

TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 22 July 2021
Report for: Information
Report of: Audit and Assurance Manager

Report Title

Annual Report of the Head of Internal Audit 2020/21

Summary

The purpose of the report is:

- To provide a summary of the work of the Audit and Assurance Service during 2020/21.
- 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 2020/21.

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
Contact: mark.foster@trafford.gov.uk

Background Papers:

None

Implications:

Relationship to Corporate Priorities	The scope of the work of Internal Audit may cover all of the Council's corporate priorities.
Relationship to GM Policy or Strategy Framework	Where appropriate, Internal Audit will liaise with GM partners and where applicable, undertake joint working in carrying out planned work.
Financial	<p>In accordance with the Accounts and Audit Regulations 2015, it is a requirement that the Council "must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance." The Audit and Assurance Service must undertake its work in accordance with the Public Sector Internal Audit Standards (PSIAS).</p> <p>The work of internal audit may cover a diverse range of service areas, functions and areas of risk covering both financial controls and wider aspects of internal control, risk management and governance.</p>
Legal Implications	See Financial Implications
Equality/Diversity Implications	See above
Sustainability Implications	See above
Carbon Reduction	See above
Staffing/E-Government/Asset Management Implications	See Above
Risk Management Implications	See Above
Health and Safety Implications	See Above



TRAFFORD
COUNCIL

Audit & Assurance Service

Annual Report of the Head of Internal Audit 2020/21

July 2021

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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 2020/21. 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 2020/21.

Internal Audit is a statutory function and the Audit and Assurance Service carried out its work in 2020/21 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 2020/21. It should be noted that the report relates to areas reviewed by Internal Audit up to 31 March 2021. 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.

Planned internal audit work has been subject to some disruption during 2020/21 as the Council has responded to the COVID-19 pandemic. In supporting the Council's response to the pandemic and also as a result of disruption faced by other services, this has resulted in some changes in priorities from work originally planned. There has, however, continued to be a range of internal audit work undertaken during the year across each of the main areas of the Internal Audit Plan, which enables an audit opinion to be given. Where reviews have not been undertaken, this has been subject to review and where appropriate, take into account in revised plans going forward.

Follow-up audit work of areas previously reviewed demonstrates that progress is continuing to be 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 2020/21, actions have been agreed with management to be followed up in 2021/22. In response to external inspection, improvement actions have continued to be progressed.

Given the above, based on assurance gathered during 2020/21, the Internal Audit Opinion is that, overall, the control environment encompassing internal control, risk management and governance, is operating to a satisfactory standard.

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 2020/21. The report provides an opinion as to the overall adequacy and effectiveness of the Council's control environment during 2020/21.
- 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 the Finance and Systems Directorate. Day to day management is the responsibility of the Audit and Assurance Manager who reports to the Director of Finance (Section 151 Officer). The Service maintains independence in its reporting as set out in its Charter and associated procedures.
- 1.4 At the start of 2020/21, the establishment of the Audit and Assurance Service comprised 7 full time equivalent (FTE) staff but this included one vacancy and the associated post was removed during the year, to support the achievement of efficiency savings by the Finance and Systems Directorate. In practice, during the year the Service comprised the following 6 staff.
- 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 2021 and approved by the Accounts and Audit Committee. 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.
- 1.7 In common with services across the Council, the COVID-19 pandemic has had a significant impact on the Audit and Assurance Service during the year. As described in this report this has included prioritising work to support the Council's COVID-19 response. In terms of undertaking planned audit work, this has largely involved working in a remote way in line with the Council's guidance issued through the pandemic.

2. INTERNAL AUDIT OPINION FOR 2020/21

- 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 2020/21 is as follows.

Planned internal audit work has been subject to some disruption during 2020/21 as the Council has responded to the COVID-19 pandemic. In supporting the Council's response to the pandemic and also as a result of disruption faced by other services, this has resulted in some changes in priorities from work originally planned. There has, however, continued to be a range of internal audit work undertaken during the year across each of the main areas of the Internal Audit Plan, which enables an audit opinion to be given. Where reviews have not been undertaken, this has been subject to review and where appropriate, take into account in revised plans going forward.

Follow-up internal audit work in areas previously reviewed demonstrates that progress is continuing to be 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 2020/21, actions have been agreed with management to be followed up in 2021/22. In response to external inspection, improvement actions have continued to be progressed.

Given the above, based on assurance gathered during 2020/21, the Internal Audit Opinion is that, overall, the control environment encompassing internal control, risk management and governance, is operating to a satisfactory standard.

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 21 final audit reports issued during the year (which included 3 schools), 76% of opinions stated that a good level of control was in place and for the remaining reviews an adequate level of control was in place. (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 (98%) have been agreed by management (See 5.1 to 5.3).
- A number of areas identified in the previous year as requiring improved standards of control were followed up by Audit in 2020/21 and good progress had been made in implementing

recommendations. Follow up review work undertaken during the year has identified that, overall, of the areas reviewed 98% of recommendations previously made had either been fully implemented or implemented in part / were in progress. (See 5.4 to 5.8 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. The impact of COVID-19 and actions taken to address associated risks were monitored through the year. (See 4.3). 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.
- The Audit and Assurance Service worked with Legal and Democratic Services to assist in planning the approach for the production of the Council's 2019/20 AGS and provided advice including undertaking a review of the draft document. The 2019/20 AGS identified a number of significant governance issues for continued progression in 2020/21 including actions in response to the COVID-19 pandemic; managing the Council's medium term financial position; monitoring the impact of Brexit through the Brexit Preparedness Plan, aligned with the Covid-19 recovery plan and the work of the Trafford Partnership; review of the One Trafford Partnership with Amey; continued improvement actions in response to the Ofsted review of Children's Social Care; 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 2020/21 AGS to be agreed by the Corporate Leadership team and this is due to be reported as a draft document for review by the Account and Audit Committee in July 2021. (See 4.2)
- 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 continued to co-ordinate work, in liaison with other services, in relation to the National Fraud Initiative (See 4.4).
- 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 4.6).
- There was significant disruption to planned internal audit work in 2020/21 due to the impact of COVID-19. Whilst less planned audit review work was completed given the changes in priorities, there was still audit coverage across each main area of the Audit Plan in order to provide assurance and an annual audit opinion. In contributing, to the Council's COVID-19 response, input by Audit contributed to ensuring a number of checks were being completed prior to grant payments being made to provide greater assurance that payments were being made as appropriate to eligible businesses. (See 4.9.3).
- A number of reviews were in progress by the year-end and therefore final reports had not been issued. 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).
- The audit opinion for 2020/21 also reflects assurance provided through the year from a number of sources which are reflected throughout the report such as corporate actions in responding to the pandemic, ongoing monitoring including financial management and the Council progressing improvement actions following external inspection and audit.

