

TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 7 February 2024
Report for: Information
Report of: Audit and Assurance Manager

Report Title

Audit and Assurance Report for the Period October to December 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 October to December 2023

Date: **January 2024**

1. Purpose of Report

This report summarises the work of the Audit and Assurance Service between October 2023 and December 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 – October to December 2023

Work in the quarter included completing or progressing a number of planned financial system audits, service audits and school audits. There was also work completed to sign off the Disabled Facilities grant claim. All audit opinion reports and grant sign offs completed in the period are listed in Section 5 and other key areas of audit work undertaken (including in relation to the National Fraud Initiative) are referred to in Section 6.

4. Summary of Assurances October to December 2023

There were 9 internal audit opinion reports produced in the period (6 final reports and 3 draft reports).

In respect of the 6 final reports issued, "Substantial" or "Reasonable" levels of assurance were provided for all reviews (3 of which were Substantial and 3 Reasonable). Where any recommendations have been made, agreed action plans are in place to implement these.

Audit also completed checks in relation to 1 grant claim providing assurance from the Council that the grant conditions had been complied with. In addition, 1 advisory report was issued.

(See Section 5 for a listing of reports issued and grant checks completed, together with a summary of findings).

5. Summary of Audit & Assurance Opinions Issued – October to December 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:		
Accounts Payable (Finance and Systems) / (Finance, Change and Governance)	Reasonable* (15/11/23)	The review covered processes regarding the Council's Accounts Payable system covering controls in respect of the ordering and payments for goods and services, reconciliation processes and IT system controls. Audit testing found overall that processes were found to be working effectively. Of the 8 actions outstanding from the previous audit review, 2 have been implemented and 6 are in progress or have been met in part. As part of the planned system upgrade, there are plans to roll out user training. There is ongoing improvement work taking place to streamline accounts payable processes where possible to reduce manual processing. Audit will consider coverage of further developments in future audit plans.
Purchase Cards (Finance and Systems / Finance, Change and Governance)	Reasonable* (5/11/23)	Purchase cards are used across a number of services, generally to enable one-off or low value purchases, online purchasing or from suppliers where payment is required upfront. The RBS purchase cards are administered by the Accounts Payable Team. It was noted that whilst progress has been made regards each of the previous 6 recommendations, the Authority is planning to migrate to the Lloyds Purchase Card system later in 2024 and as part of this consideration is being given to the recommendations as part of the implementation of the new system. This includes developments in management reporting information, review of transaction limits and training and guidance available. Audit will consider coverage of further developments in future audit plans.
Level 3 Reports:		
Safety at Sports Grounds (Place) / (Communities and Safety)	Substantial (24/11/23)	The objective of the audit was to assess the arrangements the Council has in place for effective management of safety at sports grounds. It was reported that the Council could demonstrate appropriate responsibilities and procedures were in place to fulfil its statutory requirements, including the Safety at Sports Ground Act 1975 and the Fire Safety & Safety at Places of Sport Act 1987. A recommendation made to enhance existing arrangements was to publish the Council's Safety at Sports Grounds Policy on the website which has been implemented recently.
Level 2 Reports		
Cleaning Services (Strategy and Resources) / (Finance, Change and Governance)	Substantial (3/11/23)	The review of Cleaning Services covered performance management arrangements, financial management arrangements including budget monitoring; the arrangements for the use of purchase cards, including monitoring and control of expenditure; and control of equipment / assets and supporting records. It was noted that the introduction of the Quality Assurance Officer post and subsequent monitoring processes in January 2023, has been a positive factor in improving the performance management arrangements and ensuring that standards are being maintained. The Service is working to improve processes for maintaining inventories of equipment to ensure these are accurate and up to

date.

Level 1 Reports:

Oldfield Brow Primary School (Children's Services) / (Children and Young People)	Reasonable (5/12/23)	Overall, a good standard of internal control and governance was found to be in place across most areas covered by the audit. The school faces a challenging budgetary position, but it was noted that actions are being taken to address risks. A number of recommendations were made. These included in relation to procurement processes including in respect of obtaining quotes and tenders and the ordering and payment of goods and services.
Broomwood Primary School (Children's Services) / (Children and Young People)	Substantial (12/12/23)	A good standard of governance and internal control arrangements were found to be in place. A The school has a detailed financial procedures manual setting out its processes. A small number of recommendations were made which included ensuring all governors regularly complete a declaration of interests and also ensuring there are periodic checks of the inventory of IT assets and other equipment.

