/20. It should be noted that the report relates to areas reviewed by Internal Audit up to 31 March 2020. Any further issues relating to work undertaken after that time are covered in future update reports through the year to the Corporate Leadership Team and the Accounts and Audit Committee.

Based on internal audit review work undertaken in 2019/20, the Internal Audit Opinion is that, overall, the control environment encompassing internal control, risk management and governance, is operating to a satisfactory standard.

Follow-up internal audit work in areas previously reviewed demonstrates that progress is being made to improve controls and address risks previously identified, although further action is required in respect of some areas reviewed. Where areas for improvement have been identified during 2019/20, actions have been agreed with management to be followed up in 2020/21.

The COVID-19 pandemic has not had a significant impact on levels of assurance provided to support the Internal Audit Opinion for 2019/20 given that the disruption to planned work commenced towards the year- end in March 2020. In terms of 2020/21, considerable time was spent in the first quarter of the year in providing support to the Council's response to the pandemic and audit plans will be subject to review through the year taking into account risks

and priorities.

In terms of external inspection, in May 2019, Ofsted published a report on findings following its review of Children's social care services which provided ratings of "inadequate" or "requires improvement to be good" across areas reviewed. Subsequently, this issue was also reflected in the 2018/19 External Audit Value for Money Conclusion reported to the Accounts and Audit Committee in October 2019. It was noted that during 2019/20, an improvement plan was produced in response to this which has been progressed through the year and is subject to monitoring by Ofsted.

## **1. INTRODUCTION AND BACKGROUND**

- 1.1 The purpose of the Annual Report of the Head of Internal Audit is to detail the work of the Audit and Assurance Service during 2019/20. The report provides an opinion as to the overall adequacy and effectiveness of the Council's control environment during 2019/20.
- 1.2 Internal Audit is a statutory function and must undertake its work in accordance with the Public Sector Internal Audit Standards (PSIAS). It is a requirement of PSIAS that an annual internal audit report is written and presented to the organisation.
- 1.3 The Internal Audit function is provided by the Audit and Assurance Service, which is part of Financial Management within the Finance and Systems Directorate. Day to day management is the responsibility of the Audit and Assurance Manager who reports both to the Deputy Director of Finance (line manager) and also reports directly to the Corporate Director of Finance and Systems (Section 151 Officer) on all key internal audit related matters. The Service maintains independence in its reporting as set out in its Charter and associated procedures.
- 1.4 At the start of 2019/20, the establishment of the Audit and Assurance Service comprised 6.8 full time equivalent (FTE) staff but of this total, one of the officers was on secondment to the Trafford CCG Finance team which continued until the move was made permanent in November 2019. During the year, two other staff departed in July 2020. There were two new starters during the year in October 2019 and February 2020 respectively and by the year end the following 6 FTE staff were in post:
- 1 Audit and Assurance Manager,
  - 1 Principal Audit and Assurance Team Leader
  - 1 Principal Audit and Assurance Officer
  - 3 Senior Audit and Assurance Officers
- 1.5 In addition to in-house resources, Salford Internal Audit Services provided support in respect of elements of the ICT Internal Audit Plan. The Audit and Assurance Service also worked with other Internal Audit providers where appropriate such as Stockport, Rochdale and Tameside Councils in respect of the STAR Shared Procurement Service.
- 1.6 The approach to internal audit work adopted at Trafford is set out in the Internal Audit Charter and Strategy which were updated in March 2019 and approved by the Accounts and Audit Committee. These were also included as part of the 2020/21 Internal Audit Plan report shared with Accounts and Audit Committee Members in March 2020. The Internal Audit Charter describes the purpose, authority and principal responsibilities of the Internal Audit function provided by the Audit and Assurance Service. The Internal Audit Strategy describes the arrangements in place to deliver internal audit so as to ensure that the objectives and scope of the Service are met, thereby enabling Internal Audit to provide an opinion on the operation of the control environment. The Strategy covers audit resources, planning, service delivery and reporting.

## **2. INTERNAL AUDIT OPINION FOR 2019/20**

- 2.1 The Head of Internal Audit is required to give an annual opinion on the adequacy and effectiveness of the Council's internal control environment. The opinion supports the Annual Governance Statement. The Opinion for 2019/20 is as follows.

**Based on internal audit review work undertaken in 2019/20, the Internal Audit Opinion is that, overall, the control environment encompassing internal control, risk management and governance, is operating to a satisfactory standard.**

**Follow-up internal audit work in areas previously reviewed demonstrates that progress is being made to improve controls and address risks previously identified, although further action is required in respect of some areas reviewed. Where areas for improvement have been identified during 2019/20, actions have been agreed with management to be followed up in 2020/21.**

**The COVID-19 pandemic has not had a significant impact on levels of assurance provided to support the Internal Audit Opinion for 2019/20 given that the disruption to planned work commenced towards the year-end in March 2020. In terms of 2020/21, considerable time was spent in the first quarter of the year in providing support to the Council's response to the pandemic and audit plans will be subject to review through the year taking into account risks and priorities.**

**In terms of external inspection, in May 2019, Ofsted published a report on findings following its review of Children's social care services which provided ratings of "inadequate" or "requires improvement to be good" across areas reviewed. Subsequently, this issue was also reflected in the 2018/19 External Audit Value for Money Conclusion reported to the Accounts and Audit Committee in October 2019. It was noted that during 2019/20, an improvement plan was produced in response to this which has been progressed through the year and is subject to monitoring by Ofsted.**

- 2.2 Factors determining the opinion are as follows

- Audit Opinion reports were issued through the year covering a range of services, functions, systems and processes including financial system audits, ICT Audits, schools and establishment reviews, service reviews and procurement/contracts related reviews. (See Section 4 and Appendices A to C). Of the 30 final audit reports issued during the year (which

included 11 schools), 97 % of opinions stated that at least an adequate level of control was in place. Excluding schools, 95% of opinions in reports were at least adequate (See 3.5).

- For all final reports issued, action plans were agreed to implement recommendations made with the aim of improving arrangements for governance, risk management and internal control. Most recommendations made (99%) have been agreed by management (See 5.3 to 5.6).
- A number of areas identified in the previous year as requiring improved standards of control were followed up by Audit in 2019/20 and significant progress had been made in implementing recommendations. Follow up review work undertaken during the year has identified that, overall, of the areas reviewed 86% of recommendations previously made had been fully implemented. (See 5.7 to 5.11 for an analysis of follow up audit reviews both for Council and schools related reviews).
- Key strategic risks have continued to be monitored through the year. Audit and Assurance has contributed to the review and update of the Strategic Risk Register which has been reported to the Corporate Leadership Team and the Accounts and Audit Committee. Strategic risks are also reflected where applicable as part of significant issues in the Council's Annual Governance Statement (AGS) as referred to in the paragraph below. By the year-end, the impact of COVID-19 was added as the highest risk to the risk register. (See 4.2).
- The Audit and Assurance Service worked with Legal and Democratic Services to assist in planning the approach for the production of the Council's 2018/19 AGS and provided advice including undertaking a review of the draft document. The 2018/19 AGS identified a number of significant governance issues for 2019/20 including in relation to the Council's medium term financial position; risks associated with the EU exit; review of the One Trafford Partnership with Amey; improvement actions in response to the Ofsted review of Children's Social Care reported in May 2019; developments identified to improve information governance and ongoing improvement in the Council's business continuity arrangements. For the latter action, it is noted that significant action was taken to mobilise critical services as part of the COVID-19 response in March 2020 and an ongoing review is being undertaken through 2020 to further strengthen arrangements across the Council. Updates on progress against each action are to be provided in the 2019/20 AGS which will be approved by November 2020 in line with statutory deadlines. This will also include other significant issues arising, particularly in relation to the COVID-19 response and recovery. (See 4.1).
- The Audit and Assurance Service has continued to contribute to anti-fraud and corruption activity and where appropriate worked in liaison with other services including the Counter Fraud and Enforcement team. The Service has co-ordinated work, in liaison with other services, in relation to the National Fraud Initiative (See 4.5).
- The Service continues to contribute to the review of information security and governance processes across the Council and development of action plans through its work. (See 4.7).
- There was some disruption to internal audit work in March 2020 due to the impact of COVID-19. This did result in some reviews not being finalised by the year-end. It should be noted, however, that based on findings to date from those reviews in progress that the overall opinion would not be expected to change from that provided. (See 3.6).