2.3 A detailed analysis of the internal audit work undertaken by the Audit and Assurance Service during 2020/21 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 2020/21 (with an additional contingency of 70 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 2020/21 Internal Audit Plan was 975. Details of planned work against actual are discussed further in Section 6.

3.2 It should be noted that in addition to the 975 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 2020/21, 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 2020 are detailed in the update reports presented to CLT and the Accounts and Audit Committee in November 2020 and February 2021. Appendix A provides detail in relation to reports issued during the final quarter of 2020/21.

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 2020/21 for each opinion level.

LEVEL OF ASSURANCE	R/A/G STATUS	DESCRIPTION	NUMBER OF FINAL REPORTS ISSUED 2020/21
High Level of Assurance (Very Good)	Green	Controls operating effectively to address all the major business risks identified at the time of the audit.	6
Medium / High (Good)	Green	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.	10
Medium (Adequate)	Green	Most risk areas controlled effectively but control improvements required for some high risk areas as well as for other areas.	3
Low / Medium (Marginal)	Amber	Some business risks are controlled effectively. However, improvements are necessary to control a significant number of high risk areas.	-
Low (Unsatisfactory)	Red	Very high risk of fraud and error because a significant number of major business risks are not adequately controlled.	-
Other*	Green	Audit report issued with none of the above opinion levels but findings indicate at least an adequate level of control.	2
		TOTAL	21

*Reports include a follow-up audit where all previous recommendations had been implemented and an interim audit with initial findings reported with further work to be undertaken in 2021/22.

- 3.5 As shown above, in respect of the 21 final audit reports issued during the year, Good or Very Good (Medium/High or High) Opinions were given for 16 of the 21 final reports (76% - compared to 57% in 2019/20). An adequate (Medium) Opinion was given for the other 5 reviews.
- 3.6 A full listing of reports issued and associated audit opinions is given in Appendix C. It should be noted that there are a number of reviews where reports are either at draft stage (as shown in Appendix A) or audit work was in progress at year-end (as shown in Appendix C). At the time of writing, whilst other reports to be issued will include reporting of a number of control improvements and recommended actions to address these, there were no reviews where a less than adequate opinion is currently expected. Details, however, will be confirmed through updates in 2021/22.
- 3.7 For any opinions issued from 1 April 2021, a revised set of opinion levels has been introduced based on Cipfa guidance. The new opinion levels were set out in the 2021/22 Internal Audit Plan issued in March 2021 (Also see 7.3).

Other Assurance Provided Across the Council

- 3.8 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 2019/20 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 2020/21 AGS.
 - Where required, completing a number of checks as part of processes for certifying grant claims, reviewing performance data and other returns.
 - 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).
 - During 2020/21, as described in section 4.9.3, significant time was provided to support the COVID-19 response with Audit and Assurance staff supporting other services administering COVID-19 business grants payments by carrying out a number of checks as part of the processes.

Stakeholders

- 3.9 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 2020/21, and provided a summary of internal audit work undertaken on which the opinion is based. This section provides a more detailed analysis.

4.1 **Fundamental Financial Systems**

4.1.1 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.

4.1.2 As also listed in Appendix C, eight final audit reports were issued during the year and overall the opinion levels highlight a good level of control for most areas reviewed.

Reported in the April to September 2020 Audit and Assurance update:

- Housing Benefit / Council Tax Support (Finance and Systems) – High Opinion
- Asset Investment Strategy (Authority-wide) - High
- Treasury Management (Finance and Systems) - High
- Direct Payments (Children's Services) - Medium/High
- Direct Payments (Adults' Services) - Medium
- Adults Social Care Payment System (Adults' Services) - Medium/High
- Client Finances system (Finance and Systems) – Medium/High

Issued in Quarter 4 2020/21 (See appendix A for overall findings):

- Payroll (Strategy and Resources) – Interim review with further review planned for 2021/22.

4.1.3 Appendix C highlights other reviews in progress by the year-end. This includes an audit of Children's Social Care payments where a report had been issued to draft stage and has since been finalised and will be reported in the next Audit and Assurance update report. A review of the Accounts Payable system was in progress at year-end and this included work considering changing working practices carried out as a result of the pandemic. A final report is to be issued in 2021/22. Other reviews commenced or rescheduled to be included in the 2021/22 Internal Audit Plan are also set out in Appendix C.

4.1.4 In terms of the Council's financial management, there was regular reporting of budget monitoring through 2021/22 with reports submitted through the year to the Executive and Accounts and Audit Committee. These included actions taken to monitor and manage the financial impact of COVID-19, including potential financial pressures through 2021/22.

4.1.5 Councils are expected to demonstrate that they are working towards implementation of the Financial Management Code, produced by the Chartered Institute of Public Finance and Accountancy (CIPFA). This sets out the standards of financial management for local authorities.

The aim of the Code is to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. It is noted given the impact of COVID-19 that CIPFA have agreed a more proportionate approach for councils to implement the Code. Progress to date as to how the Council demonstrates compliance will be referred to in the 2020/21 Annual Governance Statement. Audit will liaise with Financial Management during 2021/22 regards progress on compliance which may also inform future audit planning.

- 4.1.6 The 2019/20 Annual Audit Letter, issued by External Audit, reported on one internal control deficiency. This related to difficulties encountered in obtaining sufficient evidence from the Council's external valuer regards asset valuations of land and building, and investment property assets. An action plan was agreed which is being progressed by the Council. External Audit will review this area further as part of the 2020/21 audit of the Council accounts.

