

## TRAFFORD COUNCIL

**Report to:** Accounts and Audit Committee  
**Date:** 19 June 2019  
**Report for:** Information  
**Report of:** Audit and Assurance Manager

### Report Title

Annual Report of the Head of Internal Audit 2018/19

### Summary

The purpose of the report is:

- To provide a summary of the work of the Audit and Assurance Service during 2018/19.
- To provide an opinion on the overall adequacy and effectiveness of the Council's control environment (which encompasses internal control, risk management and governance) during 2018/19.

### Recommendation

The Accounts and Audit Committee is asked to note the report.

### Contact person for access to background papers and further information:

Name: Mark Foster – Audit and Assurance Manager  
Extension: 1323

### **Background Papers:**

None

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**TRAFFORD**  
**COUNCIL**

## **Audit & Assurance Service**

# **Annual Report of the Head of Internal Audit 2018/19**

**May 2019**

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## Part One - Overview of Work Completed and Main Conclusions

### **SUMMARY AND OVERALL OPINION**

The Annual Report of the Head of Internal Audit sets out details of the work of the Audit and Assurance Service during 2018/19. The most important aspect of the Annual Audit Report is to give an independent and objective opinion as to the overall adequacy and effectiveness of the Council's control environment during 2018/19.

Internal Audit is a statutory function and the Audit and Assurance Service carried out its work in 2018/19 in general conformance with the Public Sector Internal Audit Standards.

Through its work, the Audit and Assurance Service aims to provide support to the organisation in its aim to maintain effective governance arrangements and a sound control environment; ensure effective systems are in place to manage risks including the risk of fraud and also demonstrate value for money.

Recommendations made in internal audit reports and guidance/advice provided are key mechanisms for identifying improvement actions required by the organisation. The Audit and Assurance Service also follows up the implementation of recommendations to ensure that improvements are actually occurring.

The Audit Opinion is based on internal audit work undertaken during the year. It is an important component of the Council's Annual Governance Statement which will accompany the Council's Annual Accounts for 2018/19. It should be noted that the report relates to areas reviewed by Internal Audit up to 31 March 2019. Any further issues relating to work undertaken after that time are covered in future update reports through the year to the Corporate Leadership Team and the Accounts and Audit Committee.

Based on internal audit review work undertaken in 2018/19, the Internal Audit Opinion is that, overall, the control environment encompassing internal control, risk management and governance, is operating to a satisfactory standard but there are, however, some areas for improvement.

Follow-up internal audit work in areas previously reviewed demonstrates that progress is being made to improve controls and address risks previously identified, although further action is required in respect of some areas reviewed. Where areas for improvement have been identified during 2018/19, actions have been agreed with management to be followed up in 2019/20.

In terms of external inspection, it is noted that following the Ofsted review of Children's social care services, which provided ratings of "inadequate" or "requires improvement to be good" across areas reviewed, an improvement plan is being produced in early 2019/20 to address the issues raised.

## **1. INTRODUCTION AND BACKGROUND**

- 1.1 The purpose of the Annual Report of the Head of Internal Audit is to detail the work of the Audit and Assurance Service during 2018/19. The report provides an opinion as to the overall adequacy and effectiveness of the Council's control environment during 2018/19.
- 1.2 Internal Audit is a statutory function and must undertake its work in accordance with the Public Sector Internal Audit Standards (PSIAS). It is a requirement of PSIAS that an annual internal audit report is written and presented to the organisation.
- 1.3 The Internal Audit function is provided by the Audit and Assurance Service, which is part of Financial Management within the Finance and Systems Directorate. Day to day management is the responsibility of the Audit and Assurance Manager who reports both to the Deputy Director of Finance (line manager) and also reports directly to the Corporate Director of Finance and Systems (Section 151 Officer) on all key internal audit related matters. The Service maintains independence in its reporting as set out in its Charter and associated procedures.
- 1.4 During 2018/19, the establishment of the Audit and Assurance Service comprised 6.9 full time equivalent (FTE) staff and work for the year was planned on that basis. However, for most of the year, one officer was on secondment to the Trafford CCG Finance team. In addition to the Audit and Assurance Manager, the Service staffing structure consisted of the following:
- 2 Principal Audit and Assurance Team Leaders (2FTE) of which one was on the secondment.
  - 1 Principal Audit and Assurance Officer
  - 2 Senior Audit and Assurance Officers
  - 1 Audit and Assurance Officer (0.9 FTE during 2018/19).
- 1.5 In addition to in-house resources, Salford Internal Audit Services provided support in respect of elements of the ICT Internal Audit Plan. The Audit and Assurance Service also worked with other Internal Audit providers where appropriate such as Stockport, Rochdale and Tameside Councils in respect of the STAR Shared Procurement Service.
- 1.6 The approach to internal audit work adopted at Trafford is set out in the Internal Audit Charter and Strategy which were updated in March 2019 and approved by the Accounts and Audit Committee. The Internal Audit Charter describes the purpose, authority and principal responsibilities of the Internal Audit function provided by the Audit and Assurance Service. The Internal Audit Strategy describes the arrangements in place to deliver internal audit so as to ensure that the objectives and scope of the Service are met, thereby enabling Internal Audit to provide an opinion on the operation of the control environment. The Strategy covers audit resources, planning, service delivery and reporting.

## **2. INTERNAL AUDIT OPINION FOR 2018/19**

- 2.1 The Head of Internal Audit is required to give an annual opinion on the adequacy and effectiveness of the Council's internal control environment. The opinion supports the Annual Governance Statement. The Opinion for 2018/19 is as follows.

**Based on internal audit review work undertaken in 2018/19, the Internal Audit Opinion is that, overall, the control environment encompassing internal control, risk management and governance, is operating to a satisfactory standard but there are, however, some areas for improvement.**

**Follow-up internal audit work in areas previously reviewed demonstrates that progress is being made to improve controls and address risks previously identified, although further action is required in respect of some areas reviewed. Where areas for improvement have been identified during 2018/19, actions have been agreed with management to be followed up in 2019/20.**

**In terms of external inspection, it is noted that following the Ofsted review of Children's social care services, which provided ratings of "inadequate" or "requires improvement to be good" across areas reviewed, an improvement plan is being produced in early 2019/20 to address the issues raised.**

- 2.2 Factors determining the opinion are as follows

- Audit Opinion reports were issued through the year covering a range of services, functions, systems and processes including financial system audits, ICT Audits, schools and establishment reviews, service reviews and procurement/contracts related reviews. (See Section 4 and Appendices A to C). Of the 36 final audit reports issued during the year (which included 11 schools), 89 % of opinions stated that at least an adequate level of control was in place. Excluding schools, 88% of opinions in reports were at least adequate (See 3.5).
- For all final reports issued, action plans were agreed to implement recommendations made with the aim of improving arrangements for governance, risk management and internal control. Most recommendations made (98%) have been agreed by management (See 5.3 to 5.5).
- A number of areas identified in the previous year as requiring improved standards of control were followed up by Audit in 2018/19 and significant progress had been made in implementing recommendations. Follow up review work undertaken during the year has identified that, overall, of the areas reviewed 92% of recommendations previously made had been either fully or partially implemented. There are a number of audit reviews included in the 2019/20 Internal Audit Plan to undertake further follow up work in relation to audits where recommendations have been reported in 2018/19 as being in progress or not implemented. (See 5.6 to 5.10 for an analysis of follow up audit reviews both for Council and schools related reviews).

- Key strategic risks have continued to be monitored through the year. Audit and Assurance has contributed to the review and update of the Strategic Risk Register which has been reported to the Corporate Leadership Team and the Accounts and Audit Committee. A risk in relation to the impact of Brexit was added to the risk register during the year and as at the year end, reflecting concerns raised during the year, the highest risk included related to issues in respect of the performance of the One Trafford Partnership (See 4.2).
- The Audit and Assurance Service worked with Legal and Democratic Services to assist in planning the approach and timetable for the production of the Council's 2017/18 AGS. The 2017/18 AGS identified a number of significant governance issues for 2018/19 including in relation to the Council's medium term financial position; developments in business continuity arrangements; and continued progression of work in relation to the Council's investment strategy. Updates on progress against each of these are to be provided in the 2018/19 AGS, which will be approved by July 2019. (See 4.1)
- In terms of a further significant issue to be addressed in 2019/20, following the Ofsted inspection of Children's Social Care which provided ratings of "inadequate" and "requires improvement to be good", the Council is taking a number of actions to address the issues raised which will be followed up by Ofsted later in 2019.
- The Audit and Assurance Service has continued to contribute to anti-fraud and corruption activity and where appropriate worked in liaison with other services including the Counter Fraud and Enforcement team. The Service has co-ordinated work, in liaison with other services, in relation to the 2018/19 National Fraud Initiative (See 4.5).
- The Service continues to contribute to the development and review of information security and governance processes across the Council and contributed to the development of action plans through its work. (See 4.7).