2.3 A detailed analysis of the internal audit work undertaken by the Audit and Assurance Service during 2019/20 is provided in this report.

### **3. WORK PLANNED AND COMPLETED**

- 3.1 Total time allocated to carry out the Operational Plan was originally set at 1000 days for 2019/20 (with an additional contingency of 75 days). This was calculated by subtracting overheads, e.g. leave, sickness, training etc, from the time available to each auditor. See Appendix B for a summary of work planned against completed with a breakdown of days across categories of internal audit work. The actual number of days spent delivering the 2019/20 Internal Audit Plan was 748. Details of planned work against actual are discussed further in Section 6.
- 3.2 It should be noted that in addition to the 748 actual days, additional time was taken for other activities that are not attributable to one particular category of work but support the audit process. In 2019/20, this included continued support to the Accounts and Audit Committee, liaison with the External Auditor, networking with other North West Internal Audit groups to share good practice, and liaison with services to gather information in support of the production of the audit plan.
- 3.3 Details of the internal audit reports issued are shown in Appendix C. Further detail in relation to audit reports issued between April and December 2019 are detailed in the update reports presented to CLT and the Accounts and Audit Committee in October 2019 and February 2020. Appendix A provides detail in relation to reports issued during the final quarter of 2019/20.

#### **Analysis of Audit Opinions**

- 3.4 For each audit report issued, one of five possible opinions is given. The five opinions are also denoted as Red/Amber/Green. The following table shows the number of final reports issued during 2019/20 for each opinion level.

LEVEL OF ASSURANCE	R/A/G STATUS	DESCRIPTION	NUMBER OF FINAL REPORTS ISSUED 2019/20
<b>High Level of Assurance (Very Good)</b>	<b>Green</b>	Controls operating effectively to address all the major business risks identified at the time of the audit.	<b>5</b>
<b>Medium / High (Good)</b>	<b>Green</b>	Most business risks controlled effectively. However, there is need to improve controls in respect of a small number of high risk areas as well as for other risk areas.	<b>12</b>
<b>Medium (Adequate)</b>	<b>Green</b>	Most risk areas controlled effectively but control improvements required for some high risk areas as well as for other areas.	<b>12</b>
<b>Low / Medium (Marginal)</b>	<b>Amber</b>	Some business risks are controlled effectively. However, improvements are necessary to control a significant number of high risk areas.	<b>1</b>
<b>Low (Unsatisfactory)</b>	<b>Red</b>	Very high risk of fraud and error because a significant number of major business risks are not adequately controlled.	<b>-</b>
		<b>TOTAL</b>	<b>30</b>

3.5 As shown above, in respect of the 30 final audit reports issued during the year, Good or Very Good (Medium/High or High) Opinions were given for 17 of the 30 final reports (57%). Given an adequate (Medium) Opinion was given for a further 12 reviews, at least adequate or above (Green) levels of assurance were reported for 29 of the 30 reviews (97%) compared to 89% in 2018/19. Excluding schools from the analysis, 18 of the 19 opinion reports issued were “Green” i.e. 95% (compared to 88% in 2018/19). There was one review completed where a less than adequate “Low/Medium” opinion was given. It should be noted that whilst shown as “Green”, where opinions of Medium or Medium/High have been given, a number of control improvements to manage risks have been identified and it is important that associated recommendations are addressed.

- 3.6 A full listing of reports issued and associated audit opinions is given in Appendix C. It should be noted that the issue of certain reports to final stage have been delayed due to the impact of COVID-19 (reports shown in Appendix A as draft reports). At the time of reporting, based on draft findings issued to management, whilst a number of control improvements have been identified across the various reviews there are currently no reviews at draft stage expected to have an opinion below Medium (Adequate).

### **Other Assurance Provided Across the Council**

- 3.7 A significant proportion of time spent does not result in the issue of formal internal audit reports. This is because the Audit and Assurance Service has contributed to a number of activities such as:
- Risk management (including facilitating the update of the Council's strategic risk register and contributing to the provision of Risk Management guidance).
  - Anti-fraud and corruption (including co-ordinating the Council's work in supporting the National Fraud Initiative),
  - Working in liaison with Legal and Democratic Services to provide support in the process for producing the 2018/19 AGS including an independent review of its content prior to its final completion plus assisting Legal and Democratic Services in planning the approach for the production of the 2019/20 AGS.
  - Where required, completing a number of checks as part of processes for certifying grant claims, reviewing performance data and other returns.
  - Providing guidance to schools. This included an update being provided via the weekly schools e-bulletin setting out examples of commonly made audit recommendations and also guidance was provided to schools in carrying out self-assessment of internal controls.
  - Providing other guidance and support (which included updating of the dedicated site on the intranet for the Audit and Assurance Service which provides information and guidance).

### **Stakeholders**

- 3.8 The Audit and Assurance Service liaises and shares internal audit findings and reports with a wide group of stakeholders within the organisation including Executive Members, the Accounts and Audit Committee, Corporate Leadership Team, managers across the Authority and External Audit.

## Part Two – Detailed Findings

### 4. **DETAILED ANALYSIS OF WORK COMPLETED**

Section 2 gave the overall Internal Audit Opinion on the operation of the control environment during 2019/20, and provided a summary of internal audit work undertaken on which the opinion is based. This section provides a more detailed analysis.

#### 4.1 **Governance**

- 4.1.1 The Audit and Assurance Service has a key role in providing assurance on the standards of governance and internal control in the Authority.
- 4.1.2 The requirement to produce an Annual Governance Statement (AGS) is set out in the Accounts and Audit Regulations (2015). Legal and Democratic Services co-ordinate the production of the Annual Governance Statement in liaison with Officers and Members as set out in the approach / timetable agreed by the Accounts and Audit Committee each year. In order to complete this, corporate governance arrangements are reviewed with reference to the CIPFA/SOLACE Framework for Corporate Governance in Local Government. This includes identifying sources of assurance to provide evidence that the Council's governance arrangements comply with the CIPFA/SOLACE framework. The framework consists of a set of principles covering issues such as ethics/values; stakeholder engagement; sustainable economic, social and environmental benefits; policies and procedures; capacity and training; management of risks and transparency/reporting arrangements.
- 4.1.3 Audit and Assurance continued to work with Legal and Democratic Services to provide advice on the process for producing the 2018/19 AGS and updating the Council's Corporate Governance Code. Audit also undertook a review of the content of an early version of the Draft AGS prepared by Legal and Democratic Services and provided advice regarding additions to the document. These were taken into account in producing the Draft AGS, which was completed in May 2019 and presented to the Accounts and Audit Committee at its June 2019 meeting, together with the updated Corporate Governance Code. Audit and Assurance has continued to liaise with Legal and Democratic Services to provide advice in planning for the preparation of the 2019/20 AGS.
- 4.1.4 The final approved 2018/19 AGS, issued in September 2019, included a number of significant governance issues highlighted for progression in 2019/20 including managing the Council's medium term financial position; risks associated with the EU exit; review of the One Trafford Partnership with Amey; improvement actions in response to the Ofsted review of Children's Social Care reported in May 2019; developments identified to improve information governance and ongoing improvement in the Council's business continuity arrangements. Updates on all significant issues will be included in the 2019/20 AGS. This will include consideration of the impact of COVID-19.
- 4.1.5 Audit and Assurance have continued to liaise during the year with Legal and Democratic Services to review guidance in respect of the declaration of gifts and hospitality by Trafford Council staff. Previously, a final internal audit report covering procedures for gifts and hospitality was issued in October 2018 which concluded that whilst procedures and guidance for staff to declare offers of

gifts and hospitality are in place, it was recommended that the content of the procedure and guidance within the Employee Code of Conduct is reviewed to ensure it is up to date and considers best practice. A follow-up audit was completed in November 2019 which confirmed that a number of developments had been made in enhancing existing procedures in respect of the declaration of gifts and hospitality. There were also plans for senior management to periodically review entries in the gifts and hospitality register to monitor activity / compliance.

