

TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 27 September 2023
Report for: Information
Report of: Audit and Assurance Manager

Report Title

Audit and Assurance Report for the Period April to June 2023.

Summary

The purpose of the report is:

- **To provide a summary of the work of Audit and Assurance during the period above.**
- **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 June 2023

Date: **September 2023**

1. Purpose of Report

This report summarises the work of the Audit and Assurance Service between April 2023 and June 2023 and highlights progress against the 2023/24 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 2023/24.

2. Planned Assurance Work

Key elements of the 2023/24 Work Plan produced in March 2023 include:

- Fundamental Financial Systems reviews.
- Input to the 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
- 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 June 2023

Work in the quarter included finalising audit reports covering a range of functions and services areas including Treasury Management, Health and Safety, Let Estates, Bereavement Services, Outdoor Media, Supporting Families and Schools.

A number of other audit reviews commenced, and details of any further reports issued will be included in the next Audit and Assurance update. All audit opinion reports completed in the period are listed in Section 5 and other key areas of audit work undertaken referred to in Section 6.

4. Summary of Assurances April to June 2023

There were 8 internal audit opinion reports produced in the period (7 final reports and 1 draft report). (See Section 5 for a listing of reports issued and summary of findings).

In respect of the 7 final reports issued, "Substantial" or "Reasonable" levels of assurance were provided for all reviews (3 of which were Substantial and 4 Reasonable). Where any recommendations have been made, agreed action plans are in place to implement these.

5. Summary of Audit & Assurance Opinions Issued – April to June 2023

(See Appendix 2 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 4 Reports:		
Treasury Management (Finance and Systems) / (Finance, Change and Governance)	Substantial (20/4/23)	The Council's Treasury Management processes and controls are well established and continue to be maintained effectively. There is regular reporting on plans and performance in compliance with the CIPFA Treasury Management Code of Practice. No recommendations were made as part of this review.
Health and Safety (Strategy and Resources) / (Finance, Change and Governance)	Substantial (8/6/23)	The review covered corporate health and safety processes within the Council's Health and Safety Unit. Well defined systems and controls are in place to manage risks. There is a comprehensive policy and procedure framework that sets a clear direction and expectations across various levels of the Council. To further enhance arrangements, an agreed recommendation included the resumption of a programme of service health and safety audits by the Health and Safety team, which had been paused during the pandemic.
Level 3 Reports:		
Let Estates (Place) / (Economy and Regeneration)	Reasonable* (13/4/23)	This follow-up audit review confirmed that significant progress had been made in implementing all previous audit recommendations made in March 2022. All 5 recommendations had been substantially implemented, including the production of an Estates Strategy. There are ongoing developments to further develop record keeping and performance monitoring with the implementation of a Power BI system. The audit opinion has been revised to "Reasonable", further to a Limited opinion provided in March 2022. Audit proposes to include an audit of the new systems in place as part of the 2024/25 Internal Audit Plan.
Supporting Families (Children's Services) / (Children and Young People)	Reasonable (28/4/23)	Greater Manchester local authorities undertake periodic audits to provide assurance that local systems and processes meet the minimum standards of the Supporting Families Programme. The majority of control objectives as set out in the GM Supporting Families Audit Framework are being met or where these are not fully achieved, there is evidence that required improvement actions have been identified, and work is in progress to address these. Areas identified included further development of quality assurance processes to ensure consistency of recording data to measure eligibility and outcomes against the Supporting Families national framework.
Level 2 Reports:		
Bereavement Services (Strategy and Resources) / (Finance, Change and Governance)	Substantial (17/5/23)	The review found that, overall, systems and procedures had been maintained to a high standard. A small number of recommendations were made including regards ensuring up to date details are published on the website regards fees and charges.
Outdoor Media (Place) / (Economy and Regeneration)	Reasonable (25/5/23)	Systems and controls were found to be satisfactory across most areas reviewed in relation to the arrangements for managing contracts for outdoor advertising. Some recommendations were made to enhance existing arrangements including updating the

annual service plan and introducing independent checks in the process for raising debtor invoices.