4.2 **Governance**

- 4.2.1 The Audit and Assurance Service has a key role in providing assurance on the standards of governance and internal control in the Authority.
- 4.2.2 The requirement to produce an Annual Governance Statement (AGS) is set out in the Accounts and Audit Regulations. 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.
- 4.2.3 Audit and Assurance continued to work with Legal and Democratic Services to provide advice on the process for producing the 2019/20 AGS. Audit also undertook a review of the content of early versions of the Draft AGS prepared by Legal and Democratic Services and provided comments regarding the document. These were taken into account in producing the Draft AGS, which was presented to the Accounts and Audit Committee at its July 2020 meeting. Audit and Assurance has continued to liaise with Legal and Democratic Services to provide advice in planning for the preparation of the 2020/21 AGS.
- 4.2.4 The final approved 2019/20 AGS, presented to the Accounts and Audit Committee for approval in November 2020, included a number of significant governance issues highlighted for continued progression in 2020/21 including actions in response to the COVID-19 pandemic; managing the Council's medium term financial position; monitoring the impact of Brexit through the Brexit Preparedness Plan, aligned with the Covid-19 recovery plan and the work of the Trafford Partnership; review of the One Trafford Partnership with Amey; continued improvement actions in response to the Ofsted review of Children's Social Care; 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 2020/21 AGS to be agreed by the Corporate Leadership team and reported as a draft document for review by the Accounts and Audit Committee in July 2021.

4.2.5 In response to the pandemic, the Council approved a number of temporary measures to ensure the Council continued to operate effectively and democratically during the crisis. These included arrangements set out in reports to the Council in May 2020 and will be referred to in the 2020/21 AGS. There have been regular updates to staff by the Council throughout the pandemic to advise on Council procedures and arrangements in response to the pandemic and providing guidance and reference to support available.

4.2.6 In liaison with other services, Audit will provide support where agreed to consider issues regards lessons learned in respect of governance issues highlighted recently in other authorities. Any additions to planned audit work will be reflected in future Audit updates.

4.3 **Risk Management**

4.3.1 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.

4.3.2 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 November 2020 and March 2021.

4.3.3 Audit worked with relevant services across the Council to ensure significant new risks emerging due to the pandemic were reflected in updated strategic risk registers. By the end of the year, the highest risks in the register included managing the impact of disruption caused by COVID-19, uncertainty regarding the Council's financial position; risks in relation to the economic impact of Brexit and COVID-19; the impact of the pandemic on Leisure Services; the performance of the One Trafford Partnership; risks in relation to information governance; and management of health and safety risks. During the year a high risk was also added to the strategic risk register in relation to the Climate Emergency. The risk reports highlighted ongoing actions to manage the risks identified.

4.3.4 In managing risks in terms of the response and recovery from the pandemic, the Council has ensured there have been update reports through the year to the Executive with details of recovery programme activity by the Council and partners.

4.3.5 Risks regarding completion of business continuity programmes and disaster recovery planning have also remained in the strategic risk register. Previous audit review work had reported a number of areas for development including defining roles and responsibilities, identification of priorities including completion of business impact analyses (BIA) to identify the impact of disruptions; co-ordinated planning including incident management, recovery and resumption plans; monitoring to ensure compliance with the agreed process and testing of plans; and to ensure adequate, accessible records are maintained. A review of arrangements had commenced prior to the

pandemic but has been subject to delay and so remains a strategic risk. However, whilst the continuation of the pandemic has restricted progress, it has provided greater resilience as services have adapted to the continued disruption and at the outset of the pandemic, services were required to submit business continuity documentation.

- 4.3.6 Risks in relation to safeguarding vulnerable children are also within the strategic risk register. The Council is continuing to progress an action plan in relation to Children's Social Care following the Ofsted review reported in May 2019.
- 4.3.7 In terms of planned internal audit reviews, an internal audit review of insurance was completed as planned. Overall, procedures in respect of managing and administering the Council's insurance arrangements were found to be working well. A small number of lower priority recommendations were made and agreed which will be followed up in 2021/22.
- 4.3.8 In respect of a planned audit review of health and safety, it was agreed at the request of management that this review was rescheduled given commitments arising given the pandemic. Updates on actions in respect of managing health and safety risks were provided through strategic risk updates. There were regular communications to staff from the Council through the year providing guidance and support setting out Council procedures regards health and safety in response to the pandemic.
- 4.3.9 Risks in relation to the Council investment strategy also remain in the strategic risk register. An internal audit report on governance arrangements in relation to the Asset Investment Strategy was issued (as per 4.1.2). A small number of recommendations were made which will be followed up in 2021/22.

4.4 **Anti-Fraud and Corruption**

- 4.4.1 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

- 4.4.2 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. The Service co-ordinated the submission of Council data to the Cabinet Office NFI team (as reported as part of the October to December 2020 Audit and Assurance update report) and the subsequent matches were received by the year-end.
- 4.4.3 The Service is liaising with other services including the Council's Fraud and Enforcement team to ensure key data matches are followed up in 2021/22. These include some matches

produced in relation to COVID-19 business grants. Progress in following up the data matches will be reported in Audit updates later in 2021/22.

Other Activity

- 4.4.4 During the year, Audit liaised with Human Resources and the Counter Fraud and Enforcement Team to agree the introduction of a new anti-fraud awareness e-learning package for new starters, who are required to complete the training as part of the induction process. Further measures regards anti-fraud awareness raising will be considered in 2021/22.
- 4.4.5 During 2020/21, Audit continued to liaise with Legal Services to review aspects of existing anti-fraud related policies and procedures and provide advice in respect of updates to existing procedures.
- 4.4.6 In terms of investigations, the Council's Counter Fraud and Enforcement team within Exchequer Services have continued to undertake investigation in to suspected fraud and irregularities. During the year these were in relation to council tax, social care finance and business rates. Work also commenced on potentially fraudulent grant claims in relation to COVID-19 business support. A report on work for the year will be provided by the Council's Counter Fraud and Enforcement Manager to the Accounts and Audit Committee later in 2021. An update on investigation activity will also be reflected in the next Audit and Assurance update report in 2021/22.

4.5 Procurement / Contracts

- 4.5.1 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.
- 4.5.2 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 are co-ordinated and relevant findings from work shared to ensure an efficient audit process. Whilst audit review work was limited during the year due to the commitments of each Authority in responding to the pandemic, there remained regular liaison during the year with STAR for updates on developments, progress regards previous audit recommendations and considering future plans.
- 4.5.3 At the start of the pandemic, STAR issued COVID-19 procurement procedures to managers across the partner authorities. These reflected Cabinet Office Procurement Policy Notes responding to the COVID-19 outbreak. Regular reports were provided by STAR during the year to the STAR Joint Committee both on procedure and guidance shared and performance updates.