## 4.2 **Risk Management**

- 4.2.1 The Audit and Assurance Service continued to facilitate the review and update of the Council's strategic risk register through liaison with CLT. This ensures that the Council formally identifies and monitors the key risks to the achievement of Council objectives.
- 4.2.2 Reports setting out the strategic risk register and key developments in the management of risks have been submitted to and reviewed by CLT through the year. The Accounts and Audit Committee were provided with updates in July and October 2019. Further to the cancellation of the March 2020 meeting, an update report will be provided to the next available meeting reflecting risks associated with the COVID-19 outbreak.
- 4.2.3 In addition to the impact of COVID-19, the other high risks in the strategic risk register by the year-end included risks in relation to safeguarding vulnerable children (reflecting the Ofsted review reported in May 2019); uncertainty regarding the Council's financial position; risks in relation to the impact of Brexit; and the performance of the One Trafford Partnership. The risk reports highlighted ongoing actions to manage the risks identified.
- 4.2.4 The need to strengthen Business Continuity and Disaster Recovery planning has been highlighted over recent years. Audit had previously completed an audit review of business continuity with a number of improvement actions identified in an agreed action plan. Audit has continued to liaise with relevant service areas through the year regards progress. To assist with developments, the Council commissioned the AGMA Civil Contingencies and Resilience Unit to undertake a review of the existing Business impact assessment and plans, to test the robustness of Business Continuity Management processes, develop organisational competencies and best practice. The review commenced in January 2020 but was delayed due to the COVID-19 crisis although significant developments have been made as part of the COVID-19 response as priority was given to mobilise business critical services to ensure effective business continuity. It is noted that work is resuming to progress the wider review of business continuity through 2020 to continue to improve existing arrangements. Progress made and future work planned will be reflected in the Council's Annual Governance Statement.
- 4.2.5 Risk management guidance on the Council's intranet site was further updated by the Audit and Assurance Service in October 2019.

### 4.3 **Fundamental Financial Systems**

4.3.1 This is a key area of internal audit work providing assurance regarding the controls in place for the Authority's key financial systems. Details of progress made during the year for each planned review is set out below.

4.3.2 As listed in Appendix C, six final audit reports were issued during the year. These related to the following reviews with the respective Directorates and Audit Opinion shown:

Reported in the April to August 2019 Audit and Assurance update:

- Children's Social Care Payments System (Children's Services) - Medium
- Purchase Cards (Finance and Systems) - Medium

Reported in the September to December 2019 Audit and Assurance update:

- Council tax (Finance and Systems) - High
- Treasury Management (Finance and Systems) - High
- Accounts Payable (Finance and Systems) - Medium

Issued in Quarter 4 2019/20 (See appendix A for overall findings):

- Business Rates (Finance and Systems) - High

It should be noted that all reviews above where Medium Opinions were provided above will be subject to follow-up reviews in 2020/21.

4.3.3 By the year-end, four other reports were shared setting out draft findings for management to respond to with an agreed action plan. These were as follows:

- Direct Payments (Adult Services)
- Liquid Logic/ContrOCC – Adult Social Care Payments System (Adult Services)
- Direct Payments (Children's Services)
- Investment Strategy (Authority-wide)

Given the COVID-19 outbreak, work on finalising the above reports was delayed and it is intended that the final reports will be issued later in 2020. In addition some other reviews have been subject to delay.

4.3.4 In terms of other reviews planned to commence during the year:

- Housing Benefits and Council Tax Reduction (Finance and Systems) – Work was in progress at year- end and a final report was issued in April 2020 (which will be reported in the first Audit and Assurance update for 2020/21).
- Payroll (Place) – Work commenced by the year-end and a final report will be issued later in 2020.
- Budgetary Control (Finance and Systems/Authority-wide) – Work to be scheduled to resume later in 2020.
- Accounts Receivable / Debt Recovery (Finance and Systems) – Work to be scheduled to start later in 2020.

#### **4.4 Schools**

- 4.4.1 As part of the Schools Financial Value Standard (SFVS) designed by the Department for Education, schools are required to compile evidence to support adherence to the Standard on an annual basis (although it was noted that for 2019/20, there was no requirement to submit evidence to the DfE in light of the COVID-19 outbreak).
- 4.4.2 Areas covered in internal audit reviews reflect the requirements of the SFVS and include governance arrangements such as the role of the Governing Body and senior staff; budgetary control; purchasing; payroll processes; income collection, security of cash and other assets; and information security and governance.
- 4.4.3 Within the Internal Audit Plan it was planned that at least 14 school audits would be completed in 2019/20. During the year, 11 final audit reports were issued (which included 2 follow-up audit reports). In addition to these, as at the end of March 2020, in respect of another school visited during the year, an initial draft report had been shared with the Headteacher and another school audit was in progress. The remaining school planned to be undertaken in March 2020 was postponed due to the ceasing of audit visits given the COVID-19 outbreak. In respect of the 11 final audit reports issued, 7 schools were provided an opinion of “Medium/High” and 4 with “Medium”. (See Appendix C).
- 4.4.4 During the year there was follow up by Audit in relation to a further 13 schools to confirm progress in implementing previous recommendations. Good progress in implementing recommendations is highlighted by the analysis regarding audit follow ups (See 5.7 to 5.11).
- 4.4.5 Audit and Assurance continued to liaise with Financial Management and Children’s Services to assist in following up issues raised at particular schools, ongoing audit planning and, where applicable, to provide advice to schools.

#### **4.5 Anti-Fraud and Corruption**

- 4.5.1 Audit work in this area relates to undertaking investigative work and reviewing measures in place to reduce the risk of fraud and corruption. This work forms an important part of the Council’s approach to ensuring high standards of conduct are in place.

#### **National Fraud Initiative**

- 4.5.2 The Audit and Assurance Service continued to co-ordinate the Council’s participation in the National Fraud Initiative (NFI), a nationwide data matching exercise designed to help participating bodies identify possible cases of error or fraud and detect and correct any consequential under or overpayments from the public purse.
- 4.5.3 The Service originally co-ordinated the submission of Council data to the NFI team (Cabinet Office) in October 2018 and the subsequent matches were received in January 2019. Since

then the Service has liaised with other services including the Council's Fraud and Enforcement team to follow up data matches.

- 4.5.4 An update on the outcome from the exercise was included as part of the Audit and Assurance update presented to the Accounts and Audit Committee in February 2020. For the matches followed up since the exercise commenced in January 2019, as at May 18<sup>th</sup> 2020, a total of 3361 matches had been reviewed, with the identification and correction of 277 errors totalling £14,897, of which £14,312 is in the process of recovery.
- 4.5.5 In terms of further work going forward, a new exercise will commence later in 2020 with the submission of further data to the Cabinet Office in October 2020 for subsequent data matching. This is expected to include matching of data in relation to grant payments made to businesses as a result of national schemes introduced following the COVID-19 pandemic.

### **Other Investigative Work**

- 4.5.6 Some concerns had been raised at the end of the previous year in relation to financial administration within certain service areas. No specific allegations of fraud had been made but Audit covered these areas as part of audit review work. No evidence of fraud or irregularity was found as a result of these audit visits, although recommendations for improvements to internal controls were made where appropriate.

### **Policies**

- 4.5.7 During 2019/20, Audit continued to liaise with Legal Services to review aspects of existing anti-fraud related policies and procedures and provide advice in respect of possible updates to existing procedures.