2.3 A detailed analysis of the internal audit work undertaken by the Audit and Assurance Service during 2018/19 is provided in this report.

### **3. WORK PLANNED AND COMPLETED**

3.1 Total time allocated to carry out the Operational Plan was originally set at 1080 days for 2018/19 (with an additional contingency of 60 days). This was calculated by subtracting overheads, e.g. leave, sickness, training etc, from the time available to each auditor. See Appendix B for a summary of work planned against completed with a breakdown of days across categories of internal audit work. The actual number of days spent delivering the 2018/19 Annual Audit Plan was 901. Details of planned work against actual are discussed further in Section 6.

3.2 It should be noted that in addition to the 901 actual days, additional time was taken for other activities that are not attributable to one particular category of work but support the audit process. In 2018/19, this included continued support to the Accounts and Audit Committee, liaison with the External Auditor, networking with other North West Internal Audit groups to share good practice, and liaison with services to gather information in support of the production of the audit plan.



3.3 Details of the internal audit reports issued are shown in Appendix C. Further detail in relation to audit reports issued between April and December 2018 are detailed in the update reports presented to CLT and the Accounts and Audit Committee in October 2018 and February 2019. Appendix A provides detail in relation to reports issued during the final quarter of 2018/19.

**Analysis of Audit Opinions**

3.4 For each audit report issued, one of five possible opinions is given. The five opinions are also denoted as Red/Amber/Green. The table below shows the number of final reports issued during 2018/19 for each opinion level.

<b>LEVEL OF ASSURANCE</b>	<b>R/A/G STATUS</b>	<b>DESCRIPTION</b>	<b>NUMBER OF FINAL REPORTS ISSUED 2018/19</b>
<b>High Level of Assurance (Very Good)</b>	<b>Green</b>	Controls operating effectively to address all the major business risks identified at the time of the audit.	<b>3</b>
<b>Medium / High (Good)</b>	<b>Green</b>	Most business risks controlled effectively. However, there is need to improve controls in respect of a small number of high risk areas as well as for other risk areas.	<b>14</b>
<b>Medium (Adequate)</b>	<b>Green</b>	Most risk areas controlled effectively but control improvements required for some high risk areas as well as for other areas.	<b>15</b>
<b>Low / Medium (Marginal)</b>	<b>Amber</b>	Some business risks are controlled effectively. However, improvements are necessary to control a significant number of high risk areas.	<b>4</b>
<b>Low (Unsatisfactory)</b>	<b>Red</b>	Very high risk of fraud and error because a significant number of major business risks are not adequately controlled.	<b>-</b>
		<b>TOTAL</b>	<b>36</b>

- 3.5 As shown above, in respect of the 36 final audit reports issued during the year, an adequate or above (Green) level of assurance was given for 89% of the reviews (This compares to 88% in 2017/18). Excluding schools from the analysis, 22 of the 25 opinion reports issued were “Green” i.e. 88% (compared to 95% in 2017/18). There were four reviews completed where a less than adequate “Low/Medium” opinion was given (one of these was a school audit). A full listing of reports issued and associated audit opinions is given in Appendix C.
- 3.6 It should be noted that whilst shown as “Green”, where opinions of Medium or Medium/High have been given, a number of control improvements to manage risks have been identified and it is important that associated recommendations are addressed.

### **Other Assurance Provided Across the Council**

- 3.7 A significant proportion of time spent does not result in the issue of formal internal audit reports. This is because the Audit and Assurance Service has contributed to a number of activities such as:
- Risk management (including facilitating the update of the Council’s strategic risk register and contributing to the provision of Risk Management guidance).
  - Anti-fraud and corruption (including co-ordinating the Council’s work in supporting the National Fraud Initiative),-
  - Working in liaison with Legal and Democratic Services to provide support in the process for producing the 2017/18 AGS including an independent review of its content prior to its final completion plus assisting Legal and Democratic Services in planning the approach for the production of the 2018/19 AGS.
  - Contributing to the work of the Information Security Governance Board including in the early part of 2018/19, support in developing the Corporate Information Governance risk register and in the latter part of 2018/19 working in liaison with the Information Governance team to provide an independent review in respect of the NHS Digital Data Security and Protection toolkit submission.
  - Input to the Authority’s contract monitoring of the One Trafford Partnership in respect of the monitoring of performance indicators. This included supporting management in validating supporting data and providing advice in respect of the processes supporting the monitoring of some key performance indicators.
  - Providing guidance to schools, with a briefing note included on the schools weekly e-bulletin covering frequently made audit recommendations.
  - Liaison with ICT to monitor mobile phone usage with findings shared with ICT to consider appropriateness of contracts in place.
  - Work completed in liaison with Trafford Leisure in relation to advice on internal controls.
  - Providing other guidance (which included updating of the dedicated site on the intranet for the Audit and Assurance Service which provides information and guidance).

## **Breadth of Stakeholders**

- 3.8 The Audit and Assurance Service liaises and shares internal audit findings and reports with a wide group of stakeholders within the organisation including Executive Members, the Accounts and Audit Committee, Corporate Leadership Team, managers across the Authority and External Audit.

## **Part Two – Detailed Findings**

### **4. DETAILED ANALYSIS OF WORK COMPLETED**

Section 2 gave the overall Internal Audit Opinion on the operation of the control environment during 2018/19, and provided a summary of internal audit work undertaken on which the opinion is based. This section provides a more detailed analysis.

#### **4.1 Governance**

- 4.1.1 The Audit and Assurance Service has a key role in providing assurance on the standards of governance and internal control in the Authority.
- 4.1.2 The requirement to produce an Annual Governance Statement is set out in the Accounts and Audit Regulations (2015). Legal and Democratic Services co-ordinate the production of the Annual Governance Statement in liaison with officers and members as set out in the approach / timetable agreed by the Accounts and Audit Committee each year. In order to complete this, corporate governance arrangements are reviewed with reference to the CIPFA/SOLACE Framework for Corporate Governance in Local Government. This includes identifying sources of assurance to provide evidence that the Council's governance arrangements comply with the CIPFA/SOLACE framework. The framework consists of a set of principles covering issues such as ethics/values; stakeholder engagement; sustainable economic, social and environmental benefits; policies and procedures; capacity and training; management of risks and transparency/reporting arrangements.
- 4.1.3 Given Internal Audit experience in previously leading on the collation of the AGS, Audit and Assurance worked with Legal and Democratic Service to provide advice on the process for producing the 2017/18 AGS. Audit also undertook a brief review of the content of an early version of the Draft AGS prepared by Legal and Democratic Services and made some suggestions for additions to the document. These were taken into account in producing the Draft AGS, which was completed in May 2018 and presented to the Accounts and Audit Committee at its June 2018 meeting, together with the updated Corporate Governance Code. Audit and Assurance has continued to liaise with Legal and Democratic Services to provide advice in planning for the preparation of the 2018/19 AGS.
- 4.1.4 The final approved 2017/18 AGS included a number of significant governance issues highlighted for progression in 2018/19 including managing the Council's medium term financial position; developments in business continuity arrangements; and continued progression of work in relation to the Council's investment strategy. Updates on all significant issues will be included in the 2018/19 AGS. The 2018/19 AGS will also reflect developments following the Ofsted inspection of Children's

Social Care in March 2019 which provided ratings of “inadequate” and “requires improvement to be good”. The Council is taking a number of actions to address the issues raised which will be followed up by Ofsted in 2019.

4.1.5 Audit and Assurance initially liaised during the year with Legal and Democratic Services to review guidance in respect of the declaration of gifts and hospitality. Further to this, it was agreed that an audit review would be added to the 2018/19 Internal Audit Plan to consider the adequacy and effectiveness of existing arrangements. A final audit report was issued in October 2018 which concluded that whilst procedures and guidance for staff to declare offers of gifts and hospitality are in place, it was recommended that the content of the procedure and guidance within the Employee Code of Conduct is reviewed to ensure it is up to date and considers best practice. Progress made in implementing the recommendations will be reported in 2019/20.

## 4.2 **Risk Management**

4.2.1 The Audit and Assurance Service continued to facilitate the review and update of the Council’s strategic risk register through liaison with CLT. This ensures that the Council formally identifies and monitors the key risks to the achievement of Council objectives.

4.2.2 Reports setting out the strategic risk register and key developments in the management of risks have been submitted to CLT through the year. The Accounts and Audit Committee were provided with updates in October 2018 and March 2019. In the March 2019 update this included 14 strategic risks setting out existing arrangements in place and recent developments to manage these. A risk in relation to the impact of Brexit was added to the risk register during the year and as at the year end, reflecting concerns raised during the year, the highest risk included related to issues in respect of performance of the One Trafford Partnership. The risk reports highlighted ongoing actions to manage the risks identified.

4.2.3 Audit and Assurance worked with the Council’s Information Governance team during the year to provide input/advice in respect of the update of the Council’s Information Governance Risk Register. This included liaison with Trafford CCG’s Information Governance Manager to consider information governance issues across both organisations to inform the update of the risk register.

4.2.4 Risk management guidance on the Council’s intranet site was further updated by the Audit and Assurance Service. In 2019/20, it is planned that as part of a future exercise to update the strategic risk register, Audit and Assurance will also request updates from respective Directorates in respect of providing evidence of Service/Directorate level risk registers and where appropriate will provide further guidance.

## 4.3 **Fundamental Financial Systems**

4.3.1 This is a key area of internal audit work providing assurance regarding the controls in place for the Authority’s key financial systems. Details of progress made during the year for each planned review is set out below.

4.3.2 As listed in Appendix C, five final audit reports were issued during the year. These related to the following reviews with the respective Directorates and Audit Opinion shown:

Reported in the April to August 2018 Audit and Assurance update:

- Income Control (Finance and Systems/Authority-wide) - High
- Adult Social Care Payment System: Liquid Logic/ContrOCC (Adults' Services) - Medium

Reported in the September to December 2018 Audit and Assurance update:

- Direct Payments (Adults' Services) - Medium
- Treasury Management (Finance and Systems) - High

Issued in Quarter 4 2018/19 (See appendix A for overall findings):

- Direct Payments (Children's Services) – Medium/High

4.3.3 The following review was completed to draft report stage by the end of the year (with the final report issued in April 2019 and will be reported in the next Audit and Assurance update report in 2019/20):

- Children Social Care Payments System : Liquid Logic/ContrOCC (Children's Services)

4.3.4 In terms of other planned reviews:

- Purchase Cards (Finance and Systems). A draft report is due to be issued in quarter one of 2019/20. Further to this, a review of the Accounts Payable system will commence.
- An IT controls based audit review in respect of the GM Shared Services Payroll system, I-Trent, is currently in progress (See 4.7.6). Further to that a wider review of Payroll procedures and controls will be undertaken.
- In agreement with management, a budgetary control review is rescheduled (as included in the 2019/20 Internal Audit Plan approved in March 2019).

4.3.5 As agreed as part of the 2019/20 Internal Audit Plan, a number of other financial systems reviews have been agreed for inclusion including Council Tax, Business Rates, Housing Benefit/Council Tax Reduction and Accounts Receivable/Debt Recovery.

#### **4.4 Schools**

4.4.1 As part of the Schools Financial Value Standard (SFVS) designed by the Department for Education, schools are required to submit evidence to support adherence to the Standard on an annual basis. It is noted that in accordance with SFVS, all schools have submitted a self-assessment for 2018/19 as required. Information submitted is available to Audit and Assurance to assist in planning school audits.

4.4.2 Areas covered in internal audit reviews reflect the requirements of the SFVS and include governance arrangements such as the role of the Governing Body and senior staff; budgetary control; purchasing; payroll processes; income collection, security of cash and other assets; and information security and governance.

- 4.4.3 Within the Internal Audit Plan it was planned that at least 14 school audits would be undertaken in 2018/19. During the year, 11 final audit reports were issued. In addition to these, as at the end of March 2019, in respect of two other schools visited during the year, an initial draft report had been shared with the respective Headteachers. In addition, at another school a visit had been completed by the end of March (with a report issued after the year-end) and planning for another school visit commenced. There has been rescheduling of audits of two other schools which were originally due to commence in 2018/19 and will be completed in 2019/20.
- 4.4.4 In respect of the 11 final audit reports issued, five schools were provided an opinion of “Medium/High”, five with “Medium” and one was “Low/Medium.” (See appendix C). For the school where a Low/Medium opinion has been provided, a follow-up audit will be undertaken in 2019/20 to assess progress in implementing the recommendations made.
- 4.4.5 During the year there was follow up by Audit in relation to 6 schools to confirm progress in implementing previous recommendations. Good progress in implementing recommendations is highlighted by the analysis regarding audit follow ups (See 5.6 to 5.10).
- 4.4.6 Audit and Assurance continued to liaise with Financial Management and Children’s Services to assist in following up issues raised at particular schools, ongoing audit planning and, where applicable, to provide advice to schools.

#### 4.5 **Anti-Fraud and Corruption**

- 4.5.1 Audit work in this area relates to undertaking investigative work; reviewing measures in place to reduce the risk of fraud and corruption and raising awareness across the Council. This work forms an important part of the Council’s approach to ensuring high standards of conduct are in place.

#### **National Fraud Initiative**

- 4.5.2 The Audit and Assurance Service continued to co-ordinate the Council’s participation in the National Fraud Initiative (NFI), 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 Service co-ordinated the submission of Council data to the Cabinet Office NFI team in October and December 2018 (as reported as part of the September to December Audit and Assurance update report) and the subsequent matches were received in January 2019. The Service has liaised with other services including the Council’s Fraud and Enforcement team to ensure key data matches are being followed up. Progress in following up the data matches will be reported in Audit updates in 2019/20.

#### **Investigations**

- 4.5.3 A report which will include details regarding counter fraud investigations will be issued by the Counter Fraud and Enforcement Team in July 2019. In respect of one of the cases investigated by the team during the year which is not yet complete, Internal Audit has liaised

with relevant management to consider related internal controls to reduce future risks of fraud in respect of the service area investigated. Further details in relation to this will be reflected in future Counter Fraud team reporting and Audit and Assurance updates as appropriate.

- 4.5.4 Some concerns have been raised during the latter part of the year in relation to financial administration within specific service areas. No specific allegations of fraud have been made but Audit is taking account of the issues raised in planning areas for audit during 2019.

## **Policies**

- 4.5.5 During 2018/19, Audit continued to liaise with relevant services including Legal Services to review aspects of existing anti-fraud relating policies and procedures and provide advice in respect of possible updates to existing procedures. Details of any agreed changes to revised policies will be reported in future Audit and Assurance updates.

## **4.6 Procurement / Contracts**

- 4.6.1 Audit and Assurance undertakes reviews of procurement arrangements and processes to ensure the Council strives to achieve value for money and undertakes procurement in accordance with relevant legislation and the Contract Procedure Rules.
- 4.6.2 As part of internal audit planning, the Service continues to liaise with the STAR Shared Procurement Service and Internal Audit sections of the partner authorities (Stockport, Rochdale and Tameside Councils). Audit plans were co-ordinated and relevant findings from work shared to ensure an efficient audit process.
- 4.6.3 Listed below are the audits completed, including the lead Authority within STAR for completing the audit and also the opinion level given (It should be noted that Rochdale and Stockport utilise different sets of opinion levels so in each case the equivalent level at Trafford is shown and there is further explanation in Appendix C). Details of overall findings were included in the respective update reports for CLT and the Accounts and Audit Committee, and for reports issued in the final quarter, a summary of findings is shown in Appendix A:

Reported in the April to August 2018 Audit and Assurance update:

- STAR Quality Management System (STAR Authorities – Stockport lead) - Medium
- STAR Procurement: Contracts Register (STAR Authorities – Rochdale lead) - Medium.

Reported in the September to December 2018 Audit and Assurance update:

- Contract Procedure Rules (STAR Authorities – Stockport lead) - Low/Medium and Medium opinions for different aspects of the review covered. (As previously reported, recommendations include further developing processes for monitoring adherence to the Contract Procedure Rules and also areas in relation to staff training and awareness. Progress will be followed up in liaison with STAR in 2019/20).

Issued in Quarter 4 2018/19 (See Appendix A for overall findings):

- STAR Procurement: Financial vetting of suppliers follow-up (STAR Authorities – Trafford lead) - Medium/High.
- STAR Procurement :Chest Procurement Portal follow-Up (STAR Authorities – Rochdale lead) - Medium

4.6.4 Further review work to be undertaken in liaison with STAR in 2019/20 is reflected in the 2019/20 Internal Audit Plan.

4.6.5 Audit and Assurance provided input to the Authority's contract monitoring of the One Trafford Partnership between the Council and Amey in respect of the monitoring of performance indicators. This included supporting management in validating supporting data and providing advice in respect of the processes supporting the monitoring of some key performance indicators. Further audit work planned in this area will be agreed for 2019/20.

4.6.6 In addition, as reported in the 2019/20 Internal Audit Plan, originally planned to start towards the end of 2018/19 and now rescheduled to 2019/20, Audit and Assurance plan to undertake an audit review of processes in relation to the commissioning of children's external residential placements.

4.6.7 Consideration of procurement / contracts aspects is included in other categories of audit work including schools (per 4.4) and Other Business Risks (4.8).

#### **4.7 ICT Audit / Information Governance**

4.7.1 Audit work was undertaken to cover a range of issues in relation to IT procedures, processes and controls. A significant part of this work is completed by Salford Internal Audit Services who provide specialist IT Audit Services for a number of authorities. Work was also undertaken in respect of wider information governance issues.

4.7.2 An audit of the Council's cyber security arrangements was previously completed in 2016 and a further audit was completed to assess progress in implementing recommendations. A final report was issued in July 2018. The review found that progress had been made, with further actions planned. Of the 14 recommendations previously made, five had been fully implemented, seven in progress and two to be implemented. Planned areas for improvement include development of improved disaster recovery arrangements.

4.7.3 A planned review was completed in 2017/18 of the Council's IT software licensing arrangements. A number of recommendations made in the audit report related to controls that would be improved through the implementation of a software asset management system. Initial follow-up work was undertaken in 2018/19 showing progress had been made with the purchase of a system but further review work will be undertaken to assess progress in implementing all the previous recommendations.

4.7.4 Similarly, an audit review was also originally completed in 2017/18 of the IT Service desk. A position statement in respect of the recommendations made was provided to ICT in September



2018 and there was agreement that a further follow-up audit would be included in the 2019/20 Internal Audit Plan where an updated audit opinion would be provided. Recommendations to be progressed include reviewing current performance measurement with the development of a range of performance targets.

- 4.7.5 A follow-up audit report of IT Change Management processes was issued in November 2018. Significant progress had been made in implementing recommendations made in the previous audit review. Recommendations had either been implemented or being progressed with further actions planned in relation to system development.
- 4.7.6 By the year-end, an audit was in progress of an IT application controls review of the ITrent Payroll system. An audit report is to be issued in quarter one of 2019/20.
- 4.7.7 A presentation was provided to the Accounts and Audit Committee on Cyber Resilience by the Chief Digital Officer in March. This included reference to the Council's Draft Digital Strategy. In supporting this, there are reviews in the 2019/20 Internal Audit Plan, including an internal audit assessment against the National Institute of Standards and Technology (NIST) Cyber Security Framework.
- 4.7.8 Audit has continued to contribute to ongoing developments in relation to the Council's approach to Information Governance. This has included input to the Information Security Governance Board (ISGB) (See 4.2.3 and 4.10.3). Audit undertook review work as follows:
- A final audit report was issued in January 2019 regarding the effectiveness of the current procedures for reporting, responding to and managing data breaches, in relation to General Data Protection Regulations (GDPR) requirements. It is noted that the Council has established defined procedures to meet requirements but some recommendations were made to enhance these. These included reporting arrangements and also ensuring adequate follow up of any recommendations made to ensure necessary actions have been taken to improve processes following a data breach incident. There will be a follow-up of this audit in 2019/20.
  - Audit completed a brief independent check of the Council's completed NHS Data Security and Protection Toolkit prior to its required submission to the Department of Health and Social Care in March 2019. The Toolkit is an online system which enables organisations to assess themselves or be assessed against specified data security standards. The submission was completed as required in March 2019 and where standards were not fully met, areas for improvement were included in an action plan to be completed by September 2019.
- 4.7.9 In addition to the follow up review of data breaches, it was also confirmed in the 2019/20 Internal Audit Plan that an audit will be carried out of procedures in relation to dealing with Subject Access Requests (SARs), ensuring the requirements of GDPR are being met. Audit will continue to liaise with the Information Governance team to consider risks in relation to records management and possible further review work as part of ongoing audit planning.

## 4.8 **Other Business Risks**

- 4.8.1 This comprises various work that does not fall into one of the categories referred to above but represents areas of business risk. This includes authority-wide review work and reviews of specific services and establishments within individual Directorates. Risks reviewed encompassed a number of areas of control such as procedures and responsibilities, adherence to legislation and internal procedures, budgetary control, Payroll/HR related processes, risk management, security (of cash, assets and data), purchasing, income collection and recording and other areas of risk specific to the service under review.
- 4.8.2 There were 11 final audit reports issued in this category with at least Medium (Adequate) or above audit opinions given for nine audits and less than adequate opinions for the two other reports (Low/Medium opinions). Listed below are the audits completed with the respective Directorate and also opinion level given. Details of overall findings were included in the respective update reports for CLT and the Accounts and Audit Committee, and for reports issued in the final quarter, a summary of findings is shown in Appendix A.

### **Final Reports issued:**

Reported in the April to August 2018 Audit and Assurance update:

- Old Trafford Library (Governance and Community Strategy) - Medium/High
- Registration Service (Governance and Community Strategy) – Medium/High
- Bereavement Services (People) - High
- Let Estates (Place) – Medium/High
- Pest Control (Place) – Medium/High

Reported in September to December 2018 Audit and Assurance update:

- Business Continuity (Authority- Wide) - Low/Medium
- Stronger Families Programme (Children’s Services) - Medium

Issued in Quarter 4 2018/19 (See Appendix A for overall findings):

- Client Finances: Appointees and Deputyships (Finance and Systems) – Medium/High
- Trafford Town Hall Catering Income (People) - Medium
- Environmental Health – Food Safety (Place) – Medium/High
- Aids and Adaptations (Adults’ Services) – Low/Medium

- 4.8.3 There will be further follow up audit reviews completed in respect of the reviews where Low/Medium opinions were given to further assess progress in implementing audit recommendations previously made i.e. reviews of Business Continuity arrangements across the Council and also an audit of processes supporting the Aids and Adaptations service.
- 4.8.4 In addition to the above completed reviews, a further two planned pieces of work were completed which had been included in the 2018/19 Plan but where formal audit opinion reports were not issued at this stage. As part of work supporting monitoring of the One Trafford Partnership, Audit provided a note advising on findings and recommendations from

an exercise supporting the Place Directorate in reviewing performance indicators in respect of Energy Management. Secondly, in respect of a follow-up audit in respect of payments to care leavers, a note was provided on findings with reference to that most points were being covered as part of a separate audit of the Children's Social Care Payments System (as per 4.3.3).

- 4.8.5 There were three audits in progress by the year-end with reports to be issued in 2019/20:
- Statutory Homelessness Services (Place)
  - Licensing (Place) / (Constitutional Reform and Resident Engagement)
  - Section 17 Payments (Children's Services)

- 4.8.6 As referred to in the 2019/20 Internal Audit Plan, there are a number of reviews originally planned for 2018/19 that had not started and were rescheduled to 2019/20 and these are also listed in Appendix C under "Assurance - Other Business Risks".
- Altrincham Library (Governance and Community Strategy)
  - Flixton House (People)
  - Music Service (People)
  - Planning Enforcement (Place)
  - Strategic Growth Team (Place)

#### **4.9 Grant Claims**

- 4.9.1 Audit has been required to carry out checks to support information contained in a number of grant claims made during the year in line with national requirements in relation to funding received. In each case, based on the checks undertaken, adequate assurance was obtained to support the claims made.

- 4.9.2 During 2018/19, work included internal audit checks of the following:
- Local Growth Fund 2017/18 (completed July 2018)
  - Cycle City Grant 2017/18 (completed September 2018)
  - Pot Hole Fund Grant 2017/18 (completed September 2018 and March 2019)
  - Disabled Facilities Grant 2017/18 (completed October 2018).

#### **4.10 Service advice/ Projects/ Boards**

- 4.10.1 Advice was provided through the year across the Council on governance and control issues. As referred to in 4.2, Audit has contributed to updating guidance in respect of risk management. Audit has also responded to requests through the year to provide guidance on various aspects of internal control including cash and asset security. The Audit and Assurance intranet site includes information on the role of Audit and associated guidance for services in respect of risk management, governance and anti-fraud and corruption which has been updated during the year.
- 4.10.2 In accordance with the Internal Audit Plan, Audit provided advice to Trafford Leisure Community Interest Company (CIC) in respect of advice on its financial controls. As agreed

in 2018/19, this related to advice in respect of financial administration relating to Altrincham Golf Course.

4.10.3 Audit has contributed to the work of the Information Security and Governance Board and will continue to be a member in 2019/20.

## **5. MANAGEMENT RESPONSE TO INTERNAL AUDIT WORK**

5.1 This section sets out the response to, and impact of, internal audit work during the year. Key indicators of Audit and Assurance's impact are :

- Acceptance of recommendations
- Implementation of them.

5.2 Recommendations issued by the Audit and Assurance Service had one of three priority levels as follows:

**Priority 1**                      These are recommendations considered by Internal Audit to be essential to address a high risk in order to maintain a minimum acceptable level of assurance. Priority should be given to addressing these recommendations as soon as possible.

**Priority 2**                      These are recommendations considered necessary to address a moderate risk in order to improve internal control. Action to implement these should be agreed with planned dates shown in the action plan but it is taken into account that Priority 1 recommendations would take priority.

**Priority 3**                      These are recommendations to either address a low risk or provide guidance or advice to further enhance existing practice.

### **Acceptance of Recommendations**

5.3 Most audit recommendations made during the year were accepted by management. Of the 140 Priority 1 recommendations made, 137 were accepted i.e. 98%. (Of these 72 recommendations related to school audits of which 71 were accepted).

5.4 The acceptance rate for priority 2 or 3 recommendations was also 98% (198 out of 203 recommendations). Of these, 128 recommendations related to school audits with 4 recommendations not agreed and 75 recommendations relating to all other audits with only 1 recommendation not agreed).

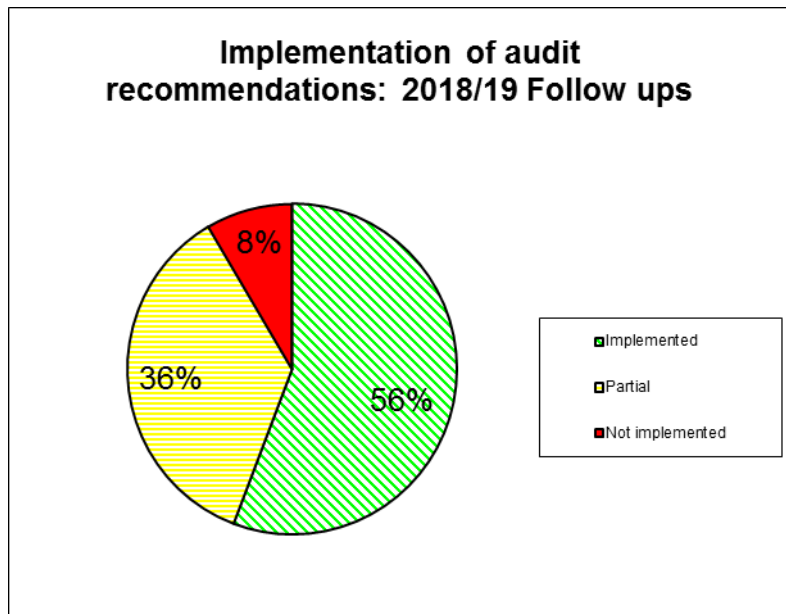
5.5 Therefore, overall, 98% of all recommendations were accepted (same rate as 2017/18). The service target is currently set at 95%.

### Implementation of audit recommendations

5.6 A number of internal audit reviews are followed up approximately 12 months after the issue of the final report to ascertain what progress has been made in implementing recommendations. This may be either through a further audit review or through manager self- assessment.

5.7 Details of individual follow up reviews for the first three quarters of the year are set out in the respective Audit and Assurance update reports issued through the year. Details of individual follow-up audits for the final quarter of 2018/19 are included in Appendix A together with details of the acceptance rate for recommendations in that quarter.

5.8 For all follow up work undertaken, an analysis of the percentage of recommendations implemented at the time of the respective follow up reviews is shown in the following chart.



5.9 From the reviews undertaken, of a total of 260 recommendations followed-up during 2018/19, it was reported that 145 (56%) had been implemented at the time of the follow up audit reviews (compared to 82% of a total of 155 recommendations followed up in 2017/18). A further 93 (36%) have been partially implemented / in progress (13% reported in the previous year). 22 recommendations (8%) have not been implemented (compared to 5% in the previous year).

5.10 It should be noted that of the above 260 recommendations analysed above, these relate to the following in terms of recommendations excluding schools and recommendations specific to school audits.

<b>Recommendations Followed Up Excluding Schools</b>		<b>Recommendations followed up- School Audits</b>	
Total Number	174	Total Number	86
Recommendations Implemented or no longer applicable	36%	Recommendations Implemented or no longer applicable	95%
Recommendations Implemented in part/in progress	52%	Recommendations Implemented in part/in progress	4%
Recommendations not implemented	12%	Recommendations not implemented	1%

There are a number of audit reviews included in the 2019/20 Internal Audit Plan to undertake further follow up work in relation to audits where recommendations have been reported in 2018/19 as being in progress or not implemented.

In Appendices A and C, \* denotes against the Audit opinion that the review is specifically a follow up audit. Where appropriate, revised opinions were given after each follow-up review had been completed.

**Client feedback**

- 5.11 A client questionnaire is sent out with each audit report canvassing managers' views on the audit review. The questionnaire covers the audit approach; audit report issued and usefulness of the audit as an aid to management.
- 5.12 The overall rating was good or very good for 98% of the responses (97% in 2017/18) against a service target of 85%. In terms of impact, 82% of respondents stated that following the audit review, it was expected that there would either be a moderate improvement (64%) or significant improvement (18%) in the standard of control. An analysis of the responses is shown in Appendix D.
- 5.13 The analyses of recommendations, follow-ups and client responses continues to demonstrate an overall positive response to internal audit work which contributes to continued improvements in governance and control arrangements across the Council.

**6. PERFORMANCE AGAINST AUDIT PLAN**

- 6.1 Actual time spent delivering the Plan was 901 days (84% of the chargeable planned target of 1080 allocated days). An analysis of planned operational audit time against actual days spent in 2018/19 is shown in Appendix B. Within each category, there are some variations between planned and actual days and where applicable this has been taken into account in planning allocated time within the 2019/20 Internal Audit Plan. The overall difference between planned days and total days spent is largely accounted for by the secondment of one of the audit staff for most of 2019/20. Available resources were considered through the year to ensure account was taken of priorities, including in relation to statutory duties, specific deadlines and risk areas to follow up from previous years e.g. in relation to the certification of grant claims, input to the Annual Governance Statement, follow-up audits etc.

- 6.2 In the 2018/19 Internal Audit Plan, a target was set of 40 audit opinion reports to be issued to either final or draft stage. There were 32 final audit opinion reports issued and 3 initial draft versions of reports shared with management by the end of March 2019, totalling 35 reports. (There were also 4 other final audit opinion reports issued in relation to the STAR Procurement Service by partner authorities).
- 6.3 In addition to the above, a further 7 reviews were in progress where audit opinion reports will be issued in 2019/20. In addition to the 35 opinion reports issued, a further 4 findings reports were issued where an audit opinion was not given but findings provided as advice and will be used for future reference in planning further audit work.
- 6.4 Appendix C shows an analysis of audit opinion reports issued during the year. It also highlights any work in progress or scheduled for 2019/20. The 2019/20 Internal Audit Plan reported to CLT and the Accounts and Audit Committee in March 2019 took account of reviews to be carried forward from 2018/19.

## **7. CONFORMANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS**

- 7.1 It is a requirement that the Annual Head of Internal Audit Report provides a statement on conformance with the Public Sector Internal Audit Standards (PSIAS).
- 7.2. The Standards incorporate a number of aspects including:
- Ethics (incorporating integrity, independence, objectivity, confidentiality and competency).
  - Purpose, authority and responsibility of Internal Audit.
  - Standards (including planning, undertaking and managing audit assignments, monitoring, communication, due professional care, quality assurance and improvement).
- 7.3 In the previous year, following the PSIAS external assessment of Internal Audit by CIPFA, it was reported in February 2018 that CIPFA's overall opinion was that the Audit and Assurance Service generally conforms to PSIAS (the possible levels of assurance provided by CIPFA to local authorities being "generally conforms", "partially conforms" or "does not conform"). It was noted in the 2017/18 Annual Head of Internal Audit Report that for 2018/19, the Audit and Assurance Service will complete a self- assessment exercise at the end of 2018/19 to further review processes in place against PSIAS. Based on this exercise, using the CIPFA PSIAS Local Government Application Note, it is considered that the Service continues to generally conform with the Standards. Some actions were identified to ensure continued conformance through 2019/20:
- Actions to be undertaken through 2019/20 to ensure there continues to be adequate audit staffing capacity. This will include a recruitment exercise later in 2019 (PSIAS 2030 - resource management).
  - Declaration forms completed by staff to confirm independence, any potential conflicts of interests and understanding of relevant audit standards, will be updated to included reference to the updated PSIAS Local Government Application Note. (PSIAS Core Principles - Demonstrating Integrity)

- Further updates of the Audit Manual to be made where applicable and shared with existing and any new staff (PSIAS 2040 Policies and procedures).

7.4 In accordance with its Quality Assurance and Improvement Programme, the Service continued to report on its work through the year to both CLT and the Accounts and Audit Committee which included both updates on progress against the 2018/19 Plan; the impact of audit work; client feedback and approval of the Internal Audit Plan for 2019/20.



**INTERNAL AUDIT REPORTS ISSUED IN QUARTER 4 2018/19**

**Points of Information**

**Audit Opinion Levels (RAG reporting) :**

**Opinion – General Audits**

High – Very Good	Green (G)
Medium / High – Good	Green (G)
Medium – Adequate	Green (G)
Low / Medium - Marginal	Amber (A)
Low – Unsatisfactory	Red (R)

\*Indicates this is a revised opinion given following a review of progress made in implementing recommendations made in the previous audit review. This opinion is based only on the areas tested and assumes the controls reviewed as part of the previous audit, that were not covered as part of this follow up audit, have been maintained.

**Report Status:**

**Draft reports:**

are issued to managers prior to the final report to provide comments and a response to audit recommendations.

**Final reports:**

incorporate management comments and responses to audit recommendations, including planned improvement actions. **An opinion** is stated in each audit report / assessment to assess the standard of the control environment.

**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 within the council such as an individual establishment.

REPORT NAME (DIRECTORATE) / (PORTFOLIO) by Coverage Level (1- 4)	-OPINION -R/A/G -Date Issued	COMMENTS
<b><u>FINAL REPORTS</u></b>		
<b><u>Level 4 Reports:</u></b>		
<b>STAR Procurement -Financial vetting of suppliers (Finance and Systems / (Finance)</b>	<b>Medium/High* (GREEN) (26/2/19)</b>	A review had previously been completed in February 2018 and this review followed up on recommendations made. Previously, it was found that the STAR Shared Procurement Service undertakes financial checks of suppliers in accordance with its agreed procedures and national guidelines but some recommendations were made to ensure a consistent approach for evidencing that checks had taken place. Of the four recommendations made, 3 had been implemented and the other was being progressed.
<b>STAR Procurement Service:Chest Procurement Portal follow-Up - Rochdale Council (Finance and Systems) / (Finance)</b>	<b>Adequate** (GREEN) (27/3/19)</b>	A review had previously been completed by Rochdale Council on behalf of Stockport, Trafford and Rochdale Councils. Previously, it was found that there is satisfactory control over the e-tendering process within the Chest procurement portal. The system meets the principal objectives of providing an externally hosted and secure e-sourcing portal, enabling a range of procurement routes, advertising of procurement opportunities and providing bidders with relevant information with which to submit bids and to receive those bids. Some areas for improvement were identified including issues in relation to IT access controls. Of the 11 recommendations previously made, 7 had been implemented and 1 was in progress. Of the 3 recommendations to be implemented, this included the need to introduce internal checks to ensure there is a consistent approach for storing key procurement documents on the system.
<b>Data breaches (Governance and Community Strategy/Authority- wide) / (Constitutional Reform and Resident Engagement)</b>	<b>Medium (GREEN) (24/1/19)</b>	The purpose of the review was to consider the effectiveness of the current procedures for reporting, responding to and managing data breaches, in relation to GDPR requirements. It is noted that the Council has established defined procedures to meet requirements but some recommendations were made to enhance these. These included reporting arrangements and also ensuring adequate follow up of any recommendations made to ensure necessary actions have been taken to improve processes following a data breach incident.
<b><u>Level 3 Reports:</u></b>		
<b>Children's Direct Payments System (Children's Services) / (Children's Services)</b>	<b>Medium/High* (GREEN) (23/1/19)</b>	The audit included follow up of the previous review recommendations reported in 2017. It was noted four recommendations were fully implemented whilst the remaining seven recommendations were either implemented in part or being progressed. Areas for further work included the need to update the Children's Direct Payments Policy. In addition, as part of the quality assurance checks undertaken by the Social Care Review Officers, there is a need to ensure a signed Direct Payment Agreement is in place for all care packages with a copy retained.

<b>Level 2 Reports:</b>		
<b>Trafford Town Hall Catering (People) / (Equalities and Partnerships)</b>	<b>Medium (GREEN)</b> (24/1/19)	The audit covered administrative and financial processes within the Trafford Town Hall restaurant which serves both staff and the general public. The audit confirmed that income is controlled and monitored through daily record keeping and budget monitoring processes. An area for improvement is the need to introduce effective stock monitoring records.
<b>Environmental Health – Food Safety (Place) / (Constitutional Reform and Resident Engagement)</b>	<b>Medium/High (GREEN)</b> (15/2/19)	Overall, systems and procedures have been maintained to a high standard. Audit confirmed that fees are raised and income monitored as appropriate. One of the areas for improvement was in relation to managing a back log of inspections for new food premises.
<b>Client Finance system - Appointees and Deputyships (Finance and Systems) / (Finance and Adult Social Care)</b>	<b>Medium/High* (GREEN)</b> (4/2/19)	The Council acts in the capacity of Appointee or Deputy for managing vulnerable clients' finances where no other options are available. The Client Finance System comprises the banking arrangements, supporting records and processes for managing client funds. With the introduction of a new system (Liquid Logic/ContrOCC), four out of eight previous audit recommendations have been implemented with progress being made with all other recommendations. One of the agreed areas for improvement included ensuring an up to date Client Services Policy and eligibility criteria are available to relevant stakeholders, including via the Council website.
<b>Aids and Adaptations (Adults' Services) / (Adult Social Care)</b>	<b>Low/Medium* (AMBER)</b> (7/2/19)	The Aids & Adaptations Service manages the provision of major and minor home adaptations, delivered through a number of service contracts and partnership arrangements. The Audit opinion reflects that whilst some progress has been made implementing the previous audit recommendations, a significant number of areas require further progress. Of the 20 recommendations made in the December 2017 report, as at February 2019, 5 were fully implemented, 13 met in part / in progress and 2 yet to commence. The report highlighted issues to be addressed include staffing capacity, developments in partnership working and contract management. Audit will liaise further with management in 2019/20 and follow-up progress on actions being taken.
<b>Level 1 Reports:</b>		
<b>Willows Primary School (Children's Services) / (Children's Services)</b>	<b>Medium/High (GREEN)</b> (11/2/19)	Overall, a good standard of internal control and governance was found to be in place across most areas covered by the audit. A small number of recommendations were made such as in relation to the school fund including the need for a school fund audit each year.
<b>Navigation Primary School (Children's Services) / (Children's Services)</b>	<b>Medium/High (GREEN)</b> (22/3/19)	Overall, a good standard of internal control and governance was found to be in place across most areas covered by the audit. A small number of recommendations were made such as in relation to security and independent checks of petty cash held.
<b>Flixton Primary School (Children's Services) /</b>	<b>Medium (GREEN)</b> (22/3/19)	Overall, systems, procedures and controls in place were found to be adequate but existing systems and processes could be enhanced in certain areas. A number of recommendations have been made including