DRAFT REPORTS

Level 3 Reports:

Adults Social Care Payments (Adult Services) / (Health and Care)	A draft report setting out findings was shared with the Service in December 2023 with a view that a final report will be issued in the final quarter of 2023/24 and reported as part of the January to March 2024 Audit and Assurance update.
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Level 1 Reports:

Lostock High School (Children's Services) / (Children and Young People)	A draft report setting out findings from the review was shared with the Headteacher in December 2023. A final report is to be issued and is due to be reported as part of the January to March 2024 Audit and Assurance update.
St. Ann's RC Primary School (Children's Services) / (Children and Young People)	A draft report setting out findings from the review was shared with the Headteacher in December 2023. A final report is to be issued and is due to be reported as part of the January to March 2024 Audit and Assurance update.

OTHER REPORTS	DATE COMPLETED	DESCRIPTION / COMMENTS
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GRANT CERTIFICATION: Disabled Facilities Grant (Adults' Services) / (Health and Care)		The purpose of the grant is to enable funding for providing adaptations to disabled people who qualify under the scheme. The grant allocation for 2022/23 was over £2.4m. Further to audit checks being undertaken, Audit and Assurance submitted a declaration to the Department for Levelling Up, Housing and Communities to state based on work undertaken that the conditions attached to the 2022/23 Disabled Facilities Grant had been complied with.
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ADVISORY REPORT: STAR Procurement – Risk Based Sourcing	(9/10/23)	This advisory work focussed on procedures for risk based sourcing which applies to below threshold contracts aimed at identifying and encouraging local organisations who are capable of delivering such contracts. This was undertaken at the request of STAR Procurement and a findings report was shared and actions agreed with STAR. This has included the introduction by STAR of updated processes for the assessment of risks in respect of individual contracts, with the use of a contract criticality tool.
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**Denotes this final report is a follow up audit – i.e. the main focus of the review was a follow up of recommendations made as*

part of a previous internal audit review.

6. Other Audit and Assurance Work

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

- Ongoing support to facilitate the review of the Council' strategic risk register (an update report was provided to CLT and the Accounts and Audit Committee in November 2023).
- Information provided to Financial Management in support of preparations for the tender of the insurance programme in April 2024.
- Advice provided to Exchequer Services regards controls in place in respect of applications made for funds from the Household Support Fund.
- Ongoing work in relation to the National Fraud Initiative as described below:

National Fraud Initiative (update as at January 2024)

The Audit & Assurance Service continues to co-ordinate the Council's participation in the statutory National Fraud Initiative (NFI) exercise. The NFI is a nationwide data matching exercise, designed to help participating bodies identify possible cases of error or fraud and detect and correct any consequential under or overpayments from the public purse. The exercise is a mandatory requirement for Local Authorities, which is co-ordinated by the Cabinet Office. The main exercise is carried out once every two years.

The Service has co-ordinated the submission of data, in liaison with other services across the Council. As part of the most recent major exercise, a number of datasets had been submitted through 2022/23. Following the release of these data matches from these submissions, work has been ongoing during 2023/24 to investigate these further.

As at 16 January 2024, a total of 1062 matches had been reviewed by officers covering data in relation to Payroll, Housing Benefit, Council Tax, Council Tax support, Creditor Payments and Blue Badges. A further 45 matches are currently being actively reviewed and further matches are expected to be reviewed over the coming months.

Of the matches reviewed to date, errors in payments have been identified in relation to 5 cases which amount to just under £16k. These have been in relation to Council Tax Support. These amounts are subject to recovery. Once the ongoing cases have been completed, it is anticipated that there will be an increase in the level of overpayments identified. The Audit & Assurance Service will continue to liaise with services across the Council and details of outcomes up to the end of the 2023/24 will be reported within the Annual Head of Internal Audit Report in June 2024.

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, all 30 recommendations made have been accepted. For the year to date up to 31 December 2023, 60 of the 61 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