## **4.6 Procurement / Contracts**

- 4.6.1 Audit and Assurance undertakes reviews of procurement arrangements and processes to ensure the Council strives to achieve value for money and undertakes procurement in accordance with relevant legislation and the Contract Procedure Rules.
- 4.6.2 As part of internal audit planning, the Service continues to liaise with the STAR Shared Procurement Service and Internal Audit sections of the partner authorities (Stockport, Rochdale and Tameside Councils). Audit plans were co-ordinated and relevant findings from work shared to ensure an efficient audit process.
- 4.6.3 Listed below are the audits completed, including the lead Authority within STAR for completing the audit and also the opinion level given (It should be noted that Rochdale and Stockport utilise different sets of opinion levels so in each case the equivalent level at Trafford is shown and there is further explanation in Appendix C). Details of overall findings were included in the respective update reports for CLT and the Accounts and Audit Committee, and for reports issued in the final quarter, a summary of findings is shown in Appendix A:

Reported in the April to August 2019 Audit and Assurance update:

- STAR Procurement Service: Performance Management (STAR Authorities – Stockport lead) – Medium/High.
- STAR : Chest Procurement Portal follow-up audit (STAR Authorities – Rochdale lead) – Medium.

Reported in the September to December 2019 Audit and Assurance update:

- STAR: Contracts Register follow-up audit (STAR Authorities – Rochdale lead) – High.

Issued in Quarter 4 2019/20 (See Appendix A for overall findings):

- STAR: New vendor requests (STAR Authorities – Rochdale lead) – Medium.

An audit was planned to commence towards the end of 2019/20, covering Social Value in procurement (in accordance with the Public Services Social Value Act 2012), incorporating monitoring in place across contracts within the authorities. This review commenced during the first quarter of 2020/21 and when issued the final report will be reflected in the next Audit and Assurance update for 2020/21 (STAR Authorities – Trafford lead).

- 4.6.4 Audit also liaised, both with Human Resources and STAR, to arrange for an e-learning module covering training on the Council's Contract Procedure Rules to be rolled out to all budget holders.
- 4.6.5 In early 2019/20, Audit and Assurance continued to provide input to the Authority's contract monitoring of the One Trafford Partnership between the Council and Amey in respect of the monitoring of performance indicators. Work involved supporting management in validating supporting data and providing advice in respect of the processes supporting the monitoring of some key performance indicators.
- 4.6.6 Consideration of procurement / contracts aspects is also included in other categories of audit work including financial systems (per 4.3), schools (per 4.4) and Other Business Risks (4.8). Further planned work in relation to procurement/contracts is reflected in the 2020/21 Internal Audit Plan

#### **4.7 ICT Audit / Information Governance**

- 4.7.1 Audit work was undertaken to cover a range of issues in relation to IT procedures, processes and controls. IT Cyber Security, Business Continuity / Disaster Recovery and Information Governance continue to be identified as significant risks to the authority as reported through the Strategic Risk Register updates. The Audit & Assurance Service commissions Salford Internal Audit Services to undertake some of this work who provide specialist IT Audit Services for a number of authorities. Work was also undertaken in respect of wider information governance issues. The annual work plan for 2019/20 included work described below.
- 4.7.2 An internal audit review was completed of the i-Trent payroll software application used by the Greater Manchester Shared Service (GMSS). The report concluded that, in general, systems

and procedures are effective in minimising risk but to further enhance the control environment, a small number of recommendations were made, mainly in relation to improving IT access control management.

- 4.7.3 An audit report was previously issued in January 2018 of the Council's IT software licensing arrangements. It was noted at the time that a number of the recommendations made in the audit report related to controls that would be improved through the implementation of a software asset management system. A follow-up audit review was completed in September 2019 and acknowledged that some progress had been made. A software asset management tool has since been procured (SNOW) and installed on the network, and initial work undertaken to review Microsoft product license usage against the terms and conditions. However, further work is still required to fully implement use of the system such as in respect of agreeing policies, updating the software management system and monitoring software usage for compliance with licensing agreements. Given the actions still required the level of assurance provided was "Low/Medium". Further progress made will be reviewed as part of internal audit work in 2020/21.
- 4.7.4 An audit report was previously issued in January 2018 following an audit of the IT Service desk. A follow up audit review was completed in September 2019 which found that, overall, effective systems and procedures were in place for the IT Service desk to provide support across the Council. A small number of recommendations were made to enhance existing arrangements in relation to performance measurement and monitoring. It was agreed that actions to address the issues raised were being taken into account as part of changes to the IT staffing structure and recruitment during the year. In terms of future related internal audit work, this will include aspects of IT Service management against best practice standards. An ICT Service Management review has been rescheduled to 2020/21 which will follow, where applicable, the ITIL framework - a detailed set of practices for IT service management that focuses on aligning IT services with the needs of business.
- 4.7.5 As one of the Council's strategic risks, an audit was undertaken of cyber security arrangements, primarily based on the National Institute of Standards and Technology (NIST) Cyber Security framework. A report setting out draft findings was shared with ICT management for consideration and comments. Whilst the review findings highlight that most key risks are being managed, further developments are required, particularly in relation to business continuity and disaster recovery (Also see 4.2.4). A final report, with action plan is expected to be issued later in 2020.
- 4.7.6 An audit was also undertaken to review the effectiveness of arrangements in place for responding to IT incidents to ensure disruptions are adequately responded to and addressed. A report setting out draft findings was shared with ICT management for consideration and comments. A final report, with action plan is expected to be issued later in 2020.
- 4.7.7 In respect of information governance, a report was issued in June 2019 confirming the findings from an independent assessment by Audit and Assurance which verified the details provided in the Council's annual submission for the NHS Data Protection and Security

Toolkit for 2018/19. This submission is mandatory for organisations to complete to access NHS data and systems. The deadline for the 2019/20 submission has been extended until Sept 2020, and Internal Audit will continue to monitor compliance and any outstanding actions in this area.

4.7.8 Two other audit reviews relating to information governance were originally due to commence in the final quarter of 2019/20 but have been rescheduled to 2020/21:

- A follow-up audit review was planned in relation to the Council's processes for managing the risks of data breaches, taking into account the requirements of the General Data Protection Regulations (GDPR). Whilst initial planning took place, this review will be undertaken in 2020/21.
- An audit review was planned of procedures in relation to dealing with Subject Access Requests (SARs), ensuring the requirements of GDPR are being met. It was agreed with the relevant service area that this review would be delayed as procedures were currently subject to review, including consideration of a new system.

#### 4.8 **Other Business Risks**

4.8.1 This comprises various work that does not fall into one of the categories referred to above but represents areas of business risk. This includes reviews of specific services and establishments within individual Directorates. Risks reviewed encompassed a number of areas of control such as procedures and responsibilities, adherence to legislation and internal procedures, budgetary control, Payroll/HR related processes, risk management, security (of cash, assets and data), purchasing, income collection and recording and other areas of risk specific to the service under review.

4.8.2 There were 4 final audit reports issued in this category with at least Medium (Adequate) or above audit opinions given for these audits. Listed below are the audits completed with the respective Directorate and also opinion level given. Details of overall findings were included in the respective update reports for CLT and the Accounts and Audit Committee, and for the relevant report issued in the final quarter, a summary of findings is shown in Appendix A.