- 4.5.4 An audit of processes introduced by STAR in respect of achieving Social Value in Procurement was completed during the year. The audit was completed by Audit and Assurance on behalf of all four Local Authorities within the STAR Shared Procurement Service. Key findings were that the introduction of the use of the Social Value Portal has resulted in significant development of processes to establish targets and monitor performance for individual contracts in respect of levels of social value achieved. Audit recommendations include ensuring adequate feedback is received from contractors in the use of the portal to aid continuous improvement in processes. A follow-up review is planned for later in 2021.
- 4.5.5 A performance management review of STAR had previously been completed by Stockport Council on behalf of the partner authorities. A follow up review was completed and it was found all previous audit recommendations had been implemented. This included implementation of improved processes for the recording and reporting of details on savings information.
- 4.5.6 Other internal audit reviews at Trafford covering procurement related activity included audits of purchase cards procedures and (as referred to in 4.1) the Accounts Payable system reviews which will both be reported on in the next Audit and Assurance update.
- 4.5.7 In terms of a key strategic risk, there was regular reporting in the strategic risk register regards the One Trafford Partnership between the Council and Amey. It is noted that to achieve significant improvements in the delivery of the contract, the Council has activated the contractual 7 year review clause. This gives a six month review period (with member oversight and resident and stakeholder input) to recommend any changes to the contract for improvements and efficiencies.
- 4.5.8 Consideration of procurement / contracts aspects is also included in other categories of audit work including financial systems (per 4.1), schools (per 4.7) and Other Business Risks (4.8). Further planned work in relation to procurement/contracts is reflected in the 2021/22 Internal Audit Plan.

4.6 ICT Audit / Information Governance

- 4.6.1 The Council faced unprecedented pressures at the start of the pandemic with an urgent need to ensure services could continue to function using new ways of working, particularly with large numbers of staff working from home. The importance of effective information security and governance arrangements is critical in supporting such change.
- 4.6.2 Audit work was undertaken to cover a range of issues in relation to IT procedures, processes and controls, and information governance arrangements. 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 2020/21 included work completed below:

- 4.6.3 Cyber Security is recognised as one of the Council's strategic risks. An audit review commenced in the previous year to provide management with an evaluation of the council's cyber security arrangements. Reference was made to reviewing processes against the cyber security framework devised by the National Institute of Standards and Technology (NIST which includes a set of standards, guidelines and practices for protecting IT assets including data). The review concluded that most key risks are being managed. However, further work is required to ensure that the council is able to achieve a reasonable level of maturity against the NIST cybersecurity framework, particularly in relation to business continuity and disaster recovery. A final audit report was issued during 2020/21 which included an agreed action plan.
- 4.6.4 An audit was completed to evaluate the effectiveness of the arrangements in place for responding to IT incidents i.e. unplanned service interruption. The review concluded that, overall, key risks are being managed although there are a number of areas for improvement. This includes the recommended development of up to date IT incident management documentation to ensure that all individuals involved in the process are fully aware of their roles and responsibilities.
- 4.6.5 An IT Application review of the Civica Open Revenues and Northgate Information at Work systems operated by the Revenues and Benefits Service was undertaken. Findings were that key risks are being managed appropriately although there are some areas which have been highlighted for improvement. Agreed recommendations included to review the current frequency of the back-up of data.
- 4.6.6 Further ICT audit reviews were set out in the Internal Audit Plan for 2021/22 approved in March 2021. This included a review of IT Asset Management currently in progress and a further cyber security review covering identification and protection systems.
- 4.6.7 In respect of information governance, by the year-end an audit was in progress following up on findings from an audit review in relation to the Council's processes for managing the risks of data breaches. Findings from the review will be reported later in 2021. As reported in the 2021/22 Internal Audit Plan, in respect of other aspects of information governance, a project has been completed in relation to processes for responding to Subject Access Requests (SARs) and a new operating process has been implemented and an improvement plan is in place. Later in the year, Audit will liaise with the Information Governance team to consider progress in embedding the new arrangements. It was also noted that a Council review of processes for Freedom of Information Requests was taking place, so, similarly, future audit input will be considered.
- 4.6.8 The Council is required to provide a submission for the NHS Data Protection and Security Toolkit each year. This submission is mandatory for organisations to complete to access NHS data and systems. In terms of the 2020/21 submission to be completed by June 2021, where areas for development are identified these will be considered for further review as part of audit planning.
- 4.6.9 During 2020/21, IT and Digital Services arranged an awareness raising campaign through the provider, Purplephish, on information security with a number of topics to be covered over

a 12 month period. Staff are also required to complete mandatory e-learning in relation to data protection, freedom of information and information security.

4.7 Schools

- 4.7.1 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. In 2019/20, there was no requirement to submit evidence to the DfE in light of the COVID-19 outbreak but evidence for 2020/21 is being obtained. Declarations received by schools will be used to help inform future audit planning.
- 4.7.2 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.
- 4.7.3 Within the Internal Audit Plan it was originally planned that at least 14 school audits would be undertaken 2020/21. This planned target was set prior to the pandemic and plans subsequently needed to be revised, both due to the challenges faced by schools and also the need for Audit to support the Council's COVID-19 response. During 2020/21, audit work in relation to schools gradually increased (via a remote working approach) and the 2021/22 Internal Audit Plan was produced to take into account the position by year-end.
- 4.7.4 During the year, work had either been completed or in progress for 7 schools with a further 2 schools planned to commence in the first quarter of 2021/22. 3 final audit reports were issued (with opinion levels of at least Medium/High for all audits – See Appendix C). In addition to these, as at the end of March 2021, in respect of another school visited during the year, an initial draft report had been produced which was subsequently issued as a final report in May 2021. There were also 3 other schools audits which had commenced before the year-end. At the time of writing this report, there are no school audits in progress by year-end where it is currently expected that a less than adequate audit opinion will be given.
- 4.7.5 During the year there was follow up by Audit in relation to 7 other schools to confirm progress in implementing previous recommendations. Good progress in implementing recommendations is highlighted by the analysis regarding audit follow ups with 94% of recommendations made either implemented or no longer applicable (See 5.8).
- 4.7.6 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.

4.8 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/High (Good) 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.