Level 1 Reports:

Trafford Alternative Education (Children’s Services) / (Children and Young People)	Reasonable * (22/6/23)	This follow-up audit review confirmed that significant progress had been made in implementing previous audit recommendations made, including in relation to documented financial procedures, income collection and inventory maintenance. 11 of the 12 recommendations had been implemented with 1 in progress and planned to be fully implemented shortly. The audit opinion has therefore been revised to “Reasonable”, further to a Limited opinion previously provided in November 2022.
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DRAFT REPORTS

Level 2 Reports:

Sale Waterside Arts Centre (Strategy and Resources) / (Leisure, Arts, Culture and Heritage)	An initial draft report setting out findings from the review was produced by the end of June 2023 and a final report was issued in August 2023 and will be reported as part of the July to September 2023 Audit and Assurance update report.
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6. Other Audit and Assurance Work

In addition to the progression of internal audit reviews, other work undertaken during the period has included the following:

- Working with CLT to review and facilitate the update of the strategic risk register. An update report was presented to the Accounts and Audit Committee in June 2023.
- Updating the intranet site with updated risk management guidance in respect of strategic risk register reporting, following a review of reporting arrangements.
- Liaison with Legal and Governance to provide some advice and input to the Draft Annual Governance Statement 2022/23 issued in June 2023.
- Continuing to support the National Fraud Initiative (an update on progress will be included in an Audit and Assurance update later in 2023/24 with overall outcomes reflected in the Annual Head of Internal Audit Report 2023/24).
- Progression of other work to provide service guidance (including regards procurement and cyber security issues with outcomes to reported as part of the Q2 update).

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 quarter, 13 of the 14 recommendations made have been accepted. A number of other audits were in progress during the period and levels of acceptance of recommendations made in the subsequent reports will be reflected in the next Audit and Assurance update.

Implementation of Audit Recommendations

Final audit reports are followed up to assess progress in implementing improvement actions identified through audit recommendations.

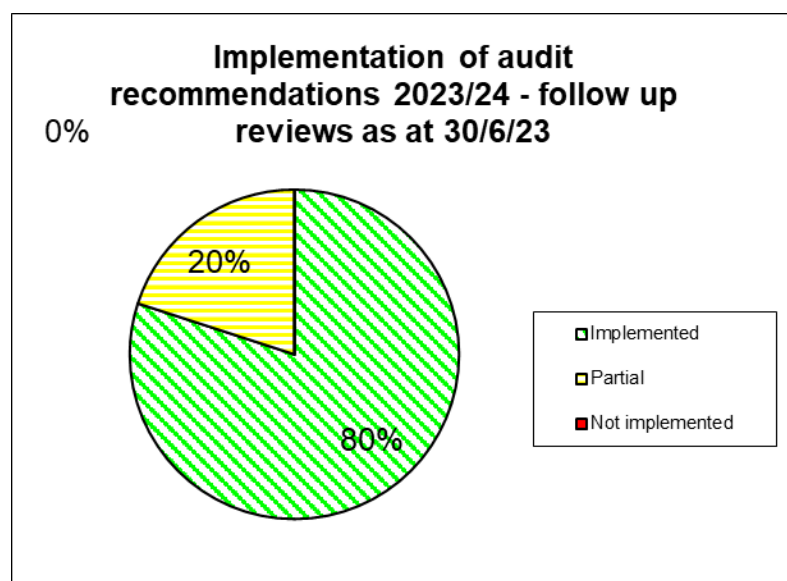
As shown under final reports issued in Section 5, 2 follow-up audits were completed (Let Estates and Trafford

Alternative Education).

In respect of 4 other school audits previously completed, the relevant schools were requested to provide an update on progress in implementing audit recommendations made. The following details were reported:

- Victoria Park Junior School - All of the 3 previous recommendations had been implemented.
- St. Michael's CE Primary School - All of the 4 previous recommendations had been implemented.
- Moorlands Junior School - 5 of the 6 previous recommendations had been implemented with the remaining recommendation in progress.
- Kingsway Primary School – 4 of the previous 10 recommendations had been fully implemented with good progress being made and further actions planned to fully implement each of the remaining recommendations.

An overall analysis of audit recommendations followed up in 2023/24 to date is shown on the following chart. This is based on follow ups during the quarter of 6 previous audit reviews covering a total of 40 recommendations.



8. Performance against Audit & Assurance Annual Work Plan

Progress to date:

Appendix 1 shows a summary of work completed to date against planned in respect of the 2023/24 Operational Internal Audit Plan.