#### **Final Reports issued:**

Reported in the April to August 2019 Audit and Assurance update:

- Statutory Homelessness Services (Place) - High

Reported in September to December 2019 Audit and Assurance update:

- Licensing (Place) - Medium
- Music Service (People) - Medium

Issued in Quarter 4 2019/20 (See Appendix A for overall findings):

- Planning and Development (Place) – Medium/High

- 4.8.3 There were three other audits at various stages by the year-end with final reports expected to be issued later in 2020:
- Altrincham Library (Governance and Community Strategy)
  - Flixton House (Governance and Community Strategy)
  - Tree Unit (Place)
- 4.8.4 During the year a number of audits completed in the previous year were followed up with assurance provided by managers as to progress made with the implementation of recommendations. Findings were reflected in Audit and Assurance updates through the year covering April to December 2019 and follow ups for January to March 2020 are reflected in Appendix A. (Also see Section 5.7 to 5.11 covering overall outcomes from follow-up work).
- 4.8.5 As detailed in the 2020/21 Internal Audit Plan issued in March 2020, in agreement with respective Directorates, some reviews have been rescheduled from commencing in 2019/20 to be included in the 2020/21 Plan. These are as follows:
- Aids and Adaptations (Adult Services)
  - Recruitment Processes (People)
  - Strategic Growth Team (Place)
  - Sale Waterside Arts Centre (Governance and Community Strategy)
  - Out of Borough Education Placements (Children's Services)
  - Home to School Transport (Children's Services)

(It should be noted, however, that there are likely to be further amendments to the 2020/21 Plan in light of the COVID-19 pandemic and timing of some of the above audits will be subject to further review).

#### **4.9 Grant Claims /Data Quality**

- 4.9.1 Audit has been required to carry out checks to support information contained in some grant claims made during the year in line with national requirements in relation to funding received. In each case, based on the checks undertaken, adequate assurance was obtained to support the claims made.
- 4.9.2 During 2019/20, work included internal audit checks of the following:
- Additional Highways Maintenance Grant 2018/19 (completed August 2019)
  - Disabled Facilities Grant 2018/19 (completed October 2019).
- 4.9.3 In addition, Audit has continued to review systems in relation to the national MHCLG "Troubled Families" programme. A report was issued providing a Medium level of assurance (as listed in Appendix C). As well as management, the report was provided to GMCA who are responsible for co-ordinating GM internal audit assurance obtained for this programme.

#### **4.10 Service advice / Projects**

- 4.10.1 Advice was provided through the year across the Council on governance and control issues and this is also reflected elsewhere in earlier sections of this report e.g. re financial systems, schools audit, risk management, governance etc.
- 4.10.2 Audit was asked to provide some support to work in relation to the Boundary Commission Electoral Review of Trafford Council. Whilst by the year-end the review was delayed due to the COVID-19 pandemic, further time will be allocated to support this as required when the work resumes later in 2020.
- 4.10.3 Towards the end of March 2020, plans were being made for Audit to provide support to the Council in relation to the COVID-19 response regarding payments of business rates grants. Further details will be reflected in Audit updates in 2020/21.
- 4.10.4 The Audit and Assurance intranet site includes information on the role of Audit and associated guidance for services in respect of risk management, governance and anti-fraud and corruption. This has been updated during the year.
- 4.10.5 Audit continued to provide support to the Accounts and Audit Committee during the year and issued a number of reports through the year as detailed in the 2019/20 Accounts and Audit Committee Annual Report.

#### **5. MANAGEMENT RESPONSE TO INTERNAL AUDIT WORK**

- 5.1 This section sets out the response to, and impact of, internal audit work during the year. Key indicators of Audit and Assurance's impact are :
- Acceptance of recommendations
  - Implementation of them.
- 5.2 Recommendations issued by the Audit and Assurance Service had one of three priority levels as follows:

**Priority 1**                      These are recommendations considered by Internal Audit to be essential to address a high risk in order to maintain a minimum acceptable level of assurance. Priority should be given to addressing these recommendations as soon as possible.

**Priority 2**                      These are recommendations considered necessary to address a moderate risk in order to improve internal control. Action to implement these should be agreed with planned dates shown in the action plan but it is taken into account that Priority 1 recommendations would take priority.

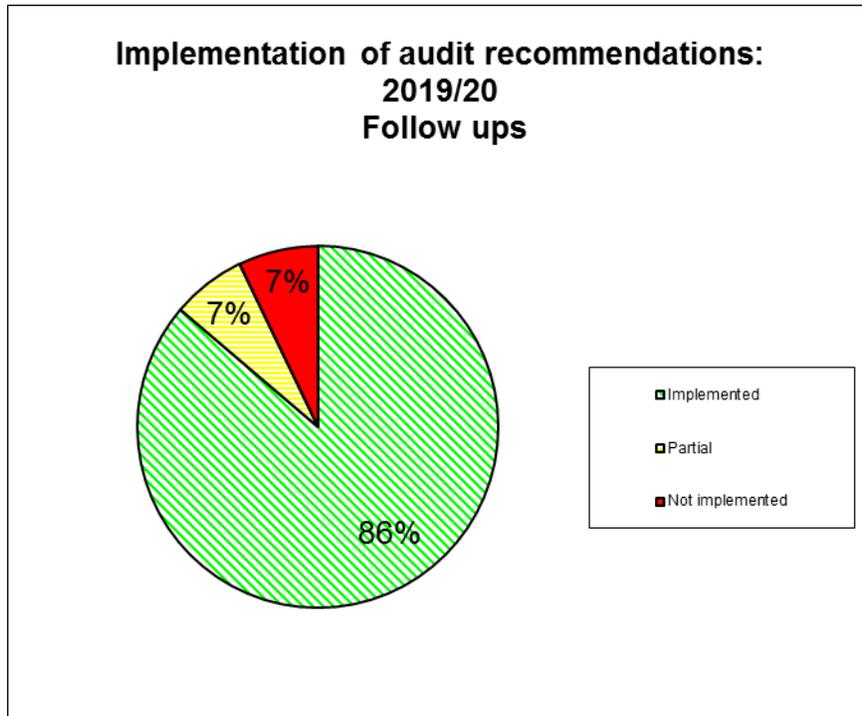
**Priority 3** These are recommendations to either address a low risk or provide guidance or advice to further enhance existing practice.

### **Acceptance of Recommendations**

- 5.3 Most audit recommendations made during the year were accepted by management. Of the 92 Priority 1 recommendations made, 91 were accepted i.e. 99%. (Of these 54 recommendations related to school audits which were all accepted).
- 5.4 The acceptance rate for priority 2 or 3 recommendations was also 99% (132 out of 133 recommendations). Of these, 92 recommendations related to school audits with 1 recommendation not agreed and 41 recommendations relating to all other audits with all recommendations agreed.
- 5.5 Therefore, overall, 99% of all recommendations were accepted (98% in 2018/19). The service target is currently set at 95%.
- 5.6 It should be noted that there were a number of other recommendations made during the year reflected in draft reports produced by the end of March 2020 and details regarding acceptance of these will be reflected in Audit and Assurance updates in 2020/21.

### **Implementation of audit recommendations**

- 5.7 A number of internal audit reviews are followed up approximately 12 months after the issue of the final report to ascertain what progress has been made in implementing recommendations. This may be either through a further audit review or through manager self- assessment.
- 5.8 Details of individual follow up reviews for the first three quarters of the year are set out in the respective Audit and Assurance update reports issued through the year. Details of individual follow-ups for the final quarter of 2019/20 are included in Appendix A together with details of the acceptance rate for recommendations in that quarter.
- 5.9 For all follow up work undertaken, an analysis of the percentage of recommendations implemented at the time of the respective follow up reviews is shown in the following chart.



5.10 From the reviews undertaken, of a total of 378 recommendations followed-up during 2019/20, it was reported that 326 (86%) had been implemented at the time of the follow up audit reviews (compared to 56% of a total of 260 recommendations followed up in 2018/19). A further 25 (7%) have been partially implemented / in progress (36% reported in the previous year). 27 recommendations (7%) have not been implemented (compared to 8% in the previous year).

5.11 It should be noted that of the above 378 recommendations analysed above, these relate to the following in terms of recommendations excluding schools and recommendations specific to school audits.