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

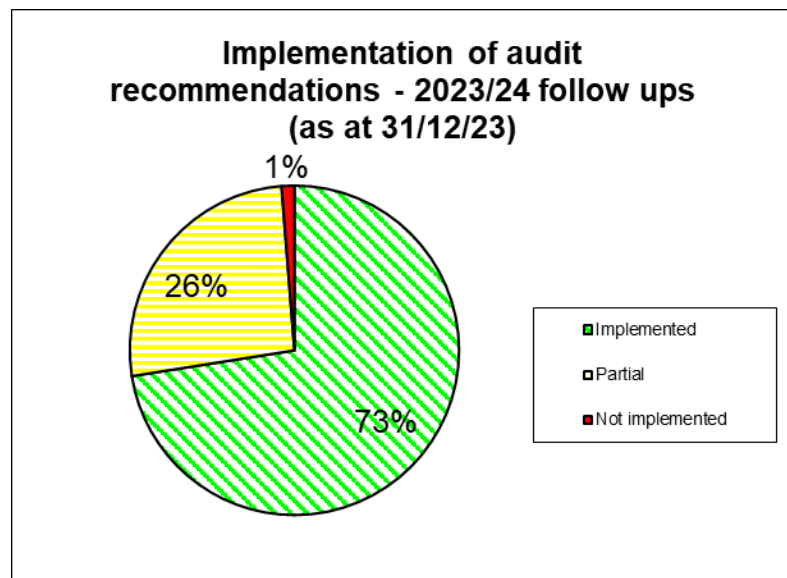
Final reports for 2 audits which included follow up of previous recommendations were produced (See Section 5 – Accounts Payable and Purchase Cards).

In respect of a previous audit of Council tax, 2 of the 3 previous recommendations had been implemented with 1 lower priority recommendation to be actioned.

In respect of 3 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:

- St. Anne's C of E Primary School - All of the 4 previous recommendations had been implemented.
- Well Green Primary School – All of the 3 previous recommendations had been implemented.
- Sale High School – All of the 4 previous recommendations had been implemented.

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 up to 31 December 2023, covering a total of 80 recommendations.



8. Performance against Audit & Assurance Annual Work Plan

Progress to date:

Appendix 1 shows a summary of work completed as at 31 December 2023 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, advisory reports and grant sign-offs) to be completed in 2023/24 to final or draft stage. Based on progress to date, it is expected that this target is on track to be achieved - As at the end of the 3rd quarter of the year, a total of 23 reports (77% of the annual target) had been produced to final or draft stage (17 final audit opinion reports, 4 draft audit opinion reports, 1 advisory report and 1 grant sign-off). A further 7 reviews were in progress.

The next update on progress against the 2023/24 Internal Plan, including reports issued, will be included in an update for Quarter 4 which will be included in the 2023/24 Annual Head of Internal Audit Report to be shared with CLT and the Accounts and Audit Committee in June 2024. This will also include an analysis of client survey responses to internal audit work.

9. Planned Work for January to March 2024

Areas of focus include :

- Issue of final reports for audits in progress including Business Rates, Adults Social Care Payments, Adults' Direct Payments, Children's Social Care Payments, Licensing, IT Service management application (Freshservice), Lostock High School, St. Ann's RC Primary School and Blessed Thomas Holford Catholic College.
- 2024/25 Internal Audit Plan to be presented to CLT and the Accounts and Audit Committee for approval in March 2024. Where appropriate, this will include any audits rescheduled from the current year in agreement with relevant services.
- In liaison with CLT, report on a further update of the strategic risk register with an update report due to be shared with the Accounts and Audit Committee in March 2024.
- Commence a recruitment exercise following the departure of a Principal Audit and Assurance Officer in January 2024.

APPENDIX 1

2023/24 Operational Plan: Planned against Actual Work (as at 31 December 2023)

<u>Category</u>	<u>Planned work</u>	<u>Work completed (as at 31/12/23)</u>	<u>2023/24 IA Plan</u>
Financial Systems	<p>Completion of fundamental financial systems audit reviews</p> <p>Audit Opinion Reports planned to be issued per 2023/24 Plan:</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 <p>Other work completed:</p> <ul style="list-style-type: none"> - Purchase Cards 	<ul style="list-style-type: none"> -Final report issued 20/4/23 -Draft findings shared -Draft findings shared -In progress -In progress - -Final report issued 15/11/23 -In progress <ul style="list-style-type: none"> -Final report issued 15/11/23 	<ul style="list-style-type: none"> -Completed -Final report to be issued Q4 -Final report to be issued Q4 -Draft report to be issued Q4 -Findings to be shared Q4 -Planning to commence Q4 -Completed -Final report be issued Q4. <p>Completed</p>
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 Final AGS issued in September 2023.</p>	<p>-Support in Q4 to 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>	<p>-Facilitated strategic risk update report presented to Accounts and Audit Committee meetings in June and November 2023.</p> <p>(See Service Advice/Project Support below re risk management guidance)</p>	<p>-Further strategic risk update to the March 2024 Accounts and Audit Committee.</p>