As part of the Internal Audit Plan, a target of 30 audit reports was set (comprising opinion reports, consultancy reports and grant sign-offs) to be completed in 2023/24 to final or draft stage. As at the end of the 1st quarter of the year, a total of 8 reports had been produced to final or draft stage (7 final audit opinion reports and 1 draft audit opinion report).

The next update on progress against the 2023/24 Internal Plan, including reports issued, will be included in an update for Quarter 2 which will be shared with CLT and the Accounts and Audit Committee in November 2023.

Client Feedback

Managers are invited to complete a client questionnaire following the completion of each audit report to obtain feedback on the audit process. The questionnaire covers the audit approach; audit report issued and usefulness of the audit as an aid to management. As at 30/6/2023, 4 responses had been received which all provided ratings of "Very Good" or "Good" against the various aspects of the audit process (Based on 4 possible levels - Very Good / Good / Satisfactory/ Inadequate). A detailed analysis of all responses received for 2023/24 will be included in the 2023/24 Annual Head of Internal Audit Report.

9. Planned Work for July to September 2023

Areas of focus include :

- Issue of reports for audits in progress including a final audit report for Sale Waterside Arts Centre and audit reports for 4 schools.
- Progression of other internal audit reviews as listed in Appendix 1, including audits of Children's Social Care Payments, Adults' Social Care Payments, Safety at Sports Grounds and Cleaning Services.
- In liaison with the Counter Fraud Team and other services, continue to co-ordinate the review of data matches from the latest National Fraud Initiative exercise.
- In liaison with CLT, commence a further update of the strategic risk register by the end of September 2023, with an update report due to be shared with the Accounts and Audit Committee in November 2023.

APPENDIX 1

2023/24 Operational Plan: Planned against Actual Work (as at 30 June 2023)

<u>Category</u>	<u>Planned work</u>	Work completed (as at 30/6/23)	2023/24 IA Plan
Financial Systems	<p>Completion of fundamental financial systems audit reviews</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 	<ul style="list-style-type: none"> -Final report issued 20/4/23 -In progress -In progress - - - -In progress - 	<ul style="list-style-type: none"> -Completed -Draft report to be issued Q3 -Draft report to be issued Q2 -Planned to commence Q3 -Timing to be agreed Timing to be agreed -Draft report to be issued Q3 -Follow-up of previous report in Q3.
Governance	<p>Corporate Governance / AGS – 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>Advice / assurance in respect of governance issues and ongoing liaison with services to consider further audit reviews.</p>	<p>-Work to date has included liaising with Legal and Governance providing feedback on, and input to, the content of the Draft AGS issued in June 2023.</p>	<p>-Input as required regards the final 2022/23 AGS; support in planning AGS process for 2023/24. Other advice as required.</p>
Corporate Risk Management	<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"> - Corporate health and safety (Strategy and Resources/Authority-Wide) - Business Continuity (Authority-wide) 	<p>-Facilitated strategic risk update report presented to Accounts and Audit Committee in June 2023</p> <p>(See Service Advice/Project Support below re risk management guidance)</p> <ul style="list-style-type: none"> - Final report issued 8/6/23 - In progress 	<p>-Further strategic risk update to commence September 2023 with reporting to November Accounts and Audit Committee.</p> <ul style="list-style-type: none"> -Completed -Draft report to be issued Q3

Anti-Fraud and Corruption	<p>Co-ordinate the Council's activity in respect of the National Fraud Initiative (NFI) in accordance with Cabinet Office requirements. 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>-Ongoing progress in liaison with other services in relation to NFI and any associated investigation work.</p> <p>-</p>	<p>-Update on outcomes from NFI work and any associated investigations to be provided with Q3 Audit and Assurance update report.</p> <p>-Planned work to be confirmed by Q3.</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>Audit Opinion Reports to include: STAR:</p> <ul style="list-style-type: none"> - STAR billing and income collection procedures (Lead Council – Tameside Council) - Social Value (Lead:Trafford Council) - Risk Based Sourcing (Lead:Trafford Council) * <p>(Any other work to be confirmed during 2023/24)</p> <p>Other:</p> <ul style="list-style-type: none"> - Parking Enforcement - Joint Ventures (Bruntwood) 	<p>-Planning commenced</p> <p>-</p> <p>- Advisory report with draft findings shared with STAR</p> <p>-</p> <p>-</p>	<p>-Draft report to be issued Q3</p> <p>-Planned to commence Q3</p> <p>-To finalise advisory report in Q2</p> <p>-Planned to commence Q4</p> <p>-Planned to commence Q3/Q4</p>
Information Governance / Information, Communications and Technology	<p>ICT and Information governance audit reviews and advice.</p> <p>Planned audit coverage is subject to review. Currently planned:</p> <ul style="list-style-type: none"> - Post implementation review of the IT Service Management application, Freshservice. - Other reviews to be added to plan later in 2023. <p>(Also see below re Service Advice)</p>	<p>-Planning commenced</p> <p>-</p>	<p>-Audit to commence in Q2</p> <p>-To be agreed Q3/4</p>