<b>Recommendations Followed Up <u>Excluding Schools</u></b>		<b>Recommendations followed up- <u>School Audits</u></b>	
Total Number	48*	Total Number	330
Recommendations Implemented or no longer applicable	69%	Recommendations Implemented or no longer applicable	89%
Recommendations Implemented in part/in progress	6%	Recommendations Implemented in part/in progress	7%
Recommendations not implemented	25%	Recommendations not implemented	4%

There are a number of other follow-up audit reviews (non-schools work) which were in progress by year-end as draft reports but completion had to be delayed until later in 2020 so are not reflected in the figures. These will be reported as part of further updates in 2020/21.

Progress in implementing recommendations is taken into account to inform future audit planning and where appropriate further follow-up work is undertaken.

In Appendices A and C, \* denotes against the Audit opinion that the review is specifically a follow up audit. Where appropriate, revised opinions were given after each follow-up review had been completed.

### **Client feedback**

- 5.12 A client questionnaire is sent out with each audit report canvassing managers' views on the audit review. The questionnaire covers the audit approach; audit report issued and usefulness of the audit as an aid to management. For 2019/20, whilst the responses received were favourable, there is limited information available from this source. From 2019/20 work completed, only 5 survey responses were received (compared to 11 in the previous year) which all provided an overall rating of "Very Good" against the Audit (Based on 5 possible levels from "Poor" to "Very Good"). There were a number of audits completed towards the year end or at draft stage by the end of March 2020 where responses had yet to be obtained. It is expected that responses will be further requested for reports reaching final stage in 2020/21.
- 5.13 The analyses of recommendations, follow-ups and client responses continues to demonstrate an overall positive response to internal audit work which contributes to continued improvements in governance and control arrangements across the Council.

## **6. PERFORMANCE AGAINST AUDIT PLAN**

- 6.1 Actual time spent delivering the Plan was 748 days (74.8% of the chargeable planned target of 1000 allocated days). An analysis of planned operational audit time against actual days spent in 2019/20 is shown in Appendix B. Within each category, there are some variations between planned and actual days and where applicable this was taken into account in planning allocated time within the 2020/21 Internal Audit Plan.
- 6.2 The overall difference between planned days and total days spent is largely accounted for by staffing changes during the year. One of the audit staff was on secondment during 2019 until their departure from the team in November 2019. Two other staff left the Authority in July 2019 and two new staff joined the team in October 2019 and February 2020 respectively. Available resources were considered through the year to ensure account was taken of priorities, including in relation to statutory duties, specific deadlines and risk areas to follow up from previous years e.g. in relation to the certification of grant claims, input to the Annual Governance Statement, National Fraud initiative work, follow-up audits etc. In addition, a number of reviews were rescheduled in agreement with relevant services to 2020/21. These included reviews rescheduled at the request of services and others rescheduled due to disruption in March 2020.
- 6.3 In the 2019/20 Internal Audit Plan, a target was set of 38 audit opinion reports to be issued to either final or draft stage. There were 26 final audit opinion reports issued and 8 initial draft versions of reports shared with management by the end of March 2020, totalling 34 reports. (There were also 4 other final audit opinion reports issued in relation to the STAR Procurement Service by partner authorities).

- 6.4 There was significant disruption to the progress of some reviews in March 2020 due to the COVID-19 pandemic and a number of reviews were not progressed as originally planned at that time, particularly in relation to finalising draft reports as referred to in 6.3.
- 6.5 Appendix C shows an analysis of audit opinion reports issued during the year. It also highlights any work in progress or scheduled for 2020/21. The 2020/21 Internal Audit Plan reported to CLT and shared with Accounts and Audit Committee Members in March 2020 took account of reviews to be carried forward from 2019/20. It should be noted that some reviews will be rescheduled further due to the COVID-19 pandemic, which will be reflected in future Audit and Assurance updates.

## **7. CONFORMANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS**

- 7.1 It is a requirement that the Annual Head of Internal Audit Report provides a statement on conformance with the Public Sector Internal Audit Standards (PSIAS).
- 7.2. The Standards incorporate a number of aspects including:
- Ethics (incorporating integrity, independence, objectivity, confidentiality and competency).
  - Purpose, authority and responsibility of Internal Audit.
  - Standards (including planning, undertaking and managing audit assignments, monitoring, communication, due professional care, quality assurance and improvement).
- 7.3 In terms of actions previously identified at the end of 2018/19, to ensure continued conformance with PSIAS the following was completed (The relevant PSIAS reference is shown in brackets):
- To ensure adequate audit staffing capacity following the departure of audit staff in early 2019/20, a recruitment exercise was undertaken which resulted in staffing appointments being made in October 2019 and February 2020. (PSIAS 2030 – Resource Management).
  - Declaration forms completed by staff to confirm independence, any potential conflicts of interest and understanding of relevant audit standards were updated to reflect the updated guidance on audit standards (Local Government Application Note) issued by CIPFA in 2019. (PSIAS Core Principles – Demonstrating Integrity).
  - Updates to the Audit Manual completed, with the document also available for new staff as part of induction processes (PSIAS 2040 – Policies and Procedures).
- 7.4 Following a self-assessment against PSIAS undertaken at the end of 2019/20, actions planned to be undertaken through 2020/21 to ensure there continues to be adequate conformance include the following:
- A review will be undertaken during 2020/21 of existing Internal Audit Opinion Levels used to provide opinions on individual audit reviews. This will be to consider guidance issued by CIPFA in April 2020. Any agreed changes will be implemented to come into effect from 2021/22. (PSIAS 2450 – Overall Opinion).

- Further to last being updated in March 2019, The Internal Audit Charter and Strategy will be reviewed and updated by March 2021 to reflect any service and corporate developments. (PSIAS 1000 – Purpose, Authority and Responsibility).
- Review and update of the Service’s Code of Ethics, Values and Conduct to be updated to reflect corporate developments e.g. appraisal processes, agile working etc. (PSIAS – Code of Ethics).
- The Audit Manual will be further reviewed and updated in 2020/21 where applicable to include reflecting the above changes (PSIAS 2040 – Policies and Procedures)

7.5 In accordance with its Quality Assurance and Improvement Programme, the Service continued to report on its work through the year to both CLT and the Accounts and Audit Committee which included both updates on progress against the 2019/20 Plan; the impact of audit work; client feedback and the Internal Audit Plan for 2020/21.

**INTERNAL AUDIT REPORTS ISSUED IN QUARTER 4 2019/20**

Points of Information

**Audit Opinion Levels (RAG reporting) :**

**Opinion – General Audits**

High – Very Good	Green (G)
Medium / High – Good	Green (G)
Medium – Adequate	Green (G)
Low / Medium - Marginal	Amber (A)
Low – Unsatisfactory	Red (R)

\*Indicates this is a revised opinion given following a review of progress made in implementing recommendations made in the previous audit review. This opinion is based only on the areas tested and assumes the controls reviewed as part of the previous audit, that were not covered as part of this follow up audit, have been maintained.

**Report Status:**

**Draft reports:**

are issued to managers prior to the final report to provide comments and a response to audit recommendations.

**Final reports:**

incorporate management comments and responses to audit recommendations, including planned improvement actions. **An opinion** is stated in each audit report / assessment to assess the standard of the control environment.

**Breadth of coverage of review (Levels 1 to 4)**

Provides an indication as to the nature / breadth of coverage of the review in terms of which aspects of the organisation’s governance and control environment it relates to. Levels are as follows:

- **Level 4 : Key strategic risk or significant corporate / authority wide issue** - Area under review directly relates to a strategic risk or a significant corporate / authority wide issue or area of activity.
- **Level 3 : Directorate wide** - Area under review has a significant impact within a given Directorate.
- **Level 2 : Service wide** - Area under review relates to a particular service provided or service area which comprises for example a number of functions or establishments.
- **Level 1 : Establishment / function specific** - Area under review relates to a single area within the council such as an individual establishment.

REPORT NAME (DIRECTORATE) / (PORTFOLIO) by Coverage Level (1- 4)	-OPINION -R/A/G -Date Issued	COMMENTS
<b><u>FINAL REPORTS</u></b>		
<b><u>Level 4 Reports:</u></b>		
<b>Business Rates (Finance and Systems) / (Finance and Investment)</b>	<b>High GREEN (13/1/20)</b>	Based on the controls reviewed, a high level of assurance has been maintained with a good level of control found to be in place, with no recommendations made in this review.
<b>New Vendor Additions / Reinstatements (Finance and Systems) / (Finance and Investment)</b>	<b>Adequate ** GREEN (18/3/20)</b>	The audit was completed by Rochdale Council Internal Audit on behalf of Stockport, Trafford, Tameside and Rochdale Councils as part of arrangements for the STAR Shared Procurement Service. The review concluded that, overall, requests for new or reinstated vendors are processed effectively by STAR, who complete relevant checks of vendors and communicate back to the requesting Authority in a timely manner for subsequent setting up on the finance system. There is some potential for streamlining the process in terms of the use of standard electronic forms etc.
<b><u>Level 2 Reports:</u></b>		
<b>Planning and Development (Place) / (Housing and Regeneration)</b>	<b>Medium/High GREEN (20/3/20)</b>	The majority of areas covered in the review were operating effectively and minimising potential business risks. At the time of the audit, the areas with scope for improvement are in continuing to reduce a minor backlog of dealing with planning applications and also to ensure that effective and timely enforcement action is taken towards any alleged breaches of planning control.
<b><u>Level 1 Reports:</u></b>		
<b>St. Mary's CE Primary School, Davyhulme (Children's Services) / (Education).</b>	<b>Medium/High GREEN (19/3/20)</b>	Overall, a good standard of internal control and governance was found to be in place across most areas covered by the audit. The main recommendation made related to the longer-term budgetary position of the school and continuing the pro-active work to mitigate a potential future deficit budget.
<b>Egerton High School (Children's Services) / (Education)</b>	<b>Medium/High GREEN (31/3/20)</b>	Overall, a good standard of internal control and governance was found to be in place across most areas covered by the audit. Some recommendations were made including the need to have a documented procedure for the use of debit cards, including authorisation, spend limits and security.

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<b>REPORTS AT DRAFT STAGE</b>		As at 31/3/2020, for all of the reports listed below, initial findings reports were produced and were at various stages in terms of finalising the reports. Details of the respective final reports, including the audit opinion, will be included in future Audit and Assurance update reports. (Note at the time of this report no opinions for draft reports below were expected to be less than a <b>Medium</b> level).
<b>Level 4 Reports:</b>		
<b>Cyber Security (Finance and Systems/Authority-Wide) / (Public Safety, Governance and Reform)</b>		An initial draft findings report was shared with management in ICT by the year-end with a view to a final report being issued later in 2020.
<b>ICT Incident Management (Finance and Systems) / (Public Safety, Governance and Reform)</b>		An initial draft findings report was shared with management in ICT by the year-end with a view to a final report being issued later in 2020.
<b>Investment Strategy (Finance and Systems) / (Finance and Investment)</b>		An initial draft findings report was shared with management by the year-end with a view to a final report being issued later in 2020.
<b>Level 3 Reports:</b>		
<b>Adults Social Care Payments (Adult Services) / (Adult Social Care)</b>	*	An initial draft findings report was shared with management for comments with a view to a final report being issued later in 2020.
<b>Direct Payments (Adult Services) / (Adult Social Care)</b>	*	An initial draft findings report was shared with management for comments with a view to a final report being issued later in 2020.
<b>Direct Payments (Children's Services) / (Children's Services)</b>	*	An initial draft findings report was shared with management for comments with a view to a final report being issued later in 2020.
<b>Level 1 Reports:</b>		
<b>Altrincham Library (Governance and Community Strategy) / (Leisure and Culture)</b>		An initial draft findings report was shared with management for comments with a view to a final report being issued later in 2020.
<b>Highfield Primary School (Children's Services) / (Education)</b>		An initial draft findings report was shared with the Headteacher by the year-end for comments with a view to a final report being issued later in 2020.
*Denotes this is a follow up audit – i.e. the main focus of the review was a follow up of recommendations made as part of a previous internal		

*audit review.*

*\*\*This review provided an "Adequate Opinion" which is considered equivalent to an opinion of "Medium" per the Trafford Council framework and the opinion is therefore shown as "Green"*

#### **Quarter 4 2019/20**

##### **Acceptance of Recommendations**

From the final audit opinion reports issued during the quarter (as listed above) all 21 recommendations made were accepted.

##### **Follow up - Implementation of Recommendations**

In respect of five other audits previously completed, during the quarter, managers were requested to provide an update on progress in implementing recommendations made. Details are as follows:

- Environmental Health (Place) / (Public Safety, Governance and Reform) - All 4 recommendations previously agreed had been implemented.
- Trafford Alternative Education (Children's Services / Education) - All 24 recommendations previously agreed had been implemented.
- Willows Primary School (Children's Services / Education) - All 10 recommendations previously agreed had been implemented.
- Navigation Primary School (Children's Services/Education) - All 9 recommendations previously agreed had been implemented.
- Flixton Primary School (Children's Services / Education). Of the 20 recommendations previously agreed, 16 recommendations were implemented, 2 were in progress and 2 still to be addressed.

**APPENDIX B**

**2019/20 Operational Plan: Planned Work and Actual Days Spent**

<u>Category</u>	<u>Details</u>	<u>Planned Allocated Days 2019/20</u>	<u>Actual Days 2019/20</u>
<b>Fundamental Financial Systems</b>	<p><b>Completion of fundamental financial systems reviews</b></p> <p>See Section 4.3 for work completed and Appendix C for audit opinion reports issued and planned.</p>	180	199
<b>Governance</b>	<p><b>Corporate Governance / AGS - to provide support and advice to Legal and Democratic Services. Complete a review of the content of the draft AGS with reference to the CIPFA/SOLACE Governance framework and guidance.</b></p> <p><b>Gifts and hospitality follow-up audit review.</b></p> <p><b>Advice / assurance in respect of governance issues.</b></p> <p>See Section 4.1 for description of work completed and Appendix C for audit opinion report issued.</p>	25	13
<b>Corporate Risk Management</b>	<p><b>Facilitating the updating of the Council's strategic risk register.</b></p> <p><b>Actions to support the Council's Risk Management Strategy including provision of guidance, independent review of existing risk management arrangements and, where applicable, recommend areas for development.</b></p> <p><b>Follow-up audit of business continuity management arrangements.</b></p> <p>See Section 4.2 for work completed and planned.</p>	30	21
<b>Anti-Fraud and Corruption</b>	<p><b>The Service will continue to support the National Fraud Initiative (NFI) and will liaise with other services to ensure the Council provides data in accordance with the requirements of the NFI 2018/19 exercise.</b></p>	80	54

	<p><b>Investigation of referred cases of suspected theft, fraud or corruption.</b></p> <p><b>Other work to support the Anti-Fraud and Corruption Strategy, including where applicable working with other relevant services to review existing policies and guidance supporting the overarching strategy.</b></p> <p>See Section 4.5 for work completed.</p>		
<b>Procurement / Contracts/ Value for money</b>	<p><b>Review of procurement / contract management arrangements including systems in place and associated arrangements to secure value for money (Work will include liaison with the STAR Procurement Service and partner authority auditors).</b></p> <p>See Section 4.6 for work completed and Appendix C for opinion reports issued and planned.</p>	80	34
<b>ICT / Information Governance</b>	<p><b>Completion of ICT Audit reviews.</b></p> <p><b>Completion of Information Governance audit reviews</b></p> <p><b>Other advice and ad hoc review work in relation to the above areas.</b></p> <p>See Section 4.7 for work completed and Appendix C for audit opinion reports issued and planned.</p>	90	69
<b>Schools</b>	<p><b>Providing assurance on the control environment within schools, supporting schools in ensuring awareness of requirements within the DfE Schools' Financial Value Standard (SFVS).</b></p> <p><b>Audit reviews of schools – at least 14 school audit to be completed during the year.</b></p> <p>See Section 4.4 for work completed and Appendix C for audit opinion reports issued and planned.</p>	180	162
<b>Assurance – Other Business Risks</b>	<p><b>Audits selected on the basis of risk from a number of sources including senior managers' recommendations, risk registers and internal audit risk assessments. Reviews include authority wide issues and areas relating to individual services, establishments and functions. Includes:</b></p> <ul style="list-style-type: none"> <li>- Audit reviews</li> <li>- Follow up reviews including further audits and gaining assurance from service updates.</li> </ul> <p>See Section 4.8 for work completed and Appendix</p>	235	123