	<ul style="list-style-type: none"> - Corporate health and safety (Strategy and Resources/Authority-Wide) - Business Continuity Follow-up review (Authority-wide) 	<ul style="list-style-type: none"> - Final report issued 8/6/23 - Ongoing liaison with Service re progress on previous recommendations. 	<ul style="list-style-type: none"> -Completed -Further time to be allocated in 2024/25 Internal Audit Plan to review progress.
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>	<ul style="list-style-type: none"> -Ongoing progress in liaison with other services in relation to NFI and any associated investigation work. Outcomes to date reported in Section 6 of this report. -Liaison between Internal Audit and Counter Fraud teams to review and update internal guidance re investigation procedures 	<ul style="list-style-type: none"> -Outcomes from NFI and associated investigative work to be reported in the 2023/24 Annual Head of Internal Audit Report (June 2024). -Awareness raising regards anti-fraud to be included in 2024/25 Internal Audit Plan
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>Other:</p> <ul style="list-style-type: none"> - Parking Enforcement - Joint Ventures (Bruntwood) 	<ul style="list-style-type: none"> -In progress - - Advisory report shared with STAR Procurement 9/10/23 - - 	<ul style="list-style-type: none"> -Final report to be issued Q4 -Rescheduled at request of Service. To commence planning at end of Q4. -Completed. -Rescheduled to 2024/25 at request of Service. -Liaison with service in Jan. 2024 with scope of any work to be agreed in Q4.
Information Governance / Information, Communications	<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, 	<ul style="list-style-type: none"> -In progress 	<ul style="list-style-type: none"> -Final report to be issued Q4.

and Technology	<p>Freshservice. - See Service Advice below re cyber security in schools (Other reviews to be added to audit plan later in liaison with IT in early 2024)</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 - Broomwood Primary - Lostock High School - St. Ann's RC Primary - Blessed Thomas Holford - Templemoor Infant - All Saints Catholic Primary <p>Follow-up of progress for school audits completed in 2022/23: Follow-up audit: -Trafford Alternative Education</p> <p>Management updates to be received from 10 schools on progress made in implementing previous recommendations.</p>	<ul style="list-style-type: none"> -Final report issued 29/9/23 -Final report issued 25/9/23 -Final report issued 4/8/23 -Final report issued 5/12/23 -Final report issued 12/12/23 -Draft findings produced -Draft findings produced -In progress - - <p>-Final report issued 22/6/23</p> <p>-Follow-up progress updates completed for 9 schools to date (See Section 7 and previous Q1 and Q2 update reports).</p> <p>(Also see Service Advice/Project Support below)</p>	<p>..</p> <ul style="list-style-type: none"> -Completed -Completed -Completed -Completed -Completed -Final report to be issued Q4 -Final report to be issued Q4 -Draft report to be issued Q4 -Audit to commence Q4 -Audit to commence Q4 <p>-Completed</p> <p>-Updates to be received from 1 other school in Q4.</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: - Supporting Families (Children's</p>	<p>-Final report issued 28/4/23</p>	<p>-Completed</p>

	<p>Services)</p> <ul style="list-style-type: none"> - 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) - 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 planned 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"> - Liaison with Service re progress on previous recommendations. - - -Final report issued 24/11/23 -Final report issued 25/5/23 -Final report issued 13/4/23 - - - -In progress -Final report issued 24/8/23 -Final report issued 17/5/23 -Final report issued 3/11/23 - - - - - 	<ul style="list-style-type: none"> -Further work to be considered as part of 2024/25 Planning -Timing to be considered as part of 2024/25 Audit Planning. -Timing to be considered as part of 2024/25 Audit Planning -Completed -Completed -Completed -Planning to commence Q4 -Planning to commence Q4 -Rescheduled to 2024/25 at request of Service. -Final report to be issued Q4 -Completed -Completed -Completed -Planning to commence Q4 -Planning to commence Q4 -Rescheduled to 2024/25 at request of Service -Planning to commence Q4 -To be considered as part of 24/25 Internal Audit Plan -Rescheduled to 2024/25 at request of Service
<p>Grant claims checks / Data Quality</p>	<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 	<ul style="list-style-type: none"> -Grant check/sign off completed 18/10/23 	<ul style="list-style-type: none"> -Completed

	- Other	-	-To be advised of other returns during the remainder of 2023/24.
Service Advice / Project Support	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>Work undertaken up to 31/12/23 includes:</p> <ul style="list-style-type: none"> -Cyber Security guidance issued to schools through the Trafford school's weekly newsletter in July 2023. -Risk management guidance updated on intranet in April 2023 to reflect updates to the strategic risk register reporting format. -Advice provided to Exchequer Services regards controls in place in respect of applications made for funds from the Household Support Fund. 	<p>-Completed</p> <p>-Completed</p> <p>-Advisory report to be issued January 2024</p>

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.
-