

TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 21 November 2024
Report for: Information
Report of: Audit and Assurance Manager

Report Title

Audit and Assurance Report for the Period July to September 2024.

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 July to September 2024

Date: **November 2024**

1. Purpose of Report

This report summarises the work of the Audit and Assurance Service between July 2024 and September 2024 and highlights progress against the 2024/25 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 2024/25.

2. Planned Assurance Work

Key elements of the 2024/25 Work Plan, produced in March 2024, 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 – July to September 2024

Work in the quarter included issuing a number of final audit reports across various service areas. There was also work completed in respect of Internal Audit input to the sign-off of 2 grant claims. Follow-up reviews were also undertaken of previous work. All audit reports completed in the period are listed in Section 5 and other key areas of audit work undertaken referred to in Sections 6 and 7.

4. Summary of Assurances July to September 2024

There were 6 internal audit reports produced in the period (5 final audit opinion reports and 1 draft advisory report). In addition, there were checks completed in relation to 2 grant claims providing assurance from the Council that the grant conditions had been complied with.

In respect of the 5 final reports issued, 1 provided a "Substantial" level of assurance and the other 4 provided "Reasonable" Levels. (See Appendix 2 for an explanation of audit opinion levels).

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

5. Summary of Audit & Assurance Opinions Issued – July to September 2024

(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
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FINAL REPORTS ISSUED

Level 4 Reports:

IT Service Management (Finance and Systems) / (Authority-Wide)	Reasonable (12/8/24)	Trafford Council's ICT and Digital team provides IT services and associated support across the Council. The main point of contact for service users to report incidents and make requests is the Council's ICT service desk. The objective of this review was to verify whether there were appropriate controls in place to minimise key risks associated with the operation of the Service Desk. Overall, it was found that key risks are being managed to an acceptable level. A new service management system, Freshservice, was implemented in 2022, which alongside updated procedures, support the operation of the service desk. Some recommendations were made to enhance existing processes including the development of performance metrics and key performance indicators for the IT Service Desk. There should also be a review of the classifications on the system of incidents reported together with associated guidance to ensure various incidents and requests are prioritised effectively.
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Level 3 Reports:

Adult Services – Direct Payments (Adult Services) / (Healthy and Independent Lives)	Reasonable* (3/9/24)	Direct Payments are monetary payments made to individuals to meet all or some of their eligible care and support needs. Following a previous audit reported in August 2022, a further review was undertaken to assess recent developments. Overall, it was found that there are generally sound controls in place. There was evidence of progress being made with each of the previous 15 recommendations although in relation to each area reviewed, further actions are planned to improve processes further. A Direct Payments policy is being developed with associated guidance. Work is ongoing in the development of performance management and quality assurance processes.
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Level 2 Reports:

Catering Services (Strategy and Resources) / (Highways, Environmental and Traded Services)	Reasonable (22/8/24)	Catering Services forms part of Operational Services for Education. Services are provided to schools as well as the Terrace Restaurant at Trafford Town Hall. The review covered performance management arrangements, financial management arrangements including budget monitoring; the arrangements for the use of purchase cards, including monitoring and control of expenditure; income monitoring and stock control. Overall, sound controls were found to be in place. Areas for improvement identified included processes for the raising of debtor invoices by Catering Services, including introducing independent checks for accuracy. In addition, for improved stock control, a recommendation was made to ensure that more regular stock-takes are carried out by the various school kitchens.
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Level 1 Reports:

Victoria Park Infants School (Children's Services) / (Children and Young People)	Substantial (22/7/24)	A good standard of governance and internal control arrangements were found to be in place. The school has a detailed financial procedures manual setting out its processes. Relevant school policies are reviewed on a regular basis. A small number of recommendations were made which included ensuring the school's charging policy is published on its website and ensuring there is an adequate inventory of school equipment.
All Saints Catholic Primary School (Children's Services) / (Children and Young People)	Reasonable (22/7/24)	Overall, a good standard of internal control and governance was found to be in place across most areas covered by the audit. A number of recommendations were made to improve processes supporting the ordering of goods and services including in some instances in relation to recording evidence of quotes and authorisation of orders made.
<u>DRAFT REPORTS</u>		
Care Leaver Payments (Children's Services) / (Children and Young People)		By the end of September, draft findings had been shared with management. A final report is to be issued, and outcomes will be reported in the October to December 2024 Audit and Assurance update.
<u>OTHER REPORTS</u>		
	DATE COMPLETED	DESCRIPTION / COMMENTS
GRANT CERTIFICATION: Disabled Facilities Grant (Adults' Services) / (Healthy and Independent Lives)	(19/9/24)	The purpose of the grant is to enable funding for providing adaptations to disabled people who qualify under the scheme. The grant allocation for 2023/24 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 2023/24 Disabled Facilities Grant had been complied with.
GRANT CERTIFICATION: Local Transport Capital Block Funding (Pothole Fund) (Place) / (Highways, Environmental and Traded Services)	(18/9/24)	Greater Manchester Combined Authority (GMCA) is the accountable body for Government funding awarded through the Pothole and Challenge Fund for Highways Maintenance of over £4.4m in 2023/24. There is a requirement for the GMCA to certify to the Department for Transport (DfT) that funds have been spent in compliance with grant conditions and requested each of the GM authorities to provide assurance. For Trafford Council the allocation amounted to £369k. Audit confirmed that based on work undertaken, the opinion given was that in all significant respects, the conditions stated in the grant award letter in relation to Local Transport Capital Block Funding (Pothole Fund) have been complied with.
<i>*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.</i>		

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:

- Commencing work to support the 2024/25 National Fraud Initiative, preparing for the submission of data through liaison with all services that are required to provide information. (Update on work completed to be included in the October to December 2024 Audit and Assurance update).
- Ongoing support to facilitate the review of the Council's strategic risk register (an update report is due to be provided to CLT and the Accounts and Audit Committee in November 2024).
- Liaison with Legal and Governance to provide some advice and input to the production of the final version of the 2022/23 Annual Governance Statement, to be published alongside the 2022/23 accounts.
- Ad hoc advice to services including in respect of administration of imprest accounts in Children's Services and advice on some IT data security issues provided by Salford Internal Audit Services to the IT and Digital team.

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 24 recommendations made have been accepted. For the year to date up to 30 September 2024, all 40 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 final 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.

See Section 5 regards the final audit report in respect of Adult Services Direct Payments.

In respect of 2 other audits previously completed, the relevant services were requested to provide an update on progress in implementing audit recommendations made. The following details were reported:

- Corporate Health and Safety (Strategy and Resources) – Both previous recommendations made had been implemented.
- Broadheath Primary School (Children's Services) - All of the 5 previous recommendations had been implemented.

In the year to date, of 54 recommendations followed up, 22 have been fully implemented, 31 recommendations have been implemented in part or are in progress with 1 yet to be implemented.

8. Performance against Audit & Assurance Annual Work Plan

Progress to date:

Appendix 1 shows a summary of work completed as at 30 September 2024 against planned in respect of the 2024/25 Operational Internal Audit Plan.

It was planned that a target of 6 reports (comprising opinion reports, advisory reports and grant sign-offs) were to be completed in Q2 of 2024/25 to final or draft stage. As referred to in Section 5, 6 reports were actually produced. It is planned for the remainder of the year that at least 6 reports per quarter are produced.

The next update on progress against the 2024/25 Internal Plan, including reports issued, will be included in an update for Quarter 3 to be shared with CLT and the Accounts and Audit Committee in February 2025.

9. Planned Work for October to December 2024

Areas of focus include:

- Issue of audit opinion reports for the following audits – Housing Standards, Budgetary Control, Building Control and Bowdon Church School.
- Finalised advisory reports to be shared in respect of reviews covering Care leaver payments and Accounts Receivable.
- Submission of data to the Cabinet Office by October 2024 as required as part of deadlines set for the 2024/25 National Fraud Initiative.
- 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 November 2024.
- As part of ongoing internal audit planning, in liaison with relevant Directorates, consider timing for some of the remaining reviews in the Internal Audit Plan.
- Continue to consider developments in relation to changes in Internal Audit Standards. CIPFA have issued a consultation regarding the replacement of the Public Sector Internal Audit Standards following changes to Global Internal Audit Standards. Expected changes are due to come into effect from 1 April 2025. It is planned that the Council's Internal Audit Charter and Strategy will be reviewed and updated and shared for review by CLT and the Accounts and Audit Committee by March 2025 to reflect any changes.

APPENDIX 1

2024/25 Operational Plan: Planned against Actual Work (as at 30 September 2024)

<u>Category</u>	<u>Planned work</u>	<u>Work completed (as at 30/9/24)</u>	<u>2024/25 IA Plan</u>
Financial Systems	<p>Audits of fundamental financial systems reviews and advice in relation to systems and procedures.</p> <p>Audit Reports planned to be issued in 2024/25 include the following:</p> <ul style="list-style-type: none"> - Children’s Social Care Payments (Children’s Services) - Accounts Receivable (Finance and Systems) - Payroll (Strategy and Resources) - Budgetary Control (Finance and Systems/Authority-wide) - Purchase Cards (Finance and Systems) <p>Other audits to commence in 2024/25 include:</p> <ul style="list-style-type: none"> -Accounts Payable (Finance and Systems) -Council Tax (Finance and Systems) 	<p>-Final report issued 10/5/24</p> <p>-Draft advisory report shared</p> <p>-</p> <p>-In progress</p> <p>-</p> <p>-</p> <p>-</p>	<p>-Completed</p> <p>-Final report to be issued Q3</p> <p>-Planning to commence Q3/4</p> <p>-Draft report to be issued Q3</p> <p>-Planning to commence Q3/4</p> <p>-</p> <p>-Planning to commence Q4</p> <p>-Planning to commence Q4</p>
Governance	<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>Advice / assurance in respect of governance issues and ongoing liaison with services to consider further audit reviews.</p>	<p>Work to date has included:</p> <ul style="list-style-type: none"> -Liaising with Legal and Governance providing feedback on, and input to, the content of the 2023/24 Draft AGS issued in June 2024. -Advice regards the process for finalising the 2022/23 AGS. 	<p>-Support to Legal and Governance regards the process for finalising the AGS for 2022/23 and 2023/24 alongside the audited accounts and in respect of planning for the collation of the 2024/25 AGS.</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>Follow-up of previous audit reviews to include:</p>	<p>-Facilitated strategic risk update report presented to Accounts and Audit Committee in June 2024. Commenced a further update in September 2024</p>	<p>-Strategic risk register update report to be shared with CLT/Accounts and Audit Committee in November 2024.</p>

