

## TRAFFORD COUNCIL

**Report to:** Accounts and Audit Committee  
**Date:** 23 March 2021  
**Report for:** Approval  
**Report of:** Audit and Assurance Manager

### Report Title

**Audit and Assurance Service – Internal Audit Operational Plan 2021/22**

### Summary

The purpose of the report is to provide, at a high level, the proposed Internal Audit Operational Plan for 2021/22.

The report sets out planned work for the year but acknowledges that this remains flