

TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 14 March 2023
Report for: Approval
Report of: Audit and Assurance Manager

Report Title

Audit and Assurance Service – Internal Audit Operational Plan 2023/24

Summary

The purpose of the report is to provide, at a high level, the proposed Internal Audit Operational Plan for 2023/24.

The report sets out planned work for the year but acknowledges that this remains flexible and subject to review as needed during the year.

The report also includes, in the appendices, the Internal Audit Charter and Strategy. These were previously reviewed by CLT and the Accounts and Audit Committee and are unchanged from the versions presented in March 2022.

Recommendation

The Accounts and Audit Committee is asked to approve the 2023/24 Internal Audit Plan.

Contact person for access to background papers and further information:

Name: Mark Foster – Audit and Assurance Manager
Email: mark.foster@trafford.gov.uk

Background Papers: None

Background Information

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	Not directly applicable to this report
Sustainability Implications	Not directly applicable to this report
Carbon Reduction	Not directly applicable to this report
Staffing/E-Government/Asset Management Implications	Not directly applicable to this report
Risk Management Implications	See Financial Implications
Health and Safety Implications	Not directly applicable to this report



**TRAFFORD
COUNCIL**

Internal Audit Operational Plan 2023/24

Date: March 2023

Internal Audit Operational Plan 2023/24 – Audit and Assurance Service

1. Introduction

1.1 The 2023/24 Internal Audit Operational Plan identifies the work to be undertaken by the Audit and Assurance Service during the year. This report describes its method of compilation and presents, at a high level, the 2023/24 Plan for approval.

2. Background

- 2.1 There continue to be significant ongoing challenges faced by local authorities in delivering effective services with limited resources, both with significant inflationary pressures and the ongoing impacts of the pandemic. This highlights how important it is that local authorities manage resources effectively, manage risks and consider opportunities to help achieve the corporate priorities. As part of this, councils need to ensure effective governance arrangements, systems and controls are in place to ensure value for money is achieved and the risk of fraud or error is minimised. Internal Audit work aims to support the organisation by providing independent review of systems, processes and controls and provides a mechanism for identifying improvement actions required by the organisation.
- 2.2 Each year the Audit and Assurance Service sets out its annual internal audit plan for review by the Corporate Leadership Team (CLT) and approval by the Accounts and Audit Committee. Subsequent updates are then provided to CLT and the Accounts and Audit Committee through the year highlighting the work undertaken and progress against key areas of the plan. Actual work undertaken during the year against work planned is set out in the Annual Head of Internal Audit Report.
- 2.3 Whilst this Plan covers a full year, it is acknowledged that there must be flexibility and where needed it will be revised during the year to take account of changes. This will be reflected in further updates during the year.
- 2.4 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).
- 2.5 The Audit and Assurance Service’s approach to undertaking internal audit work is set out in the following documents:
- Internal Audit Charter (This defines the purpose, authority and principal responsibilities of Internal Audit – See Appendix 3)

- Internal Audit Strategy (This details the arrangements in place to deliver internal audit so as to ensure that the objectives of the Audit and Assurance Service are met and the scope of it understood – see Appendix 4).
- Quality Assurance Programme (This sets out how the Service monitors its work to ensure adherence with standards; that it operates in an effective and efficient manner; and through its work adds value to the organisation – See Appendix 5).

3. Compilation of the Internal Audit Plan

- 3.1 The Operational Internal Audit Plan is produced to take into account coverage of risks and associated controls in place. At the end of the year an audit opinion is given as to the overall adequacy and effectiveness of the Council's control environment, which encompasses internal control, risk management and governance. An important consideration is that the plan should include good coverage across the Council's services and systems.
- 3.2 A number of factors are taken into account in compiling the plan based on statutory obligations, the Council's corporate priorities and an assessment of risks. Factors such as materiality, business risks, inherent risks and time since the area was last reviewed are taken into account.
- 3.3 The Internal Audit Plan takes account of risks in relation to financial resilience with reviews covering financial systems and budgetary control (See 5.2). Time will also be allocated to review strategic risks relating to cyber security and information governance (See 5.7).
- 3.4 There is audit coverage across the Council's Corporate Directorates to reflect the Council's corporate priorities set out in the Corporate Plan and areas of strategic and operational risk. For instance, a variety of service audits are included within the Plan (as referred to in Section 5.9). The Corporate Directorates provide input to the plan through liaison with the Audit and Assurance Service throughout the year and through information provided such as through risk registers, action plans, self-assessments and control / governance issues raised.
- 3.5 The Audit and Assurance Service has a number of obligations to take into account in producing the plan. This includes time set aside for the Service to work with CLT to facilitate reporting and provide review of the Council's Strategic Risk Register (See 5.4) and input to the review of the Council's Annual Governance Statement (5.3). A specific category of audit time is also included to reflect the requirement for internal audit checks of information supporting particular grant claims. (See 5.10).
- 3.6 The risk of fraud and corruption is considered as part of planning a wide range of audits and also dedicated work in relation to fraud risks takes place, including co-ordinating, with other teams, the Council's work in

relation to the National Fraud Initiative. For 2023/24, this will include co-ordinating the review of data matches in liaison with other services. It is expected that later in 2023, as part of changes to service structures and reporting lines, the Counter Fraud team, which currently is part of Exchequer Services, will come under the Audit and Assurance Service. Further to that, in addition to the Counter Fraud team continuing to fulfil existing duties, further plans regards anti-fraud work in liaison with Internal Audit will be considered (See 5.5).

- 3.7 There is a programme of planned audits in place of the Council's maintained schools which includes providing assurance that schools are operating in accordance with the Schools Financial Value Standard (See 5.8).
- 3.8 Plans take into account other audit, assurance or development work being undertaken in particular areas. This includes audit work by the External Auditor. Where applicable, plans also consider possible support in relation to other external inspection e.g. Ofsted and Care Quality Commission. Where appropriate, account will also be taken of other internal reviews which may relate, for instance, to work in relation to the Council's Finance and Change Programme and also the work of Scrutiny. Where appropriate, the Internal Audit Plan will be revised through the year.
- 3.9 Plans include co-ordination with partners to provide assurance. This includes ongoing liaison with other Internal Audit sections as part of the STAR Shared Procurement Service to co-ordinate planned work (Where appropriate, Audit will liaise with other Internal Audit teams in other Authorities). Reviews of governance and controls in relation to the Council's joint ventures are also reflected in the 2023/24 Plan (See 5.6).
- 3.10 Time is allocated to follow up on control issues previously raised in 2022/23, including previous audit review work, to assess progress in implementing action plans, particularly where significant areas for improvement in controls have been identified. The plan highlights a number of follow up audits.
- 3.11 The amount of time available to undertake the annual plan is identified, and individual areas of work selected taking into account the above factors. A contingency is also held to allow for unforeseen circumstances (For instance, in 2022/23 this was used to offset a reduction in days relating to a vacancy in the team).
- 3.12 For reporting and monitoring purposes the plan is divided into a number of categories, but it should be noted that there are significant areas of overlap between them.
- 3.13 There are a variety of activities undertaken to fulfil the plan and in addition to conducting internal audit reviews which result in the issuing of audit reports, work may also include providing input to project / working groups,

providing guidance and advice, and providing input to council policies and procedures (See 5.11). The Service also facilitates the production of a number of corporate reports presented to the Accounts and Audit Committee.

- 3.14 The report does not include reference to all work to be undertaken during the year. As issues are raised or areas of risk are identified on an ongoing basis, other areas are included through the year and existing plans reviewed. For some areas, further elements of planning may take place during the year and therefore detailed plans are not available at the commencement of the year. For instance, plans in relation to IT and information governance are currently being developed. Regular updates to CLT and the Accounts and Audit Committee will include reference to new work included in the work plan through the year. The plan is flexible and during the year adjustments may be made to accommodate any changes in the control environment and to consider emergent risks. Supporting the plan set out in this report are further plans detailing work allocated to individual staff.
- 3.15 Time is set aside for the completion of reviews which had been included as part of the 2022/23 Plan. Work completed or in progress in 2022/23 and work carried forward to 2023/24 will be reflected in the Annual Head of Internal Audit Report to be completed by June 2023. For some reviews, suggested timing during the year has been agreed and where applicable, this is indicated in the report. There are also other reviews that have been considered as part of audit planning which are expected to be undertaken in 2024/25.
- 3.16 Assumptions in respect of available audit days are considered to provide the total planned days. For 2023/24, there are 910 available operational audit days. There are currently 6 full-time internal audit posts within the staffing establishment with 5 of these expected to be in post at the start of 2023/24. There is currently a recruitment process in progress for the vacant post with the aim that the post is filled later in 2023. In addition there are resources of 50 audit days to be purchased from Salford Internal Audit Services to undertake ICT audit work.
- 3.17 In addition to the 910 planned days shown, it should be noted that further time is allocated for a number of other activities undertaken that are not reflected in the analysis as they are not attributable to one particular category of work but support the audit process. These include support to the Accounts and Audit Committee, liaison with the External Auditor (Mazars), development of audit systems, procedures and guidance, networking with other North West Internal Audit groups to share good practice, information gathering in support of the production of the audit plan etc. Separate additional time allocations are given to individual staff to undertake these activities.

4. Reporting / Performance Monitoring

- 4.1 Through the year, progress updates will be provided to CLT and the Accounts and Audit Committee (through periodic updates and the Annual Head of Internal Audit Report) which will refer to details of the performance and impact of audit and progress against the plan. This will include details of:
- Actual progress made against planned work for each category of the Audit Plan.
 - Number of audit reports issued against that planned for the year - Target of 30 audit reports (comprising opinion reports, consultancy reports and grant sign-offs) to be completed in 2023/24 to final or draft stage, with any remaining audits to be completed in the following year (See Appendix 1 for planned reports to be issued)
 - Updates on significant work completed, not included in the 2023/24 Internal Audit Plan.
 - The impact of audit recommendations made in terms of both initial acceptance and also implementation (the latter identified through follow up audit work).
 - A summary of feedback from managers in respect of client surveys, which is detailed in the Annual Head of Internal Audit Report.
- 4.2 Where reviews or other key areas identified in the 2023/24 Plan are not undertaken as scheduled, this will be reported in subsequent updates including in the 2023/24 Annual Head of Internal Audit Report.
- 4.3 Updates through the year will also include commentary on Audit resources available if there are issues that may impact on completion of the plan.

5. Internal Audit Plan Coverage 2023/24

- 5.1 The plan is compiled to ensure coverage across a wide and diverse range of areas of risk in relation to services, systems and thematic areas of coverage. Each of the main categories of work is described in the paragraphs below.

In Appendix 1, there is a summary of the planned work and an estimated time is allocated to each category. It includes a listing of audit reports to be issued. This also indicates reviews where reports are expected to be issued in quarter one of 2023/24.

In Appendix 2, there is an explanation of the audit opinion levels. These were previously updated in 2021/22 in line with guidance from CIPFA.

5.2 Financial Systems

Audit coverage includes review of core financial systems that provide key inputs for the production of the material balances in the Council's

accounts. Previous assurance obtained in earlier audits will be taken into account in planning the level of audit coverage within individual reviews.

There continues to be significant challenges in managing risks relating to the Council's financial position, particularly with the ongoing impact of inflationary pressures. Ongoing assurance will be sought on the management of financial risks and where appropriate audits will consider actions to address such risks.

Coverage will include review of the following systems during the year:

- Audit review of key systems and processes which are subject to periodic review:
 - Treasury Management - Issue of a final report from a review which was agreed to commence in the final quarter of 2022/23 with any further work, including follow-up, to be agreed further the review being finalised.
 - Business Rates – Review of systems, procedures and controls expected to be undertaken in the 3rd quarter of 2023/24.
 - Accounts Receivable/Debt Recovery – Review of systems, procedures and controls with timing to be confirmed.
- Other reviews carried forward from the previous year as follows:
 - Budgetary Control - Review of budgetary control processes to include coverage of previous agreed improvement actions and consideration of good practice.
 - Accounts Payable system review to include covering further progress made in addressing previous recommendations.
- In relation to Adult Social Care:
 - Adult Social Care Payments (Liquid Logic/ContrOCC system). An audit report was issued in September 2022 providing a progress update on work to implement previous audit recommendations. It was agreed there would be further reporting after March 2023 to provide an update and also a latest audit opinion. In the meantime, Audit is continuing to work with relevant services in Adults' and Exchequer Services regards progress with various issues in relation to processes supporting Adult Social Care payments.
 - Adult Social Care Direct Payments - An audit report was issued in August 2022 which highlighted progress made in implementing previous audit recommendations and noted further actions planned. Audit review work will be undertaken to assess progress being made.

- In relation to Children's Services:
 - Children's Social Care Payments systems – An audit review is in progress and will be finalised in quarter 1 of 2023/24. Findings from this latest review will help to inform future audit planning.
- Other follow-up of previous internal audit work :
 - An audit review of Council Tax was completed in 2022/23 with a final report issued in October 2022 providing Substantial assurance with a small number of recommendations made. An update on progress in implementing these will be obtained later in 2023/24.

Audit is continuing to develop its processes in relation to the use of data analytics as part of its work. Data analytics can be applied to Internal Audit processes to add value by discovering and analysing patterns, deviations and inconsistencies, and extracting other useful information in the data underlying or related to the subject matter of an audit. This can be applied for the purpose of planning and performing the audit. Consideration will be given to this in planning the review work covered above.

Time will also be set aside for other issues and developments arising in respect of financial systems where further audit input or advice may be appropriate. Audit and Assurance will also take into account findings from the External Auditor and will liaise with the Section 151 Officer to consider any further potential review work to include in the Internal Audit Plan. (Also see section 5.3 (Governance) in respect of the CIPFA Financial Management Code. and 5.6 (Procurement/Contracts/Value for Money) in respect of the Asset Investment Strategy.

5.3 Governance

Audit and Assurance will continue to provide a role in reviewing the compilation of the Council's Annual Governance Statement (AGS). The AGS is required to be produced in accordance with the Accounts and Audit Regulations 2015 and is collated and produced by Legal and Governance.

Audit and Assurance will provide feedback where appropriate on the process for the production of the 2022/23 AGS including commenting on the content of the draft AGS with reference to the CIPFA/SOLACE Governance framework and guidance. Audit and Assurance will also provide assurance as required to be reflected in the AGS.

Local authorities are expected to assess their compliance with the principles of the CIPFA Financial Management Code and report on this within the AGS. Further to previous reports, a further update on compliance with the standards is expected to be provided by Financial

Management later in 2023 and Audit will consider progress in this area which may inform future audit planning.

It should be noted that within other sections of this report, planned audit work also includes reviewing developments in relation to a number of significant governance issues highlighted in the 2021/22 AGS such as audit coverage in relation to information governance, contract monitoring audits and financial management.

Time may also be used in the plan to provide internal audit input to reviewing other governance issues across the Council, including issues within the Council and through joint ventures and other partnerships. In addition to work in relation to the AGS, Audit will liaise with the Legal and Governance Directorate to consider further specific audits in relation to governance and ethics and where applicable will be reflected in future plans.

Where appropriate, Audit will liaise with partner organisations and time will be allocated for any assurance required to be provided in relation to Greater Manchester (GM) wide issues. This may include liaison with counterparts in other GM Councils, the Greater Manchester Combined Authority (GMCA), NHS and other organisations.