Schools	<p>Providing assurance on the control environment within schools, supporting schools in ensuring awareness of requirements within the DfE Schools' Financial Value Standard. Audit reviews of schools: At least 10 school audits to be undertaken during the year (Children's Services). Audits include:</p> <ul style="list-style-type: none"> - Brentwood - Broadheath Primary - Springfield Primary - Oldfield Brow Primary - Templemoor Infant - At least 5 other schools to be arranged (including LOSTOCK High and Blessed Thomas Holford) with audit reports to be issued in 2023/24. <p>Follow-up of progress for all school audits completed in 2022/23: Follow-up audit: -Trafford Alternative Education</p> <p>Management updates to be received from 11 schools on progress made in implementing previous recommendations</p>	<ul style="list-style-type: none"> -In progress -In progress -In progress -In progress - - <p>-Final report issued 22/6/23</p> <p>-Follow-up progress updates completed for 4 schools to date (See Section 7)</p> <p>(Also see Service Advice/Project Support below)</p>	<p>..</p> <ul style="list-style-type: none"> -Draft report to be issued Q2 -Draft report to be issued Q2 -Final report issued Q2 -Draft report to be issued Q2 -Planned to commence Q4 -Timing to be agreed for Q3/4 <p>-Completed</p> <p>-Updates to be received from 7 other schools in Q2,3&4.</p>
Assurance – Other Strategic and Service 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 new audit reviews, follow up audits and gaining assurance from service updates.</p> <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) - Safety at Sports Grounds (Place) - Outdoor Advertising (Place) - Let Estates (Place) - Building Control (Place) - Housing Standards (Place) 	<ul style="list-style-type: none"> -Final report issued 28/4/23 - - - -In progress -Final report issued 25/5/23 -Final report issued 13/4/23 - - 	<ul style="list-style-type: none"> -Completed -Timing to be agreed -Timing to be agreed -Timing to be agreed -Draft report to be issued Q2 -Completed -Completed -Timing to be agreed -Timing to be agreed

	<ul style="list-style-type: none"> - Tree Unit (Place) - Licensing (Place) - Sale Waterside Arts Centre (Strategy and Resources) - 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) 	<ul style="list-style-type: none"> - - -Draft findings produced -Final report issued 17/5/23 -In progress - - - - - - -Ongoing liaison with Service - 	<ul style="list-style-type: none"> -Timing to be agreed -Timing to be agreed -Final report issued Q2 -Completed -Draft report to be issued Q2 -Planned to commence Q4 -Planned to commence Q4 -Timing to be agreed - -Planned to commence Q4 -Timing to be agreed -Planned to commence Q4
Grant claims checks / Data Quality	<p>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 - Other 	<ul style="list-style-type: none"> - - 	<ul style="list-style-type: none"> -Grant check/sign off planned for Sep/Oct 2023. -To be advised of other returns during 2023/24.
Service Advice / Project Support	<p>General advice and guidance, both corporately and across individual service areas. Support and advice to the organisation in contributing to working groups and projects in relation to governance, risk and control issues.</p>	<p>Work undertaken up to 30/6/23:</p> <ul style="list-style-type: none"> -In progress - Preparation of guidance for schools on cyber security -Risk management guidance updated on intranet in April 2023 to reflect updates to the strategic risk register reporting format. 	<ul style="list-style-type: none"> -Cyber Security guidance issued in Q2 -Completed

APPENDIX 2

POINTS OF INFORMATION TO SUPPORT THE REPORT:

Audit Opinion Levels (RAG reporting) :

Opinion – General Audits

Substantial Assurance

Reasonable Assurance

Limited Assurance

Low or No Assurance

Green

Green

Amber

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.
-