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<b>(Children's Services)</b>	in relation to the update / approval of a number of school policies and procedures e.g. review and approval by the Governing Body of the financial procedures manual, business continuity and disaster recovery plan and policy on gifts and hospitality.
<b>REPORTS AT DRAFT STAGE</b>	As at 31/3/2019, for all of the reports listed below, initial draft reports were shared with the respective services. Details of the respective final reports, including the audit opinion, will be included in the next Audit and Assurance update report.
<b>Children Social Care Payments System : Liquid Logic / ContrOCC (Children's Services) / (Children's Services)</b>	
<b>Heyes Lane Primary School (Children's Services) / (Children's Services)</b>	
<b>St. Hugh of Lincoln RC Primary (Children's Services) / (Children's Services)</b>	
	<p><i>*Denotes this 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></p> <p><i>** This follow-up review provided an "Adequate Opinion" which is considered equivalent to an opinion of "Medium" per the Trafford Council framework and the opinion is therefore shown as "Green".</i></p>

**Quarter 4 2018/19 - Acceptance of Recommendations**

From the final audit opinion reports issued during the quarter (as listed above) 95 of the 100 recommendations made were accepted (95%).

**APPENDIX B**

**2018/19 Operational Plan: Planned Work and Actual Days Spent**

<u>Category</u>	<u>Details</u>	<u>Planned Allocated Days 2018/19</u>	<u>Actual Days 2018/19</u>
<b>Fundamental Systems</b>	<p><b>Completion of fundamental financial systems reviews:</b>                      See Section 4.3 for work completed and Appendix C for opinion reports issued or planned to be issued.</p>	180	122
<b>Governance</b>	<p><b>Corporate Governance / Annual Governance Statement (AGS) – to provide support and advice to Legal and Democratic Services.</b></p> <p><b>Complete a review of the content of the draft 2017/18 AGS with reference to the CIPFA/SOLACE Governance framework and guidance.</b></p> <p><b>Ongoing advice / assurance in respect of governance issues.</b></p> <p>Audit worked with Legal and Democratic Services to provide guidance for planning the process for producing the 2017/18 AGS and the 2018/19 AGS.</p> <p>A review was completed as planned of the Draft AGS.</p> <p>An audit review was added to the Audit Plan to assess procedures for the declarations of gifts and hospitality by officers, which was completed in October 2018 (See Section 4.1 and Appendix C under Governance).</p>	30	19
<b>Corporate Risk Management</b>	<p><b>Actions to support the Council’s Risk Management Strategy including:</b></p> <ul style="list-style-type: none"> <li>- <b>facilitating the update of the strategic risk register</b></li> <li>- <b>provision of guidance and reviewing existing Service / Directorate level risk registers to consider areas for development.</b></li> </ul> <p>Strategic Risk update reports issued as planned to</p>	35	26

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	<p>CLT and the Accounts and Audit Committee through 2018/19.</p> <p>Risk management guidance on the intranet updated during 2018/19.</p> <p>Other work undertaken as indicated in Section 4.2 of the report.</p>		
<b>Anti-Fraud and Corruption</b>	<p><b>The Service will continue to support the National Fraud Initiative (NFI) and will liaise with other services to ensure the Council provides data in accordance with the requirements of the NFI 2018/19 exercise.</b></p> <p><b>Investigation of referred cases of suspected theft, fraud or corruption.</b></p> <p><b>Other work to support the Ant-Fraud and Corruption Strategy, including where applicable working with other relevant services to review existing policies and guidance supporting the overarching strategy.</b></p> <p>For work undertaken in respect of NFI, investigations and policies/guidance see section 4.5.</p>	110	89
<b>Procurement / Contracts/ Value for money</b>	<p><b>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).</b></p> <p>See Section 4.6 for work completed and Appendix C for opinion reports issued and planned.</p>	80	53
<b>ICT / Information Governance</b>	<p><b>ICT Audit reviews completed by Salford Internal Audit Services.</b></p> <p><b>ICT related investigations where applicable.</b></p> <p><b>Information Governance audit reviews</b></p> <p>See Section 4.7 for work completed and Appendix C for audit opinion reports issued and planned.</p>	100	97
<b>Schools</b>	<p><b>Providing assurance on the control environment within schools, supporting schools in ensuring awareness of requirements within the DfE Schools' Financial Value Standard (SFVS).</b></p>	180	181

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	<p><b>Audit reviews of schools – at least 14 school audit visits to be undertaken during the year.</b></p> <p>See Section 4.4 for work completed and Appendix C for audit opinion reports issued and planned (11 final reports issued; 2 draft reports shared with Headteachers; 1 other visit completed and other work in progress to plan for other audit visits in 2019/20).</p>		
<b>Assurance – Other Business Risks</b>	<p><b>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:</b></p> <ul style="list-style-type: none"> <li>- Audit reviews</li> <li>- Follow up reviews including further audits and gaining assurance from service updates.</li> </ul> <p>See Section 4.8 for work completed and Appendix C for audit opinion reports issued and planned.</p>	250	210
<b>Grant claims checks / Data Quality</b>	<p><b>Internal audit checks of grant claims / statutory returns as required:</b></p> <p><b>Grant checks completed as required (Local Growth Fund; Cycle City Grant; Pot Hole Fund Grant and Disabled Facilities Grant - See section 4.9).</b></p>	35	25
<b>Service Advice / Projects</b>	<p><b>General advice, both corporately and across individual service areas.</b></p> <p><b>Support and advice to the organisation in contributing to working groups and projects in relation to governance, risk and control issues.</b></p> <p>As per Section 4.10 this has included:</p> <ul style="list-style-type: none"> <li>- Contributing to work of the Information Security Governance Board;</li> <li>- Guidance shared with schools;</li> <li>- Other guidance and advice through the period, including liaison with Trafford Leisure.</li> </ul>	80	79
<b>TOTAL</b>		<b>1080*</b>	<b>901</b>

\*Note a further 60 days in addition to the 1080 days were allocated as contingency.

**Audit Opinion Reports Issued 2018/19**

<b><u>Audit Opinion Reports: Title / (Corporate Directorate)/ (Executive Portfolio as at 31/3/19)</u></b>	<b><u>Status</u></b>	<b><u>Opinion Level</u></b>	<b><u>Future plans (where final report not yet issued)</u></b>
<b>Fundamental Systems</b>			
- Income Control (Finance and Systems) / (Finance)	Final report 4/6/18	High	-
- Adult Social Care Payment System: Liquid Logic/ContrOCC (Adults' Services) (Adult Social Care)	Final report 25/5/18	Medium*	-
- Direct Payments (Adults' Services) (Adult Social Care)	Final report 29/11/18	Medium*	-
- Treasury Management (Finance and Systems / (Finance)	Final report 3/10/18	High	-
- Accounts Payable (Finance and Systems) / (Finance)	Purchase Cards review in progress	-	Purchase cards draft report to be issued in Q1/main Accounts Payable review to commence Q1 of 2019/20
- Payroll (People) / (Equalities and Partnerships)	Not started	-	Starting in Q1 of 2019/20
- Children Social Care Payments System : Liquid Logic/ContrOCC ( (Children's Services) / (Children's Services)	Draft report	-	Final report issued in Q1 of 2019/20
- Direct Payments (Children's Services) / (Children's Services)	Final report 23/1/19	Medium/High*	-
- Budgetary Control (Finance and Systems /Authority-wide)	Not started	-	Included in 2019/20 Plan
<b>Governance</b>			
- Declaration of gifts and hospitality (Governance and Community Strategy/Authority-wide) / (Constitutional Reform and Resident Engagement)	Final report 5/10/18	Medium	-
<b>Procurement /Contracts /Value for money</b>			
- Contracts Register (STAR Authorities – Rochdale lead) (Finance and Systems) / (Finance)	Final report 1/8/18	Adequate**	-
- Contract Procedure Rules (STAR Authorities – Stockport lead) (Finance and Systems/Authority-Wide) /	Final report 22/11/18	Limited /Moderate***	-



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(Finance) - Social Value in Procurement (including follow up) (STAR authorities – Trafford lead) (Finance and Systems/Authority Wide) / (Finance)	Not started	-	Included in 2019/20 Plan
- STAR Quality Management System (STAR Authorities – Stockport lead) (Finance and Systems) / (Finance)	Final report 26/6/18	Moderate**	-
- Chest Procurement Portal (follow up) (STAR Authorities – Rochdale lead) (Finance and Systems) / (Finance)	Final report 27/3/19	Adequate**	-
- Financial vetting of firms (follow up) (STAR Authorities – Trafford lead) (Finance and Systems) / (Finance)	Final report 26/2/19	Medium/High*	-
- STAR Performance Indicators (Finance and Systems) / (Finance)	Not started	-	Included in 2019/20 Plan (STAR – Stockport lead)
- STAR - New vendor requests (Finance and Systems) / (Finance)	Not started	-	Included in 2019/20 Plan (STAR – Rochdale lead)
- Commissioning of children’s external residential placements (Children’s Services) / (Children’s Services)	Not started	-	Included in 2019/20 Plan
<b>Information Governance / ICT Audit</b>			
- IT Change Management follow-up audit (Finance and Systems) / (Constitutional Reform and Resident Engagement)	Final report 27/11/18	Medium/High*	-
- ITrent Payroll System IT Application Controls (People & Finance and Systems ) / (Equality and Partnerships & Finance & Constitutional Reform and Resident Engagement)	In progress	-	Final report to be issued in 2019/20
- Software Licensing - follow up (Finance and Systems) / (Constitutional Reform and Resident Engagement)	Initial update completed and findings shared	-	Further follow up review to be undertaken in 2019/20
- IT Service Desk – follow up (Finance and Systems) / (Constitutional Reform and Resident Engagement)	Initial update completed and findings shared	-	Further follow up review to be undertaken in 2019/20
- Cyber Security follow-up (Finance and Systems) / (Constitutional Reform and Resident Engagement)	Final report 2/7/18	Medium*	-
- Information Security Management (ISO 27001 Gap Analysis) (Finance and Systems) / (Constitutional Reform and Resident Engagement)	N/A	-	Agreed with ICT Service that coverage will be considered as part of 2019/20 Cyber Security audit work.
- Data breaches (Governance and Community Strategy/Authority-Wide) / (Constitutional Reform and	Final report 24/1/19	Medium	-

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Resident Engagement)			
<b>Schools</b>			
-Flixton Primary School	Final report 22/3/19	Medium	-
-Navigation Primary School	Final report 22/3/19	Medium/High	-
-Willows Primary School	Final report 11/2/19	Medium/High	-
-St. Antony's Catholic College	Final report 28/11/18	Medium	-
-Our Lady of Lourdes Catholic Primary School	Final report 27/11/18	Medium/High	-
-Altrincham C of E Primary School	Final report 20/11/18	Medium/High	-
-Woodhouse Primary School	Final report 5/10/18	Medium	-
-Templemoor Infant and Nursey School	Final report 5/10/18	Medium/High	-
-Bowdon Church School	Final report 15/5/18	Medium	-
-The Firs Primary School	Final report 8/5/18	Low/Medium	-
-Trafford Alternative Education (Trafford High School and Trafford Medical Education Service)	Final report 2/5/18	Medium	-
- Heyes Lane Primary School	Initial draft report shared with Headteacher	-	Final report to be issued in Q1 of 2019/20
-St. Hugh's of Lincoln RC Primary School	Initial draft report shared with Headteacher	-	Final report to be issued in Q1 of 2019/20
-Delamere School	Audit visit completed	-	Final report to be issued in Q1 of 2019/20
-English Martyrs' RC Primary School	In progress	-	Final report to be issued in Q1 of 2019/20
-Highfield Primary School	Rescheduled to 2019/20	-	Included in 2019/20 Plan
-Egerton High School	Rescheduled to 2019/20	-	Included in 2019/20 Plan
(Note all school reports relate to (Children's Services) / (Children's Services)			
<b>Assurance – Other Business Risks</b>			
- Old Trafford Library (Governance and Community Strategy) / (Communities and Housing)	Final report 10/7/18	Medium/High	-
- Bereavement Services (People) / (Equalities and Partnerships)	Final report 21/5/18	High	-
- Trafford Town Hall - Catering Income (People) / (Equalities and Partnerships)	Final report 24/1/19	Medium	-
- Let Estates (Place) / (Investment, Regeneration and Strategic Planning)	Final report 8/5/18	Medium/High	-
- Client Finances - Appointees and Deputyships (Finance and Systems) / (Finance and Adult Social	Final report 4/2/19	Medium/High*	-

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Care)			
- Section 17 Payments (Children's Services) / (Children's Services)	In progress	-	Final report to be issued in 2019/20
- Music Service (People) / (Equalities and Partnerships)	Not started	-	Starting in Q1 of 2019/20
- Altrincham Library (Governance and Community Strategy) / (Communities and Housing)	Not started	-	Included in 2019/20 Plan
- Flixton House (People) / (Equalities and Partnerships)	Not started	-	Included in 2019/20 Plan
- Registration Service (Governance and Community Strategy) / (Constitutional Reform and Resident Engagement)	Final report 20/7/18	Medium/High	-
- Licensing (Place) / (Constitutional Reform and Resident Engagement)	In progress	-	Draft report to be issued in Q1 of 2019/20
- Planning Enforcement (Place) / Investment, Regeneration and Strategic Planning)	Not started	-	Included in 2019/20 Plan
- Pest Control (Place) / (Constitutional Reform and Resident Engagement)	Final report 14/8/18	Medium/High	-
- Environmental Health – Food Safety (Place) / (Constitutional Reform and Resident Engagement)	Final report 15/2/19	Medium/High	-
- Strategic Growth Team (Place) / (Investment, Regeneration and Strategic Planning)	Not started	-	Included in 2019/20 Plan
- Statutory Homelessness Services (Place) / (Communities and Housing)	In progress	-	Final report to be issued in Q1 of 2019/20
- Energy Management (Place) / (Environment, Air Quality and Climate Change)	Work completed (Findings shared with management)	N/A	Further work to be considered as part of future audit planning.
- Payments to Care Leavers - follow up (Children's Services) / (Children's Services)	Work completed (Findings shared with management)	N/A	Several issues reported as part of a separate final audit report of the Children's Social Care system (Liquid Logic) issued in April 2019
- Aids and Adaptations - follow up (Adults' Services) / (Adult Social Care)	Final report 7/2/19	Low/Medium*	-
- Business Continuity – follow up (Authority- Wide) / (Constitutional Reform and Resident Engagement)	Final report 29/11/18	Low/Medium*	-
- Stronger Families Programme (Children's Services) / (Children's Services)	Final report 17/10/18	Medium*	-

\*Follow up review

\*\* An "Adequate Opinion" (provided by Rochdale Council) and "Moderate Opinion" (provided by Stockport Council) was provided which is considered equivalent to an opinion of "Medium" per the Trafford Council framework and the opinion is therefore shown as "Green".

\*\*\*Audit completed by Stockport Council - Two levels of assurance were given within the same audit for different areas covered – Moderate equates to Medium and Limited equates to Low/Medium per the Trafford Council framework.

**APPENDIX D**

**Client Survey Responses 2018/19**

	V.Good	Good	Satisfactory	Adequate	Poor
Consultation on audit process and audit coverage prior to commencement of the audit	11				
Feedback of findings and liaison during the audit	10	1			
Professionalism of auditors	10	1			
Helpfulness of auditors	10	1			
Timeliness of the review and the draft report	8	2	1		
Clarity of the report	9	2			
Accuracy of the report	7	4			
Practicality of the recommendations made	6	4	1		
Usefulness of the audit as an aid to management	8	3			
<b>Total</b>	<b>79</b>	<b>18</b>	<b>2</b>	<b>0</b>	<b>0</b>
<b>%</b>	<b>80%</b>	<b>18%</b>	<b>2%</b>	<b>0%</b>	<b>0%</b>
	<b>Very Significant</b>	<b>Significant</b>	<b>Moderate</b>	<b>Minor</b>	<b>None</b>
What level of improvement, in the standard of control and the management of risks, do you expect to see following the audit review?	0	2	7	2	0
<b>%</b>	<b>0%</b>	<b>18%</b>	<b>64%</b>	<b>18%</b>	<b>0%</b>

(Note: the results are based on responses from 11 client surveys received in the period)