5.4 Risk Management

Time is allocated to review existing risk management arrangements across the Council and ensuring processes are evidenced. This will include continuing to facilitate the ongoing update of the Strategic Risk Register. This provides assurance in respect of the highest strategic risks faced by the Authority in terms of the management and ongoing monitoring and mitigating actions for those risks - Risks such as in relation to financial resilience and the impact of COVID-19; climate change; business continuity, safeguarding responsibilities, cyber security, information governance, and in relation to the management of joint venture arrangements.

Audit will continue to review the effectiveness of reporting processes for the strategic risk register and where appropriate provide suggestions or recommendations for consideration by CLT.

An internal audit report covering the Council's business continuity arrangements, which has continued to be reported as one of the Council's strategic risks was issued in January 2023. This acknowledged ongoing developments being made to existing processes but included an action plan where further action was required. There will be further reporting regards progress against the action plan.

An audit of corporate health and safety processes commenced in the latter part of 2022/23, with a final report due to be issued by the end of 2022/23.

Where applicable, there will be subsequent follow up of this review in 2023/24.

In respect of another of the current strategic risk areas and key corporate priorities, Audit will review processes supporting the reporting and monitoring of the Climate Change risk. It is acknowledged that new staffing is being recruited to support Council activity on this area and a review is to be considered to commence in the second half of 2023/24.

Issues in relation to other areas of strategic risk are also reflected in audits within this plan within other sections of the report. In addition, during the year as part of ongoing audit planning, there will be consideration of other audit work directly covering strategic risk areas and work may be added to this year's Plan or included in future plans. Audit will consider the adequacy of risk management within individual Directorates and as part of ongoing audit planning, consider further reviews.

In terms of corporate risk management, the Service maintains corporate risk management guidance, available on the Council's intranet, which where applicable will be further updated during the year. The existing Risk Management Policy and Strategy documents which include risk management reporting arrangements will be subject to review during the year with any recommended updates to be agreed with CLT and the Accounts and Audit Committee.

5.5 Anti-Fraud & Corruption

Fraud and corruption risks are considered as part of audit planning for individual audit reviews and where appropriate recommendations are made to reduce the risk of fraud.

The Service will also continue to support the National Fraud Initiative (NFI) and will liaise with other services to ensure that data matches identified in 2022/23 are followed up in line with Cabinet Office requirements. Progress will be reported in future Audit and Assurance Service updates.

Specific cases of suspected internal fraud or theft referred to the Audit and Assurance Service will be subject to investigation during the year.

Audit and Assurance will continue to work with the Counter Fraud Team, Legal Services, Human Resources and other services as required to review polices and guidance in relation to the Anti-Fraud and Corruption Strategy, and where applicable publicise any updates to these as appropriate. It is expected that during 2023/24, as part of changes to service structures and reporting lines, the Counter Fraud team, which currently is part of Exchequer Services, will come under the Audit and Assurance Service. Further to that, in addition to the Counter Fraud team continuing to fulfil existing counter-fraud duties, further plans regards anti-fraud work will be considered.

5.6 Procurement / Contracts / Value for Money

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.

As part of internal audit planning in relation to the STAR Shared Procurement Service, Audit liaises with both STAR and the Internal Audit sections of the partner authorities (Stockport, Rochdale and Tameside Councils). Audit plans are agreed and relevant findings shared to ensure a co-ordinated audit process. At the time of this report, planned audit review work agreed for 2023/24 is set out below:

- A review of income collection processes for STAR to ensure there are adequate and effective processes in line with its charging policy. (Lead Authority to be confirmed).
- An audit review of governance processes with regard to the requirements associated with extending contracts. Audit testing will focus on contracts at Rochdale Council, but outcomes will be shared with all the STAR authorities, both to inform any potential areas for development for STAR and individual authorities.
- Further to a previous audit review of Social Value undertaken in 2021/22, it was agreed that another audit within this area would be included to commence in the second half of 2023/24. STAR are introducing new reporting arrangements for reporting on the delivery of Social Value from April 2023 and it was agreed that a review can take place later in 2023/24 when processes have been implemented. Audit testing will focus on contracts at Trafford Council and relevant findings will be shared both with STAR and partner authorities.
- A review of Risk Based Sourcing for below threshold procurement activity to be undertaken to establish if the process is suitable, to evaluate how risk is being assessed, and where possible the assessment is appropriate to encourage local/small-to-mid size enterprises (SME) and voluntary, community and faith social enterprises (VCFSE) bidders. Audit testing will again focus on Trafford with findings shared within STAR as appropriate.

STAR regularly liaise through the year with Internal Audit and provide updates on developments. During 2022/23, this included details of performance updates and service developments. Further meetings are scheduled during 2023/24.

Other review work across the Audit Plan is covered in other sections includes consideration of aspects of procurement and contract monitoring.

In respect of the latter, in relation to the Council's One Trafford Partnership with Amey, an audit review of contract monitoring arrangements in respect of Waste Services was undertaken in 2022/23. A follow-up will be undertaken to assess progress in implementing any agreed recommendations.

A new parking enforcement contract is expected to be in place by April 2023 and later in 2023/24, an audit is planned to review contract monitoring arrangements in place.

There will be coverage in respect of the joint ventures set up with Bruntwood which are key regeneration projects and part of the Council's asset investment strategy. The scope of such a review will be agreed and is expected to include coverage of governance and performance monitoring taking into account good practice guidance from CIPFA.

5.7 **Information Governance (IG) / Information, Communications and Technology (ICT)**

This block of work covers both ICT auditing as well as the review of information governance processes across the Council. Risks in relation to cyber security, and information governance continue to be highlighted on the Council's strategic risk register.

The audit of ICT covers the review of procedures, processes and controls across a range of computer systems and technical solutions. Salford Internal Audit Services undertake a significant part of this work and also contribute to audit planning in respect of this area. At the time of this report, audit planning work for 2023/24 is in progress through liaison with IT and Digital. Agreed coverage will be reflected in the Quarter 1 Audit and Assurance update.

Audit planning will take into account:

- coverage in relation to relevant strategic risks regards cyber security and business continuity/disaster recovery
- further developments across systems and processes recently subject to reviews in respect of IT Service management and Asset Management.
- other areas of risk and developments in Council systems.

During 2022/23, following a survey of Trafford schools on their IT governance and security arrangements and subsequent visits to a selection of schools, an advisory report was shared with all schools to provide guidance and share details of best practice. In liaison with relevant Council services, further guidance will be shared as outlined in an action plan following the review undertaken.

Audit work also encompasses wider information governance aspects. It is acknowledged that the Information Governance function is currently

subject to a service review and planned internal audit work will be agreed during the year once revised arrangements are fully established.

Assurance will be sought on progress regards previous audit recommendations as highlighted in a previous data breaches internal audit review. Assurance on other aspects as highlighted in recent strategic risk register updates will also be sought such as in respect of actions to improve performance in processing Subject Access Requests; Freedom of Information requests and also developments in reviewing records management in the Council.

Audit will also consider the Council's assessment submitted for the mandatory NHS Data Security and Protection Toolkit to gain assurance and assist in future audit planning.

5.8 Schools

As part of the Schools Financial Value Standard (SFVS), schools are required each year to submit a declaration to show adherence to the Standard. The audit work programme takes into account the standards expected when evaluating the adequacy and effectiveness of internal controls, governance and risk management at individual schools.

Information provided in SFVS assessments submitted is utilised by Audit and Assurance to assist in planning and undertaking school audits.

Audit will continue to liaise with relevant services, including Finance and Education Services, in relation to schools related issues including sharing findings and considering risk areas and future planned audit coverage.

It is planned during 2023/24, that at least 10 school audits will be undertaken. Audit reports will be issued as part of each review.

Audit reviews undertaken in 2022/23 will be followed up to assess progress in implementing audit recommendations. Any audits completed where the opinion was less than "Reasonable Assurance" will be subject to a follow-up audit in 2023/24. For other schools, requests will be made to provide updates regarding progress in implementing audit recommendations made.

(Also see other sections for schools related audit activity (5.7 ICT Audit) and (5.9 Other Strategic and Service Risks)).

5.9 Assurance – Other Strategic and Service Risks

Time is allocated to reviewing risk areas derived from a number of sources not covered within other categories of the plan, including director's / senior managers' recommendations, risk registers and areas identified by the Audit and Assurance Service. Reviews may cover individual services, functions and authority wide issues and risks to ensure a broad coverage of audit work across the Council.

For service related reviews, risks reviewed may encompass a number of areas of control such as procedures and responsibilities, adherence to legislation, budgetary control, Payroll/HR related processes, risk management, security (of cash, assets and data), expenditure; income collection and recording, data quality, performance monitoring, information governance and other risks specific to the objectives of the service under review.

A number of audit reviews were originally scheduled to commence by the end of Q4 2022/23 with a view to being completed in 2023/24. These are as follows:

- Supporting Families Programme / Early Help (Children's Services)
 - Finalise the current review to provide assurance on systems and process in line with requirements set out by the GMCA and where applicable, undertaken further work later in 2023/24 in accordance with GMCA requirements.
- Outdoor Advertising (Place) - Processes for arranging outdoor advertising across the borough including collection of income and contract management.
- Let Estates (Place) A final report was issued in March 2022 which provided a limited level of assurance. Findings were based on processes prior to the function being recently transferred back in house from Amey as part of the One Trafford Partnership. During 2022/23 Audit has liaised with service management to track progress being made in implementing recommendations. A follow up review is due to commence in March 2023 where the opinion level will be reviewed and reported by early 2023/24.
- Building Control (Place) - Audit to include systems and processes for dealing with Building Regulation applications.
- Bereavement Services (Strategy and Resources) - Audit work is expected to commence by March 2023 and finalised in the first quarter of 2023/24. Review to include systems and procedures in place, including review of previous control improvements made following previous audit review work.
- Cleaning Services (Strategy and Resources) – As previously planned, review of systems, procedures and controls expected to commence by the end of 2022/23 and reported in the first quarter of 2023/24.
- Schools Catering Services (Strategy and Resources) – In agreement with the Service, review to be undertaken alongside the Cleaning Services review.
- Blue Badges (Strategy and Resources) - Audit to review systems, procedures and controls taking into account any service improvement actions undertaken.
- Recruitment processes (Strategy and Resources) – Previously delayed in agreement with the Service with a view to commencing the review in early 2023/24.

Other audits included in the 2023/24 Plan are as follows (with the relevant Corporate Directorate(s) shown in brackets):

- Adult Safeguarding (Adults' Services) - An audit review of Adult Safeguarding systems and processes covering governance and operational processes in place to manage this strategic risk.
 - Deprivation of Liberty Safeguards (Adults' Services) – Further work in relation to safeguarding processes covering systems and processes in place to ensure the Council has effective processes to meet statutory requirements. In addition, to ensure it has effective arrangements to enable a smooth transition for whenever new statutory processes come in to effect (Liberty Protection Safeguards).
- Note: other audit input and future audit plans in respect of Adult Social Care will be considered as part of liaison with services during 2023/24.
- Hayeswater Contact Centre (Children's Services) – Audit review of financial administration agreed to be undertaken later in 2023/24 further to previous audit advice provided. Further to this, consideration to be given to audit coverage across other centres.
 - School Places / Admissions (Children's Services) – Review of systems and controls in respect of Schools Admissions and managing risks associated with the demand for school places which is currently on the Council's strategic risk register.
 - Housing Standards (Place) – Review of arrangements in place by the Service in providing support and investigating issues and risks in respect of housing conditions within the Borough.
 - Section 106 / Community Infrastructure (Place) - Review of systems and controls in relation to the receipt of income or other benefits which are used to fund infrastructure to mitigate the effects of the development or improve facilities for the community. Given staffing changes it was agreed this review would start at the end of 2023/24.
 - Tree Unit (Place) - review of risk management processes in place for managing the inspection and maintenance of trees.

For the above reviews, Audit and Assurance will contact individual services to agree the detailed scope of the reviews prior to any work being undertaken.

There will also be time allocated to follow up audits undertaken in 2022/23. This will include the following:

- Home to School Transport (Children's Services) – review to include follow up of audit review undertaken in 2022/23 and other service developments since the previous review.

- Safety at Sports Grounds (Place) - Work is currently in progress and further to the completion of the final report, any recommendations made will be followed up later in 2023/24.
- Licensing (Place) - An audit report was issued in May 2022, and it was agreed that a further follow-up review will be undertaken to assess progress against previous recommendations.
- Sale Waterside Arts Centre (Strategy and Resources) - Work is currently in progress and further to the completion of the final report, any recommendations made will be followed up later in 2023/24.

Further to discussions with various services, other areas may be added to the Plan during 2023/24.

5.10 Data Quality/Grant Claims

A block of time is included in the plan for review of grant claims and other data quality checks made through the year where the internal audit function is required as part of the review/sign off process.

There is expected to be a requirement for Audit input to sign off the 2022/23 grant claim in respect of the Disabled Facilities Grant and submit to the Department for Levelling Up, Housing & Communities. Alongside this work, Audit will also continue to review progress in respect of previous recommendations made regards systems and procedures in respect of Home Adaptations services provided.

Audit will be notified of other grant claims and returns to be checked at various stages during the year. Work actually completed will be reported in Audit updates through the year and in the Annual Head of Internal Audit Report.

5.11 Service Advice / Project support

The Audit and Assurance Service provides advice across the Council on governance, control and risk issues. In addition to areas listed elsewhere in this report, time is set aside for the provision of ongoing service advice. This may take the form of responses to ad hoc queries, issuing guidance, and liaison with services. It may include, for instance, support and advice as part of project groups and system boards and liaison with services in respect of the development of new systems, processes and associated controls. This could include issues arising from the Council's Finance and Change Programme which may also inform future audit planned work.

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 will be updated where appropriate through the year.

Account will always be taken of the primary objective of Internal Audit to complete assurance work and approval would be sought from CLT and the Accounts and Audit Committee before any significant unplanned consultancy work is agreed which would impact on the Internal Audit Plan.

2023/24 Operational Audit Plan – Allocation in Days

Appendix 1

Category	Details	Impact of Audit and Assurance's work	Estimated Days
Financial Systems	<p>Coverage, includes audits of fundamental financial systems reviews as described in section 5.2:</p> <p>Advice in relation to consideration of new systems / system development.</p> <p>Audit Opinion Reports planned to be issued include the following:</p> <ul style="list-style-type: none"> - Treasury Management * - Adult Social Care Payments * - Children's Social Care Payments * - Business Rates - Accounts Receivable/Debt Recovery - Budgetary Control - Accounts Payable - Adult Direct Payments 	Assurance on the operation of material business critical systems. Improvements in control environment supporting the achievement of corporate priorities, effective financial management, good governance and supporting the Council's position in respect of its external audit review.	160
Governance	<p>Coverage as described in section 5.3:</p> <p>Corporate Governance / AGS (Legal and Governance) – to liaise with Legal and Governance, including providing comment on processes supporting the AGS, and its content with reference to the CIPFA/SOLACE Governance framework and guidance.</p>	<p>Provision of assurance on the effectiveness of governance arrangements in place within the Council to support the achievement of Council objectives and priorities.</p> <p>The Annual Governance Statement provides assurance to the public on the effectiveness of governance arrangements and enables the establishment of corporate improvement priorities.</p>	25

	Advice / assurance in respect of governance issues and ongoing liaison with services to consider further audit reviews.		
Corporate Risk Management	<p>Coverage as described in section 5.4. includes:</p> <p>Facilitating, and reviewing the effectiveness of, the maintenance 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>Audit Opinion Reports to be issued include the following:</p> <ul style="list-style-type: none"> - Business Continuity(Authority-wide) * 	<p>Assisting the Council to review the effectiveness of risk management leading to improvements in service delivery, achievement of objectives and improvements in the allocation of resources. The work also supports the Council in evidencing good practice undertaken when subject to inspection and review.</p>	50
Anti-Fraud & Corruption	<p>Coverage as described in section 5.5:</p> <p>Co-ordinate the Council's activity in respect of the National Fraud Initiative 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 working with other relevant services to review existing strategy, policies and guidance.</p>	<p>Contributes to the maintenance of high standards of conduct and governance. Provides assurance on the management of the risks of fraud and corruption. Advice to services on the improvement of controls in place to reduce potential risks, e.g. financial loss and reputational damage.</p>	80

Procurement / Contracts / Value for money	<p>Coverage as described in section 5.6:</p> <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>Audit Opinion Reports to include:</p> <p>STAR:</p> <ul style="list-style-type: none"> - STAR billing and income collection procedures (Lead Council to be confirmed) - Contract Extensions (Lead: Rochdale Council) - Social Value (Lead: Trafford Council) - Risk Based Sourcing (Lead: Trafford Council) * <p>Other:</p> <ul style="list-style-type: none"> - Parking Enforcement - Joint Ventures (Bruntwood) 	<p>Assurance and challenge on the adequacy of procurement arrangements. Contributes to improvements in service delivery and the achievement of value for money for the Council.</p>	65
Information Governance / Information, Communications and Technology	<p>Coverage as described in section 5.7:</p> <p>ICT Audit reviews and advice.</p> <p>Information governance reviews and advice</p> <p>Planned audit coverage is currently subject to review and details will be reflected in the Quarter 1 Audit and Assurance update. To date, planned audit reports will include:</p> <ul style="list-style-type: none"> - Post implementation review of the IT Service Management application, Freshservice. 	<p>Specialised technical advice and assurance on the adequacy of controls surrounding ICT systems.</p> <p>Assurance to managers who place significant reliance on ICT systems for the delivery of services.</p> <p>Contribution to the review and further development of the Council's information governance arrangements.</p>	80

Schools	<p>Coverage as described in section 5.8:</p> <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 10 school audits to be undertaken during the year (Children's Services). Final audit opinion reports expected to be issued include</p> <ul style="list-style-type: none"> - Lostock High * - Brentwood * - Broadheath Primary * - At least 7 other schools to be arranged and audit reports issued in 2023/24. <p>Follow-up of progress for all school audits completed in 2022/23 with updates to be obtained from management.</p> <p>To include a follow-up audit:</p> <ul style="list-style-type: none"> - Trafford Alternative Education * 	<p>Supports improvements in standards of governance and control in schools and supports process to enable achievement of standards set by the DfE.</p>	130
Assurance – Other Strategic and Service Risks	<p>Coverage as described in section 5.9:</p> <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 new audit reviews, follow up audits and gaining assurance from service updates.</p>	<p>This work enables Internal Audit to provide a breadth of assurance across the Council that there are adequate governance and control arrangements in place, that policies and procedures are being implemented, that risks are being managed, and outcomes delivered.</p>	185

	<p>Audit opinion reports to include the following:</p> <ul style="list-style-type: none"> - Supporting Families (Children's Services) * - Home to School Transport (Children's Services) - Adult Safeguarding (Adult Services) - Deprivation of Liberty Safeguards (Adult Services) - Outdoor Advertising (Place) - Let Estates (Place) * - Building Control (Place) - Housing Standards (Place) - Tree Unit (Place) - Licensing (Place) - Bereavement Services (Strategy and Resources) * - Cleaning Services (Strategy and Resources) - Schools' Catering (Strategy and Resources) - Blue Badges (Strategy and Resources) - Recruitment Services (Strategy and Resources) <p>Other Reviews to commence by the end of Q4 2023/24 with reports to be issued in 2024/25:</p> <ul style="list-style-type: none"> - School Places/Admissions (Children's Services) - Hayeswater Contact Centre (Children's Services) - Section 106 / Community Infrastructure Levy (Place) 		
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Grant claims checks / Data Quality	<p>Coverage as described in section 5.10: Internal audit checks of grant claims / statutory returns and other checks as required.</p> <p>Audit and Assurance to be advised through the year of grant claims, review work and other returns to be checked/signed off. To include:</p> <ul style="list-style-type: none"> - Disabled Facilities Grant - To be advised of others during 2023/24 	<p>Ensuring the Council adheres to requirements in submitting relevant grant claims where Internal Audit input is required, providing assurance regarding the accuracy of data and supporting information reviewed.</p>	35
Service Advice / Projects	<p>Coverage as described in section 5.11:</p> <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>Support to services, groups, project teams etc. around the relevance and application of corporate policies, procedure rules and good governance arrangements.</p> <p>Contributing to the delivery of effective project outcomes including input to the consideration of key risks and appropriate controls considered in the development of new systems, functions and procedures.</p>	50
		Total Allocated Days	860
		Contingency (To cover additional / unexpected work and any unexpected reductions in available staff days).	50
		Total Planned Days	910
		Available Days	910
		Surplus/Deficit for Year	0

* denotes draft opinion report to be issued by Quarter 1 of 2023/24.

Appendix 2

Audit Opinion Levels

For the above reviews listed where an audit opinion report is to be issued, an audit opinion will be provided as per the framework below:

Audit Opinion Level	Description
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
Very Low or No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.



**TRAFFORD
COUNCIL**

Internal Audit Charter

Audit and Assurance Service (March 2023)

TRAFFORD COUNCIL

AUDIT AND ASSURANCE SERVICE - INTERNAL AUDIT CHARTER

1. Introduction

- 1.1 Section 151 of the Local Government Act 1972 requires Councils to “make arrangements for the proper administration of their financial affairs”. More specific requirements are detailed in the Accounts and Audit Regulations 2015 in that the relevant authority 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.”
- 1.2 The Internal Audit Charter describes the purpose, authority and principal responsibilities of the Internal Audit function at Trafford which is provided by the Audit and Assurance Service.
- 1.3 The Audit and Assurance Service is required to operate in accordance with the UK Public Sector Internal Audit Standards. The Standards are mandatory for all internal auditors working in the UK Public Sector.

2. Definitions

Internal Audit

- 2.1 “Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.” (Public Sector Internal Audit Standards).
- 2.2 CIPFA provide further details in their PSIAS Local Government Application Note: “Internal audit provides an independent and objective opinion to the organisation on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control. It may also undertake consulting services at the request of the organisation, subject to there being no impact on the core assurance work and the availability of skills and resources.

The “Board” and “Senior Management”

- 2.3 The Public Sector Internal Audit Standards (PSIAS) require that the internal audit charter defines the terms ‘board’ and ‘senior management’ in relation to the work of internal audit. For the purposes of internal audit work, the ‘board’ refers to the Council’s Accounts and Audit Committee which has delegated responsibility for overseeing the work of internal audit. The term senior management will be defined on an individual basis according to individual context but will usually refer to the Corporate Leadership Team (CLT).

3. Mission of Internal Audit and Core Principles for the Professional Practice of Internal Auditing

3.1 The Mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. In order to achieve this, in accordance with the PSIAS, it should operate in accordance with the following core principles:

- Demonstrates integrity
- Demonstrates competence and due professional care
- Is objective and free from undue influence (independent)
- Aligns with the strategies, objectives and risks of the organisation
- Is appropriately positioned and adequately resourced
- Demonstrates quality and continuous improvement.
- Communicates effectively
- Provides risk-based assurance
- Is insightful, proactive, and future-focused.
- Promotes organisational improvement.