	<ul style="list-style-type: none"> - Business Continuity (Place/Authority-wide) - Health and Safety (Strategy and Resources) 	<p style="text-align: center;">-</p> <p>-Follow-up update completed</p>	<p>-Follow-up audit update to be requested in Q4</p> <p>- Completed</p>
Anti-Fraud and Corruption	<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. 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>-Reporting of outcomes from the National Fraud Initiative exercise completed, with details reported as part of the 2023/24 Annual Head of Internal Audit Report at the June 2024 Accounts and Audit Committee. Above reporting included reference to Internal Audit support to investigation work undertaken in 2024.</p> <p>-Preparations commenced for the 2024/25 National Fraud Initiative exercise</p>	<p>- Submission of required data for the 2024/25 National Fraud Initiative exercise completed by October 2024 with matches due to be released by December 2024 for subsequent follow up.</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:</p> <p>STAR:</p> <ul style="list-style-type: none"> - Social Value <p>Other:</p> <ul style="list-style-type: none"> - Parking Enforcement contract - Joint Ventures (Bruntwood) 	<p style="text-align: center;">-</p> <p style="text-align: center;">-</p> <p>Review in progress re leases and rent collection (Altrincham).</p>	<p>-Review deferred given planned introduction of new IT system.</p> <p>-Planning to commence Q4</p> <p>-Initial findings to be shared in Q3</p>
Information Governance / Information, Communications and Technology	<p>ICT Audit reviews and advice.</p> <p>Planned audits to include:</p> <ul style="list-style-type: none"> - IT Service Management (issue of final report) - Access Management - Vulnerability Management - IT Disaster Recovery - Asset Management <p>Information governance reviews and advice. To include:</p> <ul style="list-style-type: none"> - Audit of processes to support management of risk in relation to data 	<p>-Final report issued 12/8/24</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p>	<p>-Completed</p> <p>-Liaison with IT and Salford during November 2024 to review planned work and agree timing.</p> <p>-Planned to commence Q3</p>

	<ul style="list-style-type: none"> - Hayeswater Contact Centre (Children’s Services) - Care Leaver payments (Children’s Services) - Section 17 payments (Children’s Services) - Deprivation of Liberty Safeguards (Adult Services) - Adaptations (Adult Services) - Direct Payments (Adult Services) - Let Estates (Place) - Building Control (Place) - Housing Standards (Place) - Tree Unit (Place) - Section 106 / Community Infrastructure Levy (Place) <p>Follow-up of previous audit reviews where internal audit reports have been issued in 2023/24 to include:</p> <ul style="list-style-type: none"> - Bereavement Services (Strategy and Resources) - Cleaning Services (Strategy and Resources) - Sale Waterside Arts Centre (Strategy and Resources) - Outdoor Advertising (Place) - Safety at Sports Grounds (Place). - Waste Services (Place) 	<ul style="list-style-type: none"> - Ongoing liaison with service - Draft advisory report produced - Ongoing liaison with service - - -Final report issued 3/9/24 - -in progress -In progress - - - Follow-up update completed - -Follow-up update in progress - Follow-up update completed - - Follow-up update completed 	<ul style="list-style-type: none"> -To progress in Q3 -Final report to be issued Q3 -To progress in Q3 -To commence Q4 -Follow-up to be planned in Q3 -Completed -Planning to commence Q3 -Draft report to be issued Q3 -Draft report to be issued Q3 -Timing to be agreed -Planning to commence Q4 -Completed -Update to be requested Q3 -Update to be completed Q3 -Completed -Update to be requested Q3 -Completed
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 (Adult Services) - Local Transport Capital Block Funding (Pothole Fund) 2023/24 (Place) - Food Waste Collections-Capital Transitional Grant (Place) 	<ul style="list-style-type: none"> -Grant check/sign off completed 19/9/24 -Grant check/sign off completed 18/9/24 - 	<ul style="list-style-type: none"> - Completed - Completed -Timing to be confirmed
Service Advice / Projects	<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 30/9/24 includes:</p> <ul style="list-style-type: none"> -Guidance as noted in the Q1 Audit and Assurance update report regards the Employee Code of Conduct -Advisory reports issued as listed in the Q1 Audit and 	

		Assurance update. -Ad hoc advice as listed in Section 6 of this report.	
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APPENDIX 2

POINTS OF INFORMATION TO SUPPORT THE REPORT:

Audit Opinion Levels (RAG reporting):

Opinion – General Audits

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

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.

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.

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.
-