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	C for audit opinion reports issued and planned.		
<b>Grant claims checks / Data Quality</b>	<b>Internal audit checks of grant claims / statutory returns and other data quality checks as required:</b>  See Section 4.9 for Grant checks completed and Appendix C for audit opinion report issued.	30	20
<b>Service Advice / Projects</b>	<b>General advice and guidance, both corporately and across individual service areas. Support and advice to the organisation in contributing to working groups and projects in relation to governance, risk and control issues.</b>  See Section 4.10 for work completed.	70	53
<b>TOTAL</b>		<b>1000*</b>	<b>748</b>

\* Note there was a further contingency of 75 days within the 2019/20 Plan.



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(Governance and Community Strategy/Authority-wide)			
<b>Risk Management</b>			
- Business Continuity Management follow-up audit (Authority-wide)	Corporate Review / Actions progressed as part of COVID-19 response.	-	Update to be provided through the Strategic Risk Register and Annual Governance Statement as a significant governance issue.
<b>Procurement /Contracts /Value for money</b>			
- STAR Performance management (STAR Authorities – Stockport lead) (Finance and Systems)	Final report issued 15/8/19	Moderate***	Completed
- Social Value in Procurement (STAR authorities – Trafford lead) (Finance and Systems)	Initial planning commenced	-	Final report to be issued later in 2020
- New vendor requests (STAR Authorities – Rochdale lead) (Finance and Systems)	Final report issued 18/3/20	Adequate**	Completed
- Contract Procedure Rules follow-up audit – Stockport lead)	Update obtained	N/A	Further work to be considered as part of 2020/21 audit planning
-Chest Procurement Portal (further follow up audit) (STAR Authorities – Rochdale lead) (Finance and Systems)	Further follow-up final report issued 4/7/19	Adequate**	Completed
-Contracts Register follow up audit (STAR Authorities – Rochdale lead ) (Finance and Systems)	Final report issued 6/11/19	Substantial****	Completed
- One Trafford Partnership – contract monitoring (Place)	Performance indicator validation checks (Q1 2019/20).	-	Further work to be considered as part of 2020/21 audit planning
- Commissioning of children’s external residential placements (Children’s Services).	Initial coverage included as part of separate Budgetary Control audit.	-	Further work to be agreed as part of 2020/21 audit planning.
<b>Information Governance / ICT Audit</b>			
- Cyber Security (Finance and Systems)	Initial draft findings report shared with management. Final report issued 14/8/19	-	Final report to be issued later in 2020
- HR/Payroll IT system follow-up audit (People / Finance and Systems)	Final report issued 14/8/19	Medium/High	Completed.
- IT Service Management (Finance and Systems)	Initial planning commenced	-	Final report to be issued in 2020/21
- IT Service desk follow-up (Finance and Systems)	Final report issued 26/9/19	Medium/High*	Completed
- Software Licensing - follow up (Finance and Systems)	Final report issued 26/9/19	Low/Medium	Completed (to follow up in 2020/21)
-Other IT Audit reviews added to the 2019/20 Internal			

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<b>Audit Plan:</b> Incident Management audit review	Initial draft findings report shared with management.	-	Final report to be issued later in 2020
Revenues and Benefits Systems IT applications audit review (Finance and Systems)	Initial planning commenced	-	Final report to be issued later in 2020
NHS Data Security and Protection Toolkit (Finance and Systems) - Subject Access Requests (Governance and Community Strategy / Authority-Wide) - Data breaches follow-up audit (Governance and Community Strategy/Authority-Wide)	Update report produced  -	N/A  -	Completed  Timing to be agreed later in 2020/21
<b>Schools</b>			Audit to be undertaken in 2020/21
14 Opinion Reports to be issued as per below (Education):			
- Delamere School	Final report issued 8/5/19	<b>Medium/High</b>	Completed
- English Martyrs' RC Primary School (follow-up audit visit)	Final report issued 17/6/19	<b>Medium/High*</b>	Completed
- Stretford High School	Final report issued 10/7/19	<b>Medium/High</b>	Completed
- Heyes Lane Primary School	Final report issued 10/5/19	<b>Medium</b>	Completed.
- St Hugh of Lincoln RC Primary School	Final report issued 4/9/19	<b>Medium</b>	Completed
- St. Matthew's CE Primary School.	Final report issued 8/10/19	<b>Medium</b>	Completed
- Worthington Primary School	Final report issued 28/10/19	<b>Medium/High</b>	Completed
- Kings Road Primary School	Final report issued 28/10/19	<b>Medium</b>	Completed
- The Firs Primary School (follow-up audit)	Final report issued 10/12/19	<b>Medium/High*</b>	Completed
- Highfield Primary School	Initial draft findings report shared with management	-	Final report to be issued later in 2020
- Egerton High School	Final report issued 31/3/20	<b>Medium/High</b>	Completed
- St. Mary's C of E Primary School (Davyhulme)	Final report issued 19/3/20	<b>Medium/High</b>	Completed
- St. Vincent's Catholic Primary School	In progress	-	Final report to be issued later in 2020
- Gorse Hill Primary School	Postponed (start date originally March 2020)	-	Rescheduled to 2020/21 (timing to be agreed).
<b>Assurance – Other Business Risks</b>			
- Licensing (Place)	Final report issued 30/10/19	<b>Medium</b>	Completed
- Statutory Homelessness Services (Place)	Final report issued 15/7/19	<b>High</b>	Completed

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- Section 17 Payments (Children's Services)	Coverage to be included in other review work.	-	N/A
- Planning and Development (Place)	Final report issued 20/3/20	Medium/High	Completed
- Strategic Growth Team (Place)	-	-	Delayed in agreement with Service to 2020/21
- Tree Unit (Place)	In progress	-	Final report to be issued later in 2020
- Altrincham Library (Governance and Community Strategy)	Initial draft findings report shared with management	-	Final report to be issued later in 2020
- Sale Waterside Arts Centre (Governance and Community Strategy)	Initial planning undertaken	-	Review delayed and to be undertaken later in 2020/21.
- Flixton House (Governance and Community Strategy)	In progress	-	Final report to be issued later in 2020.
- Music Service (People)	Final report issued 11/10/19	Medium	Completed.
- Recruitment Processes (People)	-	-	Timing to be agreed later in 2020/21
- Out of Borough Education Placements (Children's Services)	-	-	Timing to be agreed later in 2020/21
- Home to School Transport (Children's Services)	-	-	Timing to be agreed later in 2020/21
- Aids and Adaptations (Adult Services)	Initial work completed October 2019 re Disabled Facilities Grant.	-	Follow-up audit to be arranged for 2020/21.
<b>Data Quality</b>			
- Troubled Families Programme (Children's Services)	Final report issued 29/11/19	Medium	Completed

\*Follow up review

\*\* Audit completed by Rochdale Council. "Adequate" Opinion provided which is considered equivalent to an opinion of "Medium" per the Trafford Council framework and the opinion is therefore shown as "Green".

\*\*\* Audit completed by Stockport Council. "Moderate" Opinion provided which is considered equivalent to an opinion of "Medium/High" per the Trafford Council framework and the opinion is therefore shown as "Green".

\*\*\*\* Audit completed by Rochdale Council. "Substantial" Opinion provided which is considered equivalent to an opinion of "High" per the Trafford Council framework and is therefore shown as "Green".