4. Status

4.1 The Audit and Assurance Service is within the Council's Finance and Systems Directorate.

4.2 Internal Audit's authority derives directly from its statutory responsibilities and the Procedure Rules established by the Council.

4.3 The responsibility for the production and execution of the internal audit plan and subsequent audit activity rests with the Audit and Assurance Manager. The Audit and Assurance Manager reports to the Director of Finance and Systems (Section 151 Officer) but will also report directly to the Chief Executive where required.

5. Reporting Lines

5.1 The work of the Audit and Assurance Service is reported directly to the Chief Executive; to Members via the committee charged with responsibility for audit and governance (The Accounts and Audit Committee, defined by the term "Board" under PSIAS) and to Executive Members. The work of the Accounts and Audit Committee is also reported annually to the Council.

- 5.2 Internal audit assignments are the subject of formal reports. These reports are sent to the relevant Corporate Director and Head of Service together with relevant managers. The Executive member with portfolio responsibility, Chief Executive, Director of Finance and Systems and External Audit will receive copies of the internal audit reports. The Monitoring Officer will also receive copies of audit reports at the discretion of the Audit and Assurance Manager. Reports are issued initially as drafts and, following agreement as to contents and responsibility for implementing recommendations, a final report is issued. The Accounts and Audit Committee is provided with a listing on a periodic basis of each audit report, summarising the findings and stating the audit opinion given.

6. Independence

- 6.1 The Audit and Assurance Service will be sufficiently independent of the activities being audited so that auditors are able to make impartial and effective professional judgements and recommendations.
- 6.2 Internal Audit will determine its priorities in consultation with the Accounts and Audit Committee.
- 6.3 The Audit and Assurance Manager will report impartially in his or her own name.
- 6.4 Where internal audit staff have a perceived or real conflict of interest in undertaking a particular piece of audit work (whether for personal reasons or through managing or undertaking any non-audit duties), this will be managed through the internal audit management and supervisory process. Work will be re-assigned where appropriate. Staff are required to declare any potential conflict of interest and a signed declaration from each member of staff is required on an annual basis. In the event that the Audit and Assurance Manager has responsibility for any activity relating to non-audit duties, to ensure independence is not impaired, the Audit and Assurance Manager would not be directly involved in the audit of this activity and arrangements would be agreed with the Section 151 Officer.
- 6.5 Adequate budgetary resources will be made available to enable the Internal Audit function to maintain its independence.

7. Responsibilities

- 7.1 The main objective of the Audit and Assurance Service is to provide the Council with an independent and objective opinion on the Council's control environment.
- 7.2 The Audit and Assurance Service should play a key role in shaping the ethics and standards of the Council and where appropriate, act as a catalyst for change and improvement.
- 7.3 The scope of internal audit work will cover all the Council's activities and encompass both the financial and non-financial aspects of the control environment. This includes activities undertaken in partnership with other

organisations where assurance will be sought in accordance with agreed protocols including access rights.

- 7.4 Internal audit work comprises an independent and objective review of the control environment. The key elements of the control environment include:
- (a) Establishing and monitoring the achievement of the organisation's objectives
 - (b) The facilitation of policy and decision-making ensuring compliance with established policies, procedures, laws and regulations – including how risk management is embedded in the activity of the council, how leadership is given to the risk management process, and how staff are trained or equipped to manage risk in a way appropriate to their authority and duties
 - (c) Ensuring the economical, effective and efficient use of resources, and for securing continuous improvement in the way in which the council's functions are exercised, having regard to a combination of economy, efficiency and effectiveness
 - (d) The financial management of the Council and the reporting of financial management
 - (e) The performance management of the Council and the reporting of performance management.
- 7.5 The Council's assurance and performance management framework will be taken into consideration when determining the work of Internal Audit. The key elements of the assurance and performance management framework are:
- Risk management both at the strategic and operational levels
 - The monitoring of key Council objectives and targets by the Corporate Leadership Team
 - Business planning - the identification and monitoring of key business targets by individual services
 - Self-assessments by managers of the operation of controls for which they are responsible
 - Reviews by External Audit
 - Reviews by other external agencies
 - Scrutiny reviews
 - Previous work of Internal Audit and the Accounts and Audit Committee.
- 7.6 Particular attention will be devoted to any aspects of the control environment affected by significant changes within the organisation's risk environment.
- 7.7 The Audit and Assurance Manager will also make a provision, in the scope of Internal Audit's work, to form an opinion where key systems are operated by the Council on behalf of other bodies or other bodies are operating key systems on behalf of the Council.
- 7.8 Where the Council works in partnership with other organisations, the role of Internal Audit will be defined on an individual basis.
- 7.9 The Audit and Assurance Manager will give an opinion on the operation of the Council's control environment, which encompasses internal control, risk management and governance. This is set out in the annual Head of Internal Audit report.

7.10 The Audit and Assurance Service will also take a lead role in supporting the work of the Accounts and Audit Committee. This will include co-ordinating the committee's work programme in agreement with Committee Members and supporting the Committee to report on its work undertaken.

8. Fraud and Corruption

- 8.1 The Audit and Assurance Service works with other services including the Counter Fraud Team, Human Resources and Legal Services to maintain the Council's anti-fraud and corruption policy, strategy and supporting guidance. The Service also works with others to raise awareness of anti-fraud measures across the Council and fraud risks are considered as part of Internal Audit review work.
- 8.2 The Audit and Assurance Manager will be informed of suspected or detected fraud, corruption or impropriety, so that he or she can consider the adequacy of the relevant controls and evaluate the implications of fraud and corruption for his or her opinion on the internal control environment.

9. Access

- 9.1 The Audit and Assurance Service will have unrestricted direct access to all Members, council personnel, records (whether manual or computerised), cash, stores, and other assets and may enter council property or land to obtain such information and explanations considered necessary to fulfil the responsibilities of an internal audit function. Such access shall be granted on demand and not be subject to prior notice and will also extend to partner bodies or external contractors working on behalf of the authority insofar as such access relates to work carried out or services provided on behalf of or in partnership with the authority. In respect of issues where clarity may be required in relation to access rights e.g. in relation to specific partnership arrangements, Audit and Assurance will seek advice, e.g. from relevant service areas such as Legal Services.

10. Limitations of Internal Audit Responsibilities

- 10.1 In seeking to discharge the responsibilities detailed above, and in line with the responsibilities of Internal Audit set out in section 7 above, it should be noted that the Internal Audit function is not responsible for:
- Controlling the risks of the authority.
 - Establishing and maintaining systems of internal control.
 - Determining operational policies or procedures.

11. Resources

- 11.1 The Audit and Assurance Manager will hold a relevant professional qualification; have wide experience of audit and management and will be responsible for ensuring that the Audit and Assurance Service is appropriately staffed in terms of numbers, grades, qualification levels and experience.

- 11.2 The Audit and Assurance Manager will ensure that appropriate provision is made for maintaining and developing the competence of audit staff. All internal auditors will undertake a programme of continuing professional development to maintain and develop their skills. A record of training and development undertaken and planned will be maintained.
- 11.3 The Audit and Assurance Manager is responsible for ensuring that the resources of the Audit and Assurance Service are sufficient to meet its responsibilities and achieve its objectives. If a situation arose whereby it was concluded that resources were insufficient this will be formally reported to the Section 151 Officer, Chief Executive and, if the position is not resolved, to Members charged with responsibility for audit and governance (Accounts and Audit Committee).