Final Reports issued:

Reported in the April to September 2020 Audit and Assurance update:

- Tree Unit (Place) – Medium / High
- Flixton House (Governance and Community Strategy) – Medium/High
- Altrincham Library (Governance and Community Strategy) – High

See Appendix A for report issued in final quarter of 2020/21:

- Corporate Complaints (Authority-wide/Governance and Community Strategy) – Medium/High

- 4.8.3 There were two other audits at various stages by the year-end with final reports expected to be issued later in 2021:
- Housing Waiting List (Place)
 - Let Estates (Place)

- 4.8.4 There are a number of reviews included in the 2020/21 Internal Audit Plan that have not commenced during the year. Given the impact of COVID-19, priorities changed as significant time was spent on activity not included in 2020/21 planned work (See 4.9.3). In addition a number of services had commitments and priorities resulting in requests to revise timing of some planned audit work. Changes were reflected through the latest Internal Audit Plan agreed in March 2021. As a result some reviews are planned in for 2021/22 where appropriate or planned work is subject to further consideration in liaison with relevant Corporate Directorates. Details of future plans for each review are indicated in Appendix C under Assurance – Other Business Risks.

4.9 Grant Claims /Data Quality

- 4.9.1 Audit is 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.
- 4.9.2 In 2020/21, based on the checks undertaken, adequate assurance was obtained to support the claim made in relation to the Disabled Facilities Grant 2019/20 (completed October 2020).

4.9.3 A significant amount of unplanned time was spent during the year in supporting the Council's response to the COVID-19 pandemic.

- During April and May 2020, Audit and Assurance provided support to the Council's Exchequer Services in completing checks supporting the administration of the payments of COVID-19 Business Rates Grants in respect of the Small Business Grant Fund and the Retail, Hospitality and Leisure Grant Fund. At different times, this involved all Audit staff providing some support to the process.
- From June to September 2020, Audit staff also provided assistance to the Strategic Growth team in completing checks to support the processing of applications for the payment of grants to local businesses in respect of the Coronavirus Local Authority Discretionary Grants Fund.
- During November 2020, Audit and Assurance provided support to the Council's Exchequer Services in completing checks supporting the administration of the payments of COVID-19 Business Rates Grants in respect of the Local Restrictions Support Grant.
- From December 2020 up until the end of the year (and continuing in to 2021/22), Audit staff also provided assistance to the Strategic Growth team in completing checks to support the processing of applications for the payment of grants to local businesses in respect of the Additional Restrictions (Discretionary) Grant Scheme.

4.9.4 The Council's Counter Fraud and Enforcement team will continue to investigate cases of possible fraudulent COVID-19 business grant claims and will include outcomes from this in future reporting of work completed. Audit will also liaise with the Counter Fraud team and other services regards following up queries arising from the NFI data matching exercise in relation to business grants paid.

4.10 Service advice / Projects

4.10.1 Advice was provided through the year across the Council on governance and control issues across various Council Services. There has been Audit input through attendance at a number of working groups including Systems Board meetings within Adults and Children's Services. Advice and support is also reflected elsewhere in earlier sections of this report e.g. re schools audit, risk management, governance etc.

4.10.2 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.

4.10.3 Audit continued to provide support to the Accounts and Audit Committee and issued a number of reports through the year as detailed in the 2020/21 Accounts and Audit Committee Annual Report.

5. MANAGEMENT RESPONSE TO INTERNAL AUDIT WORK

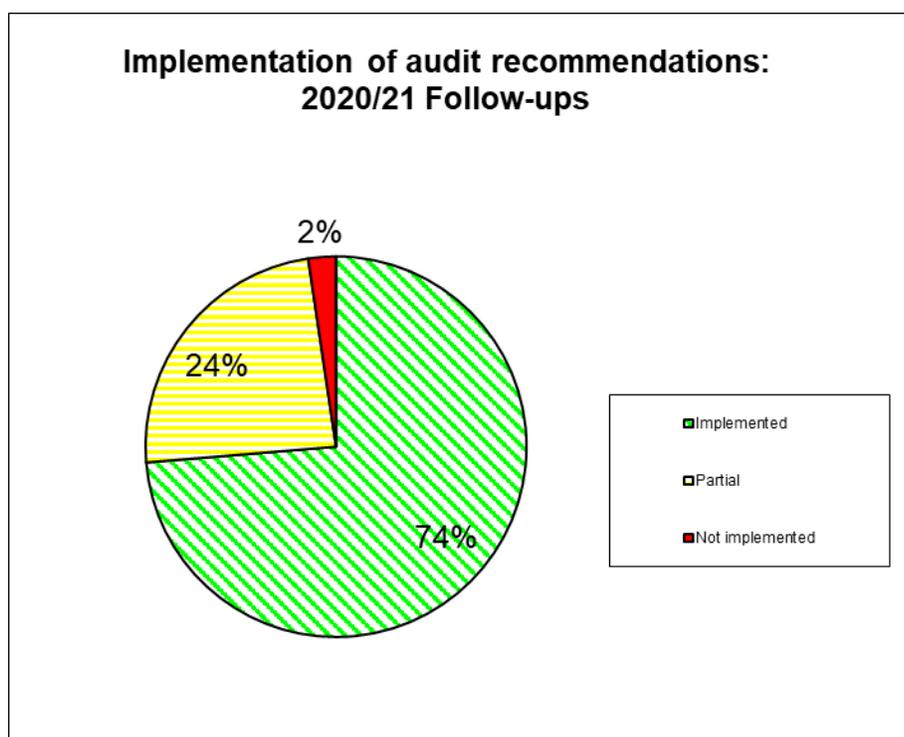
- 5.1 This section sets out the response to, and impact of, internal audit work during the year. Key indicators of Audit and Assurance's impact are :
- Acceptance of recommendations
 - Implementation of them.

Acceptance of Recommendations

- 5.2 Most audit recommendations made during the year were accepted by management. Of the 103 recommendations made during the year, 101 were accepted i.e. 98%. (Of these 21 recommendations related to school audits of which 20 were accepted). This compares with 99% accepted in the previous year.
- 5.3 It should be noted that there were a number of other recommendations made during the year reflected in work in progress by the end of March 2021 and details regarding acceptance of these will be reflected in Audit and Assurance updates once respective reports are finalised in 2021/22.

Implementation of audit recommendations

- 5.4 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.
- 5.5 Most follow up reviews were completed during the first three quarters of the year and are set out in the respective Audit and Assurance update reports issued through the year. Details of the outcome from the follow-up of one other audit review in the final quarter of 2020/21 is included in Appendix A together with details of the acceptance rate for recommendations in that quarter.
- 5.6 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.



