

TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 5 February 2025
Report for: Information
Report of: Audit and Assurance Manager

Report Title

Audit and Assurance Report for the Period October to December 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 October to December 2024

Date: **January 2025**

1. Purpose of Report

This report summarises the work of the Audit and Assurance Service between October 2024 and December 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 – October to December 2024

Work in the quarter included issuing a final audit report on the Council's budget monitoring processes. Other reviews were undertaken across various service areas including Housing Standards, Building Control and Children's Services. Follow-up reviews were also undertaken of previous audits completed in the previous year. All audit reports produced 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 October to December 2024

There were 7 internal audit reports produced in the period (2 final audit opinion reports, 1 advisory report and 4 draft audit opinion reports).

In respect of the 2 final reports issued where overall audit opinions had been provided, 1 provided a "Substantial" level of assurance and the other one a "Reasonable" Level. (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 – October to December 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
<u>FINAL REPORTS ISSUED</u>		
<u>Level 4 Reports:</u>		
Budgetary Control (Finance and Systems & Authority-wide) / (Finance, Change and Governance)	Substantial (23/12/24)	A review was undertaken to assess the covering the Council's operational budget monitoring processes. This included coverage of roles and responsibilities, procedures in place, reporting arrangements and training. The review concluded that, overall, there were effective arrangements in place, resulting in Substantial Assurance being provided. A small number of recommendations were made to enhance existing arrangements. This included the further development of the existing e-learning provided to budget holders.
<u>Level 1 Reports:</u>		
Hayeswater Centre (Children's Services) / (Children and Young People)	Reasonable (20/11/24)	An audit review was completed of Hayeswater Contact Centre, focussing on systems and controls in relation to processes for making payments and cash handling. It was concluded that, overall, there were now improved arrangements in place for the control of monies and administration of the imprest account, further to previous audit advice provided. Controls could be strengthened further with the implementation of documented procedures for staff, including staff roles and responsibilities and processes for carrying out internal supervisory checks.
<u>DRAFT REPORTS ISSUED</u>		
<u>Level 2 Reports:</u>		
Building Control (Place) / (Economy and Regeneration)		A draft report setting out the findings from the review was shared with the Service in November 2024. Once management comments are received, these will be included in a final report.
Housing Standards (Place) / (Housing and Advice)		A draft report was produced at the end of December 2024. This has since been shared with the Service, and once management comments are received, these will be included in a final report.
<u>Level 1 Reports:</u>		
Woodheys 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 2024 and management comments were received which are to be included in a final report to be issued in January 2025. This will be reported as part of the Audit and Assurance update for January to March 2025.
Bowdon Church School (Children's Services) / (Children and Young People)		A draft report setting out findings from the review was shared with the Headteacher in December 2024. Once management comments are received, these will be included in a final report.

OTHER REPORTS	DATE COMPLETED	DESCRIPTION/COMMENTS
Advisory Report – Accounts Receivable (Finance and Systems) / (Finance, Change and Governance)	(28/10/24)	An advisory audit review was completed of the Council's Accounts Receivable system, used to ensure monies due to the Council are received. Service areas across all Council Directorates have responsibility for raising invoices using the system. The purpose of this review was to provide some assurance on controls in place and where applicable, advise on any possible areas for improvement or development, including taking into account findings from a survey of system users. It was reported that there were well defined processes in place including debt recovery processes and a segregation of duties in raising invoices, collecting payment and covering debt. Areas for development included review and update of the Accounts Receivable Code of Practice setting out procedures and responsibilities (which has since been completed) and development of training for system users. It is proposed that a systems audit to provide an overall audit opinion on the effectiveness of systems and controls will be included as part of the 2025/26 Internal Audit Plan.

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. This included an update report on each of the strategic risks being 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, published alongside the 2022/23 accounts.
- Liaison with the Council's Counter Fraud team to contribute to publicising guidance on the intranet regards fraud awareness and reporting suspected fraud.
- Supporting the 2024/25 National Fraud Initiative as detailed below:

National Fraud Initiative

The Audit and Assurance Service co-ordinates the Council's participation in the statutory National Fraud Initiative (NFI) data-matching exercise. The exercise matches electronic data within and between public and private sector bodies to prevent and detect fraud. These bodies include the NHS, local councils, police authorities, fire and rescue authorities as well as and a number of private sector bodies. The main exercise is carried out once every two years at minimal cost to the organisations involved.

The following datasets for the 2024/25 NFI exercise were submitted to the Cabinet Office during October 2024:

1. Council Tax Relief Scheme Data
2. Creditors Data
3. Housing Waiting List Data
4. Payroll Data
5. Pension Gratuity Payment Data
6. Resident Parking Permit Data.
7. Taxi Licensing Data

The matches in relation to the above datasets were released at the end of December 2024. The Audit and Assurance Service will liaise with relevant services across the Council to ensure that high priority matches are reviewed and, where appropriate, followed up through the year. Details of progress will be reported in future updates to the Corporate Leadership Team and the Accounts and Audit Committee through 2025/26 with final outcomes included in the 2025/26 Annual Head of Internal Audit Report.

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 12 recommendations made have been accepted. For the year to date up to 31 December 2024, all 52 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.

In respect of 4 audits previously completed in 2023/24, the relevant services were requested to provide an update on progress in implementing audit recommendations made. The following details were reported:

- Cleaning Services (Strategy and Resources) – Both previous recommendations made had been implemented.
- Sale Waterside Arts Centre (Strategy and Resources) – 3 of the 4 previous recommendations had been implemented with 1 being progressed.
- Broomwood Primary School (Children’s Services) - All of the 4 previous recommendations had been implemented.
- Oldfield Brow Primary School (Children’s Services) – 8 of the 12 previous recommendations had been implemented with good progress made with each of the remaining recommendations.

In the year to date, of 76 recommendations followed up, at the time of the reviews, 39 (52%) had been fully implemented, 36 recommendations (47%) have been implemented in part or are in progress with 1 not yet implemented.

8. Performance against Audit & Assurance Annual Work Plan

Progress to date:

Appendix 1 shows a summary of work completed as at 31 December 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 each quarter of 2024/25 to final or draft stage. As referred to in Section 5, 7 reports were actually produced during Quarter 3 (and 19 reports produced in the year to date). It is expected that most reviews in progress or not yet commenced by the end of 2024/25 will be undertaken in Quarters 1 and 2 of 2025/26. These will be reflected as part of the 2025/26 Internal Audit Plan.

The next update on progress against the 2024/25 Internal Audit Plan, including reports issued, will be reported in an update for Quarter 4 which will be included with the 2024/25 Annual Head of Internal Audit Report, due to be shared with CLT and the Accounts and Audit Committee in June 2025.

9. Planned Work for January to March 2025

Areas of focus include:

- Issue of a number of final reports including Housing Standards, Building Control, Care Leaver payments, Woodheys Primary School and Bowdon Church School
- Progression of other internal audit reviews as listed in Appendix 2.
- As part on ongoing internal audit planning, in liaison with relevant Directorates, consider timing for some

of the remaining reviews in the Internal Audit Plan.

- 2025/26 Internal Audit Plan to be presented to the Accounts and Audit Committee for approval in March 2025.
- In liaison with the Counter Fraud Team and other services, co-ordinate the review of the data matches released from the latest National Fraud Initiative exercise.
- 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 2025. As part of ongoing review processes, there will be benchmarking with other Greater Manchester local authorities to help inform future review and update of the strategic risk register.
- Consideration of the introduction of updated Global Internal Audit Standards (to be effective in the UK Public Sector from April 2025) and subsequent review and update of the Council's Internal Audit Charter and Strategy, taking into account guidance from CIPFA that is expected to be shared in January 2025.

APPENDIX 1

2024/25 Operational Plan: Planned against Actual Work (as at 31 December 2024)

<u>Category</u>	<u>Planned work</u>	<u>Work completed (as at 31/12/24)</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) 	<ul style="list-style-type: none"> -Final report issued 10/5/24 -Final advisory report issued 24/10/24 -Planning commenced -Final report issued 23/12/24 - - - 	<ul style="list-style-type: none"> -Completed -Completed -Audit to commence in Q4 -Completed -Planning to commence by end of Q4 -Planning to commence by end of Q4 -Planning to commence by end of Q4
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 in November 2024. 	<ul style="list-style-type: none"> -Support to Legal and Governance regards the process for finalising the AGS for 2023/24 alongside the audited accounts and in respect of planning for the collation of the 2024/25 AGS.
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</p>	<ul style="list-style-type: none"> -Facilitated strategic risk update reports presented to Accounts and Audit Committee in June and November 2024. 	<ul style="list-style-type: none"> -Strategic risk register update report to be shared with CLT/Accounts and Audit Committee in March 2025. Also to undertake

	<p>arrangements and, where applicable, recommend areas for development.</p> <p>Follow-up of previous audit reviews to include:</p> <ul style="list-style-type: none"> - Business Continuity (Place/Authority-wide) - Health and Safety (Strategy and Resources) 	-	<p>benchmarking with other GM Local Authorities.</p> <ul style="list-style-type: none"> - Follow-up audit update to be discussed in Q4 - Completed
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>-Completed submission of required data as part of the 2024/25 National Fraud Initiative exercise.</p> <p>-Liaison with Counter Fraud to support awareness raising for staff (See Section 6 of report)</p>	<p>- In liaison with other services, co-ordinate the review of data matches from the 2024/25 National Fraud Initiative exercise, with initial reporting on outcomes as part of the 2024/25 Annual Head of Internal Audit Report.</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>-Review deferred at request of STAR given planned introduction of new IT system.</p> <p>-Planning to commence Q4</p> <p>-Findings to be discussed with Service in Q4.</p>
Information	ICT Audit reviews and advice.		

Governance / Information, Communications and Technology	Planned audits to include: <ul style="list-style-type: none"> - IT Service Management - Access Management - Vulnerability Management - IT Disaster Recovery - Asset Management Information governance reviews and advice. To include: <ul style="list-style-type: none"> - Audit of processes to support management of risk in relation to data breaches. 	<ul style="list-style-type: none"> -Final report issued 12/8/24 -Planning meeting agreed for Q4 -Planning meeting agreed for Q4 - - <ul style="list-style-type: none"> -Terms of reference produced 	<ul style="list-style-type: none"> -Completed -Planning to commence in Q4 -Planning to commence in Q4 Liaison with IT and Salford Audit Services during Q4 to consider other work and agree 2025/26 Plan. <ul style="list-style-type: none"> -Review to commence in Q4.
Schools	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 8 school audits to be completed during the year (Children's Services). Final audit opinion reports expected to be issued include: <ul style="list-style-type: none"> - All Saints Catholic Primary - Victoria Park Infants School - Bowdon Church School - Woodheys Primary School - Altrincham C of E Primary School - Templemoor Infants - Seymour Park Community Primary - Moss Park Primary Follow-up of progress for all school audits completed in 2023/24 with updates to be obtained from management.	<ul style="list-style-type: none"> -Final report issued 22/7/24 -Final report issued 22/7/24 -Draft report plus school fund advisory report shared with school -Draft report shared with school - - - - Follow-ups completed: <ul style="list-style-type: none"> -Broadheath Primary School -Broomwood Primary School -Oldfield Brow Primary School 	<ul style="list-style-type: none"> -Completed -Completed -Final report to be issued Q4 -Final report to be issued Q4 -Planning to commence Q4 -Planning to commence Q4 -Planning to commence Q4 -Planning to commence Q4 - 4 other school audit follow-ups to be completed in Q4.
Assurance – Other Strategic and Service Risks	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. Audits to commence in 2024/25 with reports to be issued during 2024/25 or Q1/2 of 2025/26:		

	<ul style="list-style-type: none"> - Catering Services (Strategy and resources) - Blue Badges (Strategy and Resources) - Libraries Service (Strategy and Resources) - Complaints (Strategy and Resources / Authority-wide) - Recruitment (Strategy and Resources) - Supporting Families (Children’s Services) - Home to School Transport (Children’s Services) - Schools Admissions (Children’s Services) - 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> - 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"> -Final report issued 22/8/24 -Terms of reference produced -Delayed at request of service -Agreed to commence after Blue badges review (same service area). - - Final report issued 11/6/24 -Terms of Reference produced -Terms of Reference produced - Final report issued 20/11/24 - Draft advisory report issued - In progress - -Delayed at request of service -Final report issued 3/9/24 -Terms of reference produced -Draft report shared with service -Draft report produced - -Delayed at request of service - Follow-up update completed - Follow-up update completed - Follow-up update completed - Follow-up update completed - - Follow-up update completed 	<ul style="list-style-type: none"> -Completed -Planning to commence Q4 -To include in 2025/26 Internal Audit Plan -To include in 2025/26 Internal Audit Plan - Timing to be agreed. -Completed -Planning to commence Q4 -Timing to be agreed -Completed -Final advisory report issued January 2024 -Draft report to be issued Q4 -Planning to commence Q4 -To be considered as part of 2025/26 Audit Planning. -Completed -Planning to commence Q4 -Final report to be issued Q4 -Final report to be issued Q4 -Planning to commence Q4 -To include in 2025/26 Internal Audit Plan -Completed -Completed -Completed -Completed -Update due to be completed Q4 -Completed
<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 (Adult Services) 	<ul style="list-style-type: none"> -Grant check/sign off completed 19/9/24 	<ul style="list-style-type: none"> - Completed

	<ul style="list-style-type: none"> - Local Transport Capital Block Funding (Pothole Fund) 2023/24 (Place) - Food Waste Collections-Capital Transitional Grant (Place) 	<p>-Grant check/sign off completed 18/9/24</p> <p style="text-align: center;">-</p>	<ul style="list-style-type: none"> - Completed -Timing to be confirmed
Service Advice / Projects	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 31/12/24 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 audit reports issued as listed in the Q1 and Q3 Audit and Assurance updates. -Ad hoc advice as referred to in Section 6 of this report and Section 6 of the Q2 Audit and Assurance update. 	

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.
-