12. Consultancy

- 12.1 Consultancy comprises the range of services, other than assurance services, provided by Internal Audit to assist management in meeting the objectives of the Council. This may include facilitation, process design, training, and advisory services. The Audit and Assurance Manager will be responsible for deciding what level of consultancy support Internal Audit can provide. The scope of any consultancy work will be agreed with management and will only be undertaken where resources permit without impacting on the planned annual assurance process.
- 12.2 In the event that the Service has previously performed consulting services, in planning the allocation and scoping of future assurance work, account will be taken of consultancy work performed in that area to ensure that independence and objectivity is not impaired.
- 12.3 Account will always be taken of the primary objective of Internal Audit to complete assurance work and approval would be sought from the Accounts and Audit Committee before any significant unplanned consultancy work is agreed which would impact on the Internal Audit Plan.

13. Review

- 13.1 The Internal Audit Charter will be subject to regular review, the results of which will be reported for approval by the Corporate Leadership Team and the Accounts and Audit Committee.

**Mark Foster
Audit and Assurance Manager
March 2023**



**TRAFFORD
COUNCIL**

Internal Audit Strategy

Audit and Assurance Service (March 2023)

TRAFFORD COUNCIL AUDIT AND ASSURANCE SERVICE

INTERNAL AUDIT STRATEGY

1. Introduction

- 1.1 The Internal Audit Charter defines the purpose, authority and principal responsibilities of Internal Audit. The Internal Audit Strategy set out in this document details the arrangements in place to deliver internal audit so as to ensure that the objectives of the Audit and Assurance Service are met and the scope of it understood.
- 1.2 The Audit and Assurance Service is required to deliver a risk-based audit plan in a professional independent manner, to provide the Council with an opinion on the level of assurance it can place upon the internal control environment (which encompasses internal control, risk management and governance); and, where applicable, to make recommendations to improve it.
- 1.3 The Strategy Statement below sets out the key requirements for ensuring the Audit and Assurance Service fulfils its role effectively. The Statement sets out the overarching vision and aims of the Service. Details of how these requirements are to be met are set out in sections 3 to 8 of the Strategy.

2. Strategy Statement

- 2.1 The Mission and Core Principles for Internal Audit are defined in the Internal Audit Charter, in accordance with the Public Sector Internal Audit Standards (PSIAS) and the Audit and Assurance Service should work to these in its planning and service delivery. (See Section 3.1 of the Internal Audit Charter).
- 2.2 The Audit and Assurance Service plays a key role in shaping the ethics, values and standards of the Council. The Service should be professional, challenging and innovative, acting as a catalyst for change and improvement by:
 - Ensuring its work adds value and maximises assurances to the Council about its positive impact on the achievement of corporate objectives and service delivery;
 - Having a sound knowledge of the organisation, being forward looking and aware of local, regional and national agendas and their impact on the Council;
 - Ensuring the service is flexible, works in partnership with managers, invests in good working relationships with all stakeholders and responds effectively to the changing needs of the Council;
 - Having sufficient resources to effectively deliver the vision and uphold professional standards, particularly officer resources with the number, skills mix, knowledge and experience to achieve this.

3. Service Provision

- 3.1 The Internal Audit function is provided by the Audit and Assurance Service, which is within 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 and Systems (Section 151 Officer). The Service maintains independence in its reporting as set out in its Charter and associated procedures.

3.2 Internal audit services to the Council are currently provided by in-house resources and are complemented by bought-in resources as follows:

- Specialist ICT audit resources are provided by Salford Internal Audit Services. This arrangement was originally agreed by the Association of Greater Manchester Authorities as part of a review of joint working whereby Salford City Council provide specialist resources for use by all the Greater Manchester authorities. These specialist resources are used to complement in-house resources.
- Internal audit resources will be bought-in if the Audit and Assurance Manager, in agreement with the Director of Finance and Systems, considers this to be necessary to ensure completion of the internal audit plan, and if resources permit this approach. The engagement of bought-in internal audit resources will be reported to Members charged with the responsibility for audit and governance. (Recognition will be given to potential conflicts of interest where bought in internal audit resources also provide non internal audit services to the Council).

3.3 The Audit and Assurance Manager is responsible for ensuring that all internal audit work complies with the Internal Audit Charter and the Public Sector Internal Audit Standards.

4. Audit Planning

4.1 A risk based Audit and Assurance Service plan will be produced on an annual basis. Work will be planned to ensure adequate assurance is provided towards the completion of the Council's Annual Governance Statement.

4.2 Resources will be allocated taking into account assurance levels required, risks involved and the potential impact of the work. The planned programme of work will be informed by:

- assurance required to be provided as a Council
- assurance gained from other sources other than internal audit work including external audit and other inspectorates, service self-assessments etc.
- knowledge and understanding of the organisation including future priorities and potential impacts
- detailed consultation with key stakeholders.

4.3 Factors to be taken into account when undertaking a risk assessment of auditable areas will take account of the council's assurance and performance management framework including:

- Risk management both at the strategic and operational levels
- Monitoring of key council objectives and targets by the Corporate Leadership Team
- Directorate and Service Business Planning arrangements

- Governance and control self-assessments by managers of the operation of controls for which they are responsible
 - Reviews by External Audit and other external agencies
 - Other internal reviews including scrutiny work
 - Previous internal audit and Accounts and Audit Committee findings.
- 4.4 The Annual Internal Audit Plan lists the areas to be audited and the resources required. Audit reviews and other programmes of work will focus both on strategic and operational issues. To ensure adequate flexibility, audit work will involve a number of different methods of delivery i.e. traditional internal audit reviews; provision of guidance; awareness raising; advice to project / working groups etc. The plan will be prepared to ensure:
- Fundamental financial systems are reviewed on a cyclical basis.
 - Adequate resources are set aside for anti-fraud and corruption work including investigating suspected cases and raising awareness across the Council.
 - Adequate resources are included to enable reviews of the Council's corporate governance and risk management arrangements.
 - The Council's ICT systems and information governance processes are subject to adequate internal audit coverage.
 - Procurement and contracts arrangements across the council are reviewed.
 - Internal Audit fulfils its role in auditing schools, supporting the process by which schools are required to meet the Schools Financial Value Standard.
 - Adequate coverage of other key business risks including individual coverage of authority-wide issues, individual services, establishments, partnerships, programmes and projects.
- 4.5 Provision is made to follow up work completed in previous periods. The plan also contains a contingency for unforeseen changes which may necessitate a change in priorities.
- 4.6 The Internal Audit Plan is flexible and will be kept under review and will be revised to take account of changes in the risk environment. Significant changes in the plan will be reported to the Corporate Leadership Team and to the Accounts and Audit Committee.
- 5. Service Delivery**
- 5.1 There will be close working with management in agreeing the scope of individual audit assignments. The planning and scoping process takes into account any significant factors, developments and key risks to ensure the internal audit review of that area will add value for the Council.
- 5.2 The ongoing development of the Audit and Assurance Service's knowledge base will provide an effective source of information as part of the planning process. Knowledge will be developed by various means including ongoing liaison and discussion with managers and other key stakeholders.
- 5.3 Individual Audit and Assurance projects will have, within the overall project time allocation, planned time to allow the Audit and Assurance Officer(s) to research

and build their knowledge of the area (proportionate to the nature/complexity of the review).

- 5.4 The Audit and Assurance Manager will ensure that there are documented protocols and procedures for planning and conducting audits, setting out the standards for the service. These will be set out in the Audit Manual. The Audit and Assurance Manager will monitor performance against the standards set out in the Audit Manual and other relevant documents.

6. Reporting

- 6.1 Reporting arrangements for the Audit and Assurance Service are set out in protocols which form an integral part of the Service's Audit Manual.
- 6.2 The approach to reporting, delivering opinions and supporting conclusions, and developing associated improvement actions will be flexible. This will be to ensure that officer resources are effectively utilised, the needs of recipient managers/stakeholders are met, the necessary assurance is provided and the form of reporting maximises ownership and impact of resulting improvement actions / organisational change being recommended.
- 6.3 For individual audit assignments, where internal audit recommendations are made, these will be discussed with management prior to the issue of audit reports. The findings from the audit will be reported, clearly identifying and explaining the key risks and control weaknesses, with the relative priority of recommendations clearly communicated. Following each audit, the client manager will have the opportunity to provide feedback via the client satisfaction survey.
- 6.4 Progress against the annual internal audit plan will be monitored by the Audit and Assurance Manager and reported to the Corporate Leadership Team and to the Accounts and Audit Committee on a regular basis.
- 6.5 The Audit and Assurance Service will give an overall opinion each year on the Council's risk management, control and governance arrangements to support the Annual Governance Statement. The Internal Audit opinion on the control environment will be given in the Annual Head of Internal Audit Report, which will be presented to the Corporate Leadership Team and the Accounts and Audit Committee.

7. Staffing / Resources

- 7.1 In order to deliver the Internal Audit Strategy and comply with professional standards, it is important that the Audit and Assurance Service comprises staff with the appropriate skills and experience.
- 7.2 Audit and Assurance officers are expected to undertake continuing professional development as appropriate and undertake training / development activities, both for personal development and to ensure there is an effective skills balance within the Service.

- 7.3 The Service operates personal development and review processes in line with the Council's policy as well as professional good practice. Ongoing training and development needs are identified as part of this process. In addition to internal training, such as through e-learning, shadowing the work of colleagues etc., available training provided by key providers such as CIPFA and IIA is considered and where appropriate included within the ongoing programme of training. Training and development needs are reviewed regularly.
- 7.4 The Service has a clearly defined code for staff encompassing ethics, conduct and values in accordance with the Public Sector Internal Audit Standards. Staff are required to complete and sign a declaration statement in line with the PSIAS Code of Ethics.
- 7.5 If resources, including staffing, are insufficient for the Audit and Assurance Service to provide an opinion on the control environment, the Audit and Assurance Manager will report this to the Director of Finance and Systems, Chief Executive and to the Accounts and Audit Committee.

8. Ongoing Development Actions

- 8.1 The Service reviews its procedures, systems and working methods on a regular basis. This includes a review, at least annually, against the Public Sector Internal Audit Standards through either an internal or external assessment. Details are reported to the Accounts and Audit Committee within the Head of Internal Audit Annual Audit Report. The Service has a Quality Assurance Improvement Programme setting out its quality review processes in place which includes details in respect of both internal and external assessments (See Appendix 5).
- 8.2 There are a number of areas that are subject to ongoing or periodic review to ensure standards are maintained and where possible improvements made. The following will continue to be considered as part of ongoing service planning and monitoring of performance:
- Consider the ongoing appropriateness / application of audit procedures and protocols both in ensuring these continue to meet the organisation's requirements and remain in accordance with the Public Sector Internal Audit Standards.
 - Continue to consider and where appropriate, adopt, various approaches to audit reporting taking into account client feedback
 - Continue to consider training and development needs of staff to ensure there remains adequate knowledge and expertise in specific areas of audit activity.
 - As part of ongoing audit planning, continue to consider the approach to gathering assurance including collaboration with other Internal Audit providers e.g. in respect of audit reviews of partnerships and other arrangements where there is collaboration between organisations.
 - Continue to consider appropriate means of raising awareness of key governance and control issues. Ensure content on the Audit and Assurance Intranet site is regularly reviewed to ensure it is up to date and provides effective guidance.

- Ensure methods of working take into account any changes in the organisational structure, accommodation issues, technology, agile working protocols etc.

9. Review

- 9.1 The Internal Audit Strategy will be subject to regular review, the results of which will be reported to the Accounts and Audit Committee and the Corporate Leadership Team.

Mark Foster
Audit and Assurance Manager
March 2023



**TRAFFORD
COUNCIL**

Quality Assurance Improvement Programme - Audit and Assurance Service

Audit and Assurance Service (March 2023)

TRAFFORD COUNCIL AUDIT AND ASSURANCE SERVICE

Quality Assurance Improvement Programme

1. Introduction

- 1.1 The Audit and Assurance Service Quality Assurance and Improvement Programme (QAIP) is in place to provide reasonable assurance to the various stakeholders of the Internal Audit activity that the Service:
- Performs its work in accordance with its Charter, which is consistent with The Public Sector Internal Audit Standards' (PSIAS) definition of Internal Auditing and Code of Ethics;
 - Operates in an effective and efficient manner; and
 - Is perceived by stakeholders as adding value and improving Internal Audit's operations.
- 1.2 The QAIP covers Internal Audit activity in accordance with the PSIAS Standard 1300 (Quality Assurance and Improvement Programme), including:
- Monitoring the Internal Audit activity to ensure it operates in an effective and efficient manner;
 - Ensuring compliance with the PSIAS' Definition of Internal Auditing and Code of Ethics;
 - Helping the Internal Audit activity add value and improve organisational operations;
 - Undertaking both periodic and on-going internal assessments (Standard 1311); and
 - Commissioning an external assessment at least once every five years, the results of which are to be communicated to the Accounts and Audit Committee (in accordance with Standard 1312 and 1320).

2. Internal Assessments

- 2.1 In accordance with PSIAS Standard 1311, internal assessments are undertaken through both on-going and periodic reviews.

On-going Reviews

- 2.2 Continual assessments are conducted through:

- Management supervision of each audit review;
- Audit policies and procedures used as set out in the Internal Audit Strategy and Audit Manual for each assignment in order to comply with appropriate planning, fieldwork and reporting standards;
- Review and approval of all final reports including recommendations and levels of assurance by the Audit and Assurance Manager.
- Feedback from audit clients obtained through a client survey issued following each internal audit review. A summary analysis of responses received is included in the Annual Head of Internal Audit report.

- Monitoring of internal performance to feed into regular reporting to the Corporate Leadership Team and Accounts and Audit Committee.

Periodic Review

2.3 Periodic assessments/reviews are conducted through:

- Reporting through the year in periodic updates and annual reporting to the Corporate Leadership Team and the Accounts and Audit Committee on the work of Internal Audit. This includes presenting the Internal Audit Plan for approval; periodic updates of progress against the Plan and work completed for the year reflected in the Annual Head of Internal Audit Report.
- Annual self-assessment against the Public Sector Internal Audit Standards with a summary of the outcome of this exercise reported in the Annual Head of Internal Audit Report, including any key improvement actions planned.
- Performance review of individual audit staff through the Council's corporate processes.

3. **External Assessments**

3.1 External assessments will appraise and express an opinion about Internal Audit's conformance with the PSIAS' Definition of Internal Auditing and Code of Ethics and include recommendations for improvement, as appropriate.

Frequency of External Assessment

3.2 An external assessment will be conducted at least every five years, in accordance with the PSIAS. Appointment of the External Assessor and scope of the External Assessment will be agreed with the Section 151 Officer and Chair of the Accounts and Audit Committee.

Scope of External Assessment

3.3 The scope of the external assessment will consist of the following elements of Internal Audit activity:

- Conformance with the Standards, Definition of Internal Auditing, the Code of Ethics, Internal Audit's Charter, plans, policies, procedures, practices, and any applicable legislative and regulatory requirements;
- Integration of the internal audit activity into the Council's governance and reporting framework;
- Processes undertaken by Internal Audit;
- The mix of knowledge, experiences, and disciplines within the staffing structure;
- A determination whether Internal Audit adds value to governance, risk management and internal control within the Council.

3.4 Results of external assessments will be provided to the Accounts and Audit Committee. The external assessment report will be accompanied by a written action plan in response to recommendations identified. Any significant areas of non-compliance will be reported in the Annual Head of Internal Audit Report and where applicable, considered for inclusion in the Annual Governance Statement.

4. Review of the QAIP

4.1 This document will be appropriately updated following any changes to the PSIAS or Internal Audit's operating environment and will be reviewed on a regular basis.

Audit and Assurance Service : March 2023