- 5.7 From the reviews undertaken, of a total of 171 recommendations followed-up during 2020/21, it was reported that 126 (74%) had been implemented at the time of the follow up audit reviews (compared to 86% of recommendations followed up in 2019/20). A further 41 (24%) have been partially implemented / in progress (7% reported in the previous year). 4 recommendations (2%) had not been implemented (compared to 7% in the previous year).
- 5.8 It should be noted that of the above 171 recommendations analysed above, these relate to the following in terms of recommendations excluding schools and recommendations specific to school audits.

Recommendations Followed Up <u>Excluding Schools</u>		Recommendations followed up- <u>School Audits</u>	
Total Number	53*	Total Number	118
Recommendations implemented or no longer applicable	28%	Recommendations implemented or no longer applicable	94%
Recommendations Implemented in part/in progress	64%	Recommendations Implemented in part/in progress	6%
Recommendations not implemented	8%	Recommendations not implemented	0%

There are a number of other follow-up audit reviews (non-schools work) which were in progress by year-end. Details will be reported as part of further updates in 2021/22.

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

Client feedback

- 5.9 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 2020/21, the responses received were favourable although it is acknowledged that there is limited information available from this source. From 2020/21 work completed, only 4 survey responses were received which all provided ratings of "Very Good" or "Good" against various aspects of the audit process (Based on 5 possible levels from "Poor" to "Very Good"). There were a number of audits in progress by the year end where responses have yet to be requested but where feedback is obtained, this will be reflected in any future reporting for 2021/22.
- 5.10 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 975 days (97.5% of the chargeable planned target of 1000 allocated days). In terms of the contingency time in the plan of 70 days this was used to take into account the decision not to recruit a vacant post later in the year which resulted in a loss of 70 available days - equivalent to the contingency time. An analysis of planned operational audit time against actual days spent in 2020/21 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 2021/22 Internal Audit Plan.
- 6.2 In the 2020/21 Internal Audit Plan, a target was set of 38 audit opinion reports to be issued to either final or draft stage. There were 22 audit reports actually issued (and 1 other report issued in relation to the STAR Procurement Service by a partner authority). By the year-end there were also 9 other reviews in progress
- 6.3 A lower number of audit reports were actually issued compared to that planned. This was largely due to changes in priorities as a result of the pandemic. Significant time through the year (and particularly in the first quarter of the year) was used to support the Council in administering COVID-19 grants to businesses. This is reflected in Appendix B showing time spent in relation to this area. In addition, particularly given significant disruption in the early part of the year to establish new ways of working and also to reschedule a number of audit reviews at the request of services, this is reflected in the lower number of reports issued. Despite the above, assurance was obtained across each main area of the Internal Audit Plan.
- 6.4 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 2021/22.

- 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 2021/22
- 6.6 The 2021/22 Internal Audit Plan reported to CLT and the Accounts and Audit Committee in March 2021 took account of reviews to be carried forward from 2020/21.

7. CONFORMANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS

- 7.1 The Audit and Assurance Service carries out its work in general conformance with the Public Sector Internal Audit Standards and the CIPFA Statement on the Role of the Head of Internal Audit.
- 7.2 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).
- 7.3. 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).
- 7.4 In terms of actions previously identified at the end of 2019/20, to ensure continued conformance with PSIAS the following was completed (The relevant PSIAS reference is shown in brackets):
- A review was undertaken during 2020/21 of the Internal Audit opinion levels used to provide an opinion on individual audit reviews. The review took into account CIPFA guidance issued in April 2020 and a new set of opinion levels was set out in the 2021/22 Internal Audit Plan approved by the Accounts and Audit Committee in March 2021. (PSIAS 2450 - Overall Opinion).
 - The Internal Audit Charter and Strategy were reviewed and updated to reflect organisational changes. (PSIAS 1000 – Purpose, Authority and Responsibility).
 - The Audit and Assurance Service Code of Ethics, Values and Conduct was reviewed and updated, which all Audit staff sign up to each year. (PSIAS – Code of Ethics).
 - The Audit Manual was also updated to reflect all the changes above (PSIAS 2040 – Policies and Procedures).
- 7.5 Following a self-assessment against PSIAS undertaken at the end of 2020/21, actions planned to be undertaken through 2021/22 to ensure there continues to be adequate conformance include the following:
- Implementation of the revised Audit Opinion levels for all audit opinion reports issued from April 2021. (PSIAS 2450 – Overall Opinion).

- In liaison with other relevant services, work to review and refresh the existing Anti-Fraud and Corruption Strategy for future review and approval by CLT and the Accounts and Audit Committee.
- Consider future approaches to ways of working, including taking into account Council wide-developments in relation to workforce re-integration as part of the COVID-19 recovery.

7.6 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 2020/21 Plan; the impact of audit work; client feedback and the Internal Audit Plan for 2021/22.

INTERNAL AUDIT REPORTS ISSUED IN QUARTER 4 2020/21

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/AG -Date Issued	COMMENTS
FINAL REPORTS		
<u>Level 4 Reports:</u>		
Payroll System (Strategy and Resources) / (Finance and Governance)	N/A (GREEN) (20/1/21)	Whist work to date has not identified any significant issues, this work represented an interim review and a further review is planned for 2021/22 when an audit opinion will be provided.
Insurance (Finance and Systems) / (Finance and Governance)	High (GREEN) (22/2/21)	Overall, procedures in respect of managing and administering the Council's insurance arrangements were found to be working well. A small number of recommendations were made and agreed.
Complaints System System (Authority Wide/Governance and Community Strategy) / (Finance and Governance)	Medium/High (GREEN) (15/2/21)	Overall, there were good controls in place. Detailed guidance and procedures exist for the benefit of customers and Council staff and there are nominated staff across the Council who co-ordinate responses to complainants. Some recommendations for improvement were made including the suggested establishment of a Complaints Policy and review of current reporting on complaints to CLT and Members.
Civica System: Revenues and Benefits Service IT Systems Review (Finance and Systems) / (Finance and Governance & COVID-19 Recovery and Reform)	Medium/High (GREEN) (10/3/21)	An IT Application review of the Civica Open Revenues and Northgate Information at Work systems operated by the Revenues and Benefits Service was undertaken. Findings were that key risks are being managed appropriately although there are some areas which have been highlighted for improvement. Agreed recommendations included to review the current frequency of the back-up of data.
<u>Level 1 Reports:</u>		
Urmston Primary School (Children's Services) / (Education)	Medium/High (GREEN) 24/2/21	Overall, a good standard of internal control and governance was found to be in place across most areas covered by the audit. Some recommendations made included ensuring adequate evidence is maintained of particular checks and authorisation as part of some ordering and payments procedures.
REPORTS AT DRAFT STAGE		As at 31/3/2021, for 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 the next Audit and Assurance update report. (Note at the time of this report no opinions for draft reports below were expected to be less than a Medium level).
<u>Level 3 Reports:</u>		

