

TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 28 September 2021
Report for: Discussion
Report of: Audit and Assurance Manager

Report Title

Audit and Assurance Report for the Period April to July 2021.

Summary

The purpose of the report is:

- **To provide a summary of the work of Audit and Assurance during the period April to July 2021.**
- **To provide ongoing assurance to the Council on the adequacy of its control environment.**

Recommendation

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

Contact person for access to background papers and further information:

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Background Papers: None

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TRAFFORD
COUNCIL

Audit and Assurance Service Report April to July 2021

Date: September 2021

1. Purpose of Report

This report summarises the work of the Audit and Assurance Service between April and July 2021 and highlights progress against the 2021/22 Internal Audit Plan to date. At the end of the year, these update reports will be brought together in the Annual Head of Internal Audit Report which will give the opinion on the overall effectiveness of the Council's control environment during 2021/22.

2. Planned Assurance Work

Key elements of the 2021/22 Work Plan produced in March 2021 include:

- Fundamental Financial Systems reviews.
- Input to the 2020/21 Annual Governance Statement
- Continued input to and review of risk management arrangements and provision of guidance.
- Review of corporate procurement and value for money arrangements.
- Audit reviews in respect of ICT and information governance.
- Anti-fraud and corruption work, including the National Fraud Initiative.
- School audits and other establishment audit reviews.
- Grant claim certification work plus input to processes in respect of the payment of business grants in relation to COVID-19.
- Audit reviews of other areas of business risk including audits of services and functions.
- Provision of guidance and advice to services across the Council.

3. Main areas of focus – April to July 2021

Work in this period has included progressing a number of planned internal audit reviews. This included a number of audit reviews of financial systems as well as a number of school audits which had previously been delayed due to the pandemic. There has also continued to be time spent in providing support to the Council's response to the COVID-19 pandemic in respect of the payment of grants to businesses.

All audit opinion reports completed or in progress are listed in Section 5 and other key areas of audit work undertaken are referred to in Section 6.

4. Summary of Assurances in April to July 2021

There were 8 internal audit opinion reports produced in the period (3 final reports issued and 5 draft reports produced for sharing with management for comments).

In respect of the 3 final reports issued, opinions of at least "Reasonable" or above were given in relation to all reports. For all final reports issued, where applicable, agreed action plans are in place to implement the recommendations made.

There were a further 5 draft reports produced which are to be finalised to incorporate management comments and associated final reports will be detailed in the August to October 2021 Audit and Assurance update.

A listing of audit report opinions issued including overall findings plus a listing of draft reports produced is shown in Section 5.

5. Summary of Audit & Assurance Opinions Issued – April to July 2021

(See Appendix 3 for details of Audit opinion levels, report levels and report status)

REPORT NAME (DIRECTORATE) / (PORTFOLIO) by Coverage Level (1-4)	-OPINION -R/AG -Date Issued	COMMENTS
FINAL REPORTS ISSUED		
Level 3 Reports :		
Children's Social Care Payments (Children's Services) / (Children's Services)	Reasonable* Assurance (GREEN) (28/4/21)	The audit focussed on follow up of the previous review recommendations reported in April 2019 in relation to the Children's Adult Social Care payments system, Liquid Logic/ContrOCC. It was noted that 3 recommendations have been fully implemented whilst 14 recommendations have been implemented in part or are being progressed with 3 other recommendations planned to be addressed. It is acknowledged whilst progress has been impacted by the Covid-19 response, improvements continue to be made and which are also being informed by a system health check review commissioned during 2020/21. Further review of progress with outstanding recommendations will be followed up in 2022.
Level 1 Reports:		
Davyhulme Primary School (Children's Services) / (Children's Services - Education)	Substantial Assurance (GREEN) (21/6/21)	A good standard of governance and internal control arrangements were found to be in place. The school has a comprehensive Financial Procedures Manual and other policies which are updated on a regular basis. A small number of recommendations were made to enhance current procedures.
Gorse Hill Primary School (Children's Services) / (Children's Services - Education)	Reasonable Assurance (GREEN) (13/7/21)	Overall, a good standard of internal control and governance was found to be in place across most areas covered by the audit. A number of recommendations were made including a review of existing lettings arrangements to ensure best value is obtained.
DRAFT REPORTS		
For the following reports, these are at draft stages and a final version, including agreed action plans, are due to be reported as part of the next August to October 2021 Audit and Assurance report.		
Level 4 Reports:		
Accounts Payable (Finance and Systems) / (Finance and Governance)		Draft findings shared with management for comments. (Final report has since been issued in September 2021 and will be reported in the next Audit and Assurance update)
Purchase Cards (Finance and Systems) / (Finance and Governance)		Draft findings shared with management for comments. (Final report has since been issued in September 2021 and will be reported in the next Audit and Assurance update).
Data breaches (Governance and Community Strategy) / (Finance and Governance)		Draft findings shared with management for comments.
Level 3 Reports:		
Housing Waiting List (Place) / (Housing and Regeneration)		Initial draft findings produced and report findings to be shared with management.

Level 1 Reports:

**Kingsway Primary School
(Children's Services) /
(Children's Services-
Education)**

Initial draft findings produced and report findings to be shared with management.

**Denotes this final report 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.*

6. Other Assurance Work

There is a significant amount of work undertaken by the Service that does not result in an audit opinion report being issued. Work in the period has included the following:

- Continuing to provide 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 COVID-19 Additional Restrictions (Discretionary) Grant Scheme.
- Working with CLT to update the strategic risk register with an update report shared with CLT and also the Accounts and Audit Committee at its meeting in July 2021.
- Ongoing work in liaison with other services to follow up data matches provided by the Cabinet Office following submission of data as part of the National Fraud Initiative (An update on outcomes from this work will be reflected in a future Audit and Assurance update). In addition, in relation to anti-fraud and corruption work, providing support to relevant services in respect of an ongoing investigation following up queries in relation to petty cash administration.
- Working to support Legal and Democratic Services in the process of compiling the 2020/21 Draft Annual Governance Statement including providing guidance and comments on the draft document.
- Audit support was provided to the Information Governance team in its work to complete the Council's annual submission for the NHS Data Protection and Security Toolkit for 2020/21. This submission is mandatory for organisations to complete to access NHS data and systems.
- Providing other ad hoc guidance and advice. Updating the Audit intranet site with updated reference documents such as the internal Audit Plan, Charter and Strategy.

7. Impact of Audit Work – Improvements to the Control Environment

Key indicators of the impact of Audit and Assurance are: (a) Acceptance of Recommendations (b) Implementation of them.

Acceptance of Recommendations

From the final audit opinion reports produced and issued by the Audit and Assurance Service during the period, 12 of the 13 recommendations have been accepted (92%) compared to a service target of 95%. A number of draft reports have been completed during the period and levels of acceptance of recommendations made in these reports will be reflected in the August to October 2021 Audit and Assurance update report.

Implementation of Audit Recommendations

Final audit reports are followed up to assess progress in implementing improvement actions identified through audit recommendations. Recommendations made by the Audit and Assurance Service are followed up by a number of means.

As shown under final reports issued in Section 5, a follow up audit was completed in relation to the review of

Children's Social Care Payments.

In respect of two other audits previously completed, management were requested to provide an update on progress in implementing recommendations made. This was in relation to the following:

- Highfield Primary School (Children's Services) – 10 of the 11 recommendations previously made have been implemented with the remaining recommendation in progress.
- Egerton High School (Children's Services) – 10 of the 12 recommendations previously made have been implemented with 1 in progress and the remaining recommendation to be progressed later in 2021.

A number of other audits completed in 2020/21 are in the process of being followed up and outcomes will be reflected in the August to October 2021 Audit and Assurance update report. This will be both through follow-up audit reviews and also through managers providing an update on progress in implementing previous recommendations made. The update will include an overall analysis of all audit recommendations followed up between April and October 2021 in terms of progress in implementing recommendations.

8. Performance against Audit & Assurance Annual Work Plan

Appendix 1 shows an analysis of time spent to date against planned time for the 2021/22 Operational Internal Audit Plan

As at 31 July 2021, 293 audit days were spent against 273 allocated days (See Appendix 1). A further 100 contingency days were in the 2021/22 Internal Audit Plan but some of this is expected be used to mitigate any loss of days from a vacancy that is to arise from 30 September 2021 following the departure of one of the Audit and Assurance staff, who is leaving to take up a post at another local authority.

In terms of time spent on each category of audit work, there has been significant time used for school audit work during the period, as a response to the lower than planned time spent in the previous year as a result of the pandemic.

As part of the Internal Audit Plan, a target of 32 audit opinion reports was set to be produced during 2021/22 to final or draft stage. As at 31 July 2021, 8 reports has been produced with 3 of these issued to final stage. In addition to the 8 reports, a further 8 reviews were in progress and planning had commenced on a further 5 reviews. A further update on progress against the 2021/22 Internal Plan, including reports issued to date, will be provided in the August to October 2021 update report.

9. Planned Work for August to October 2021

Areas of focus include :

- Issue of final reports for all draft reports listed in Section 5.
- Progression of other internal audit reviews as listed in Appendix 2.
- Follow-up of a number of audit reviews completed in 2020/21.
- Continuing to support CLT in updating the Strategic Risk Register with a report due to be shared with the Accounts and Audit Committee in November 2021.
- Ongoing development of working practices for Audit staff in terms of moving to a "hybrid working" approach as part of the Council's workplace reintegration.

2021/22 Operational Plan: Planned against Actual Work (as at 31 July 2021)

<u>Category</u>	<u>Details</u>	<u>Planned Allocated Days 2021/22</u>	<u>Planned Days (up to 31/7/21</u>	<u>Actual Days (as at 31/7/21)</u>
Financial Systems	<p>Completion of fundamental financial systems audit reviews</p> <p>See Appendix 2 for opinion reports issued and planned.</p>	150	30	33
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>Advice / assurance in respect of governance issues.</p> <p>Work to date has included liaising with Democratic Services on the collation of the Draft AGS collated, including providing guidance and comments on the draft document.</p>	25	14	14
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>Strategic Risk update report completed and reviewed by CLT and the Accounts and Audit Committee in July 2021. A further refresh of the risk register is commencing in September with a report to CLT and the Accounts and Audit Committee due in November 2021.</p> <p>Also See Appendix 2 for opinion reports planned.</p>	45	14	15
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> <p>Other work to support the Anti-Fraud and Corruption Strategy, including where applicable working with other relevant services</p>	60	20	17

	<p>to review existing policies and guidance supporting the overarching strategy.</p> <p>Summary of work completed during the year to be set out in Annual Head of Internal Audit Report and reflected where applicable in updates (See section 6).</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 Appendix 2 for reports planned.</p>	60	10	11
Information Governance / Information, Communications and Technology	<p>ICT Audit reviews and advice, including reviews conducted by Salford Internal Audit Services.</p> <p>Information Governance audit reviews</p> <p>See Appendix 2 for reports planned.</p>	80	25	25
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 12 school audits to be undertaken during the year</p> <p>Follow-up of progress for audits completed in 2020/21.</p> <p>See Appendix 2 for audit opinion reports issued and planned and Section 7 re follow-up work.</p>	140	60	77
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. <p>See Appendix 2 for audit opinion reports planned.</p>	195	35	37
Grant claims checks / Data Quality	<p>Internal audit checks of grant claims / statutory returns and other checks as required (including in relation to COVID-19 business grant payments)</p> <p>Audit and Assurance to be advised through the year of grant claims, review work and other returns to be checked/signed off.</p> <p>See Section 6 re COVID-19 business grant payments.</p>	95	45	57

Service Advice / Project Support	<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>Summary of work completed during the year to be set out in Annual Head of Internal Audit Report and reflected where applicable in updates. (Also See Section 6).</p>	60	20	7
TOTAL		910*	273	293

* Note there is a further contingency of 100 days within the 2021/22 Plan.

Audit Opinion Reports Issued and Planned 2021/22 (as at 31 July 2021)

<u>Category</u>	<u>Audit Opinion Reports</u>	<u>Status (where progressed by 31/7/21)</u>	<u>2021/22 IA Plan</u>
Financial Systems	<ul style="list-style-type: none"> - Accounts Payable System (Finance and Systems) - Accounts Receivable / Debt Recovery (Finance and Systems) - Treasury Management (Finance and Systems) - Council Tax (Finance and Systems) - Budgetary Control (Authority-wide/Finance and Systems) - Children's Social Care Payments System - Liquid Logic/ContrOCC (Children's Services) - Payroll (Strategy and Resources) - Asset Investment Strategy follow-up (Authority-Wide) - Adult Social Care Payments System (Adults' Services) - Adult Social Care Direct Payments (Adults' Services) 	<ul style="list-style-type: none"> Draft findings completed In progress In progress - - Final report issued 28/4/21 - - Planning commenced Planning commenced 	<ul style="list-style-type: none"> Final report issued Sep. 2021. Draft report to be issued Quarter 3 of 2021/22 (Q3) Draft report to be issued Q3 Timing to be agreed Timing to be agreed Completed To commence Sep. 2021 Follow-up update undertaken Sep. 2021 Final report to be issued by Q4 Final report to be issued by Q4
Risk Management	<ul style="list-style-type: none"> - Health and Safety (Strategy and Resources / Authority-wide) 	-	Timing to be agreed
Procurement /Contracts /Value for money	<ul style="list-style-type: none"> - Social Value in Procurement – follow-up (STAR authorities – Trafford lead) (Finance and Systems) - Purchase cards follow-up audit (Finance and Systems) <p>(Further reports to be issued during the year to be confirmed in liaison with STAR and partner authorities)</p>	<ul style="list-style-type: none"> In progress Draft findings completed 	<ul style="list-style-type: none"> Draft report to be issued by Q3 Final report issued Sep. 2021.
Information Governance / ICT Audit	<ul style="list-style-type: none"> - ICT Service Management (Finance and Systems) - ICT Asset Management (Finance and Systems) - Cyber Security: Identification and Protection Systems (Finance and Systems / Authority-wide) - ICT Security in Schools (Finance and Systems / Children's Services) - Data breaches (Governance and Community Strategy/Authority-Wide) 	<ul style="list-style-type: none"> - In progress - - Draft findings completed 	<ul style="list-style-type: none"> Timing to be agreed Draft report to be issued by Q3 Timing to be agreed Timing to be agreed Final report to be issued by Q3
Schools	<ul style="list-style-type: none"> 12 School Audits (Children's Services) - Dayhulme Primary School - Gorse Hill Primary School - Kingsway Primary School - Holy Family Catholic Primary School - St. Alphonsus RC Primary School - Moorlands Primary School 	<ul style="list-style-type: none"> Final report issued 21/6/21 Final report issued 13/7/21 Draft findings completed In progress In progress In progress 	<ul style="list-style-type: none"> Completed Completed Final report to be issued Q3 Final report to be issued Q3 Final report to be issued Q3 Final report to be issued Q3

	<ul style="list-style-type: none"> - Victoria Park Junior School - At least 5 other school audits to be undertaken in 2021/22. 	<ul style="list-style-type: none"> - - 	<p>To start Q3. To be undertaken in Q3/Q4.</p>
Assurance – Other Business Risks	<ul style="list-style-type: none"> - Blue Badges (Governance and Community Strategy) - Cleaning Services (Strategy and Resources) - Recruitment Processes (Strategy and Resources) - Home to School Transport (Children’s Services) - Special Educational Needs and Disability (Children’s Services) - Housing Waiting List (Place) - Let Estates (Place) - Building Control (Place) - Outdoor Advertising (Place) - Safety at Sports Grounds (Place) - Licensing (Place) - Highways Inspection and Repairs (Place) - Section 106 Planning Agreements and Community Infrastructure Levy (Place) - Aids and Adaptations (Adult Services) - Deprivation of Liberty Safeguards System (Adult Services) <p>Added to 2021/22 Plan: -Supporting Families (Children’s Services)</p>	<ul style="list-style-type: none"> - - - Planning commenced - Draft findings completed In progress - - - - Planning commenced - - - Planning commenced 	<p>Timing to be agreed</p> <p>Timing to be agreed</p> <p>Timing to be agreed</p> <p>Draft report to be issued by Q3</p> <p>Timing to be agreed</p> <p>Final report to be issued by Q3</p> <p>Draft report to be issued Q3</p> <p>Timing to be agreed</p> <p>Timing to be agreed</p> <p>Timing to be agreed</p> <p>Timing to be agreed</p> <p>Draft report to be issued Q3</p> <p>Timing to be agreed</p> <p>Timing to be agreed</p> <p>Timing to be agreed</p> <p>Draft report to be issued Q3</p>

APPENDIX 3

POINTS OF INFORMATION TO SUPPORT THE REPORT:

Audit Opinion Levels (RAG reporting) :

Opinion – General Audits

Substantial Assurance

Green

Reasonable Assurance

Green

Limited Assurance

Amber

Low or No Assurance

Red

An opinion is stated in each audit report to assess the standard of the control environment.

Report Status:

Draft reports:

These are issued to managers prior to the final report to provide comments and finalise agreed responses to audit recommendations.

Final reports:

These incorporate management comments and responses to audit recommendations, including planned improvement actions.

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 such as an establishment.
-