Children's Social Care Payments (Children's Services) / (Children's Services)	Final report issued in April 2021 and will be reported in the next Audit and Assurance update report.
<u>Level 1 Reports:</u>	
Davyhulme Primary School (Children's Services) / (Education)	Details of the final report will be reported in the next Audit and Assurance update report.

Quarter 4 2020/21

Acceptance of Recommendations

From the final audit opinion reports issued during the quarter (as listed above) 23 of the 25 recommendations made were accepted (92%).

Follow up - Implementation of Recommendations

In respect of one other audit previously completed in 2019/20, during the quarter, details of progress made in implementing the recommendations made were provided to Audit and Assurance as follows:

- St. Matthew's CE Primary School (Children's Services/Education) - Of the 31 recommendations previously agreed, 29 recommendations were implemented and 2 were in progress.

APPENDIX B

2020/21 Operational Plan: Planned Work and Actual Days Spent

<u>Category</u>	<u>Details</u>	<u>Planned Allocated Days 2020/21</u>	<u>Actual Days 2020/21</u>
Financial Systems	<p>Completion of fundamental financial systems reviews</p> <p>See Section 4.1 for work completed and Appendix C for audit opinion reports issued and planned.</p>	175	163
Governance	<p>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.</p> <p>Declaration of interests (Officers) review.</p> <p>Advice / assurance in respect of governance issues.</p> <p>See Section 4.2 for description of work completed and planned.</p>	20	15
Corporate Risk Management	<p>Facilitating the updating of the Council's strategic risk register.</p> <p>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.</p> <p>See Section 4.3 for work completed and planned.</p>	40	53
Anti-Fraud and Corruption	<p>Co-ordinate the Council's activity in respect of the National Fraud Initiative ensuring work completed across services in investigating data matches is progressed in accordance with Cabinet Office requirements.</p> <p>Contributing to Investigations of referred cases of suspected theft, fraud or corruption.</p>	80	76

	<p>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.</p> <p>See Section 4.4 for work completed and planned.</p>		
Procurement / Contracts/ Value for money	<p>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).</p> <p>See Section 4.5 for work completed and Appendix C for opinion reports issued and planned.</p>	70	38
ICT / Information Governance	<p>ICT Audit reviews and advice, including reviews conducted by Salford Internal Audit Services.</p> <p>Information Governance audit reviews</p> <p>See Section 4.6 for work completed and Appendix C for audit opinion reports issued and planned.</p>	100	74
Schools	<p>Providing assurance on the control environment within schools, supporting schools in ensuring awareness of requirements within the DfE Schools' Financial Value Standard.</p> <p>Audit reviews of schools – at least 14 school audit visits to be undertaken during the year.</p> <p>Reporting to be undertaken to follow-up on audits completed in previous year.</p> <p>See Section 4.7 for work completed and Appendix C for audit opinion reports issued and planned.</p>	170	75
Assurance – Other Business Risks	<p>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:</p> <ul style="list-style-type: none"> - Audit reviews - Follow up reviews including further audits and gaining assurance from service updates. 	260	147

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	See Section 4.8 for work completed and planned and Appendix C for audit opinion reports issued and planned.		
Grant claims checks / Data Quality	<p>Internal audit checks of grant claims / statutory returns and other data quality checks as required:</p> <p>Planned Work: Certification of Grants as required.</p> <p>Unplanned work (not in 2020/21 Audit Plan): Work completed as part of COVID-19 response - Support to Exchequer Services and the Strategic Growth team in completing checks to support administering the payment of business grants.</p> <p>See Section 4.9 for work completed</p>	25	290
Service Advice / Projects	<p>General advice and guidance, both corporately and across individual service areas.</p> <p>Support and advice to the organisation in contributing to working groups and projects in relation to governance, risk and control issues.</p> <p>See Section 4.10 for work completed.</p>	60	44
TOTAL		1000*	975

* Note there was a further contingency of 70 days within the 2019/20 Plan.

Audit Opinion Reports Issued 2020/21

<u>Audit Opinion Reports: Title / (Corporate Directorate)/ (Executive Portfolio as at 31/3/21)</u>	<u>Status</u>	<u>Opinion Level</u>	<u>Future plans (where final report not yet issued)</u>
Fundamental Systems - Housing Benefit / Council Tax Support (Finance and Systems) - Asset Investment Strategy (Authority-Wide) - Direct Payments (Children's Services) - Client Finance system (Finance and Systems) - Adult Social Care Payments System (Adult Services) - Direct Payments (Adult Services) - Treasury Management (Finance and Systems) - Payroll (Strategy and Resources) - Children's Social Care Payments System (Children's Services) - Accounts Receivable / Debt Recovery (Finance and Systems) - Budgetary Control (Authority-wide/Finance and Systems) - Accounts Payable (Finance and Systems) - Foster Carer payments (Children's Services) - Cash handling (Children's Services)	Final report issued 28/4/20 Final report issued 13/7/20 Final report issued 5/8/20 Final report issued 5/8/20 Final report issued 5/8/20 Final report issued 5/8/20 Final report issued 21/9/20 Final report issued 20/1/21 Draft report issued Planning commenced - In progress Included as part of above Children's Social Care Payment review -	High High Medium/High* Medium/High* Medium/High* Medium* High N/A - - - - -	Completed Completed Completed Completed Completed Completed Completed Interim review completed and further review planned for 2021/22 when an audit opinion will be provided. Final report (including opinion issued in Q1 2021/22) Final report to be issued in 2021/22 Included in 2021/22 Internal Audit Plan Final report to be issued in 2021/22 N/A Postponed due to the COVID-19 pandemic To be considered as part of future audit planning.
Risk Management - Insurance (Finance and Systems)	Final report issued 22/2/21	High	Completed

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- Health and Safety (Strategy and Resources / Authority-wide)	-	-	Included in 2021/22 Internal Audit Plan
Procurement /Contracts /Value for money			
- Social Value in Procurement (STAR authorities – Trafford lead) (Finance and Systems)	Final report issued 17/9/20	Medium/High	Completed
-STAR Performance Management follow-up review (Stockport lead) (Finance and Systems)	Final report issued 21/9/20	N/A**	Completed
- Purchase cards follow-up audit (Finance and Systems)	In progress	-	Final report to be issued in 2021/22
ICT Audit / Information Governance			
- IT Incident Management (Finance and Systems)	Final report issued 20/8//20	Medium	Completed
- Cyber Security (Finance and Systems / Authority-wide)	Final report issued 16//11/20	Medium	Completed
- Civica System IT Application review (Finance and Systems)	Final report issued 10/3/21	Medium/High	Completed
- ICT Service Management (Finance and Systems)	-	-	Included in 2021/22 Internal Audit Plan
- ICT Asset Management (Finance and Systems)	In progress	-	Final report to be issued in 2021/22
- ICT Security in Schools (Finance and Systems / Children’s Services)	-	-	Included in 2021/22 Internal Audit Plan
- Data breaches (Governance and Community Strategy/Authority-Wide)	In progress	-	Final report to be issued in 2021/22
- Subject Access Requests (Governance and Community Strategy / Authority-Wide)	-	-	Subject to a corporate review. Audit to be planned at a later date.
- Freedom of Information Requests (Governance and Community Strategy / Authority-Wide)	-	-	Subject to a corporate review. Audit to be planned at a later date.
Schools			
School Audits (Children’s Services):			
- Highfield Primary School	Final report issued 29/6/20	Medium/High	Completed
- St. Vincent’s Catholic Primary School	Final report issued 22/7/20	High	Completed
- Urmston Primary School	Final report issued 24/2/21	Medium/High	Completed
- Dayhulme Primary School	Draft report produced	-	Final report (including opinion issued in Q1 2021/22)
- St. Alphonsus RC Primary School	In progress	-	Final report to be issued in 2021/22

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<ul style="list-style-type: none"> - Moorlands Junior School - Gorse Hill Primary School - Victoria Park Junior School - Holy Family Catholic Primary School - Kingsway Primary School - 4 other school audits (not yet allocated) 	<ul style="list-style-type: none"> In progress In progress - - - - 	<ul style="list-style-type: none"> - - - - - - 	<ul style="list-style-type: none"> Final report to be issued in 2021/22 Final report to be issued in 2021/22 Review to commence in Q3 2021/22 Review to commence in Q1 2021/22 Review to commence in Q1 2021/22 Delayed to 2021/22
Assurance – Other Business Risks			
<ul style="list-style-type: none"> - Altrincham Library (Governance and Community Strategy) - Tree Unit (Place) - Flixton House (Governance and Community Strategy) - Complaints System (Authority-Wide / Governance and Community Strategy) - Sale Waterside Arts Centre (Governance and Community Strategy) - Blue Badges (Governance and Community Strategy) 	<ul style="list-style-type: none"> Final report issued 3/7/20 Final report issued 7/8/20 Final report issued 8/7/20 Final report issued 15/2/21 Postponed due to the COVID-19 pandemic. Planning commenced 	<ul style="list-style-type: none"> High Medium/High Medium/High Medium/High - - 	<ul style="list-style-type: none"> Completed Completed Completed Completed Postponed due to the COVID-19 pandemic. Future audit planning to be agreed. Service review completed with an agreed action plan. Audit to be planned at a later date.
<ul style="list-style-type: none"> - Recruitment Processes (Strategy and Resources) - Aids and Adaptations (Adult Services) - Liberty Protection Safeguards (Adult Services) 	<ul style="list-style-type: none"> - - - 	<ul style="list-style-type: none"> - - - 	<ul style="list-style-type: none"> Included in 2021/22 Internal Audit Plan Included in 2021/22 Internal Audit Plan Delayed due to delay in legislative changes. Deprivation of Liberty Safeguards review included in 2021/22 Internal Audit Plan.
<ul style="list-style-type: none"> - Social Care Transitions (Children's/Adult Services) 	<ul style="list-style-type: none"> - 	<ul style="list-style-type: none"> - 	<ul style="list-style-type: none"> To be considered as part of other reviews in 2021/22 Internal Audit Plan
<ul style="list-style-type: none"> - Troubled Families (Children's Services) 	<ul style="list-style-type: none"> No requirement from GMCA to undertake review in 2020/21 	<ul style="list-style-type: none"> - 	<ul style="list-style-type: none"> To be added to the 2021/22 Internal Audit Plan as review of Supporting People Programme.
<ul style="list-style-type: none"> - Children's external residential placements (Children's Services) - Out of Borough Education Placements (Children's Services) - Home to School Transport (Children's Services) - Licensing (Place) - Building Control (Place) 	<ul style="list-style-type: none"> - - - - Planning commenced 	<ul style="list-style-type: none"> - - - - - 	<ul style="list-style-type: none"> Not included in 2021/22 Plan but to be considered as part of future audit planning. Included in 2021/22 Internal Audit Plan as part of a wider review. Included in 2021/22 Internal Audit Plan Included in 2021/22 Internal Audit Plan Included in 2021/22 Internal Audit Plan

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<ul style="list-style-type: none"> - Housing Waiting List (Place) - Let Estates (Place) - Outdoor Advertising (Place) - Safety at Sports Grounds (Place) - Strategic Growth Team (Place) 	<ul style="list-style-type: none"> In progress In progress - Postponed due to the COVID-19 pandemic. - 	<ul style="list-style-type: none"> - - - - - 	<ul style="list-style-type: none"> Final report to be issued in 2021/22 Final report to be issued in 2021/22 Included in 2021/22 Internal Audit Plan Included in 2021/22 Internal Audit Plan Service was subject to a corporate review during 2020/21. Audit to be planned at a later date.
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**Follow up review*

*** Original audit and subsequent follow up review completed by Stockport Council. In original audit in 2019/20 a “Moderate” Opinion was provided which is considered equivalent to an opinion of “Medium/High” per the Trafford Council framework. Further to that review the follow-up audit reported that all recommendations had been implemented, hence the opinion is shown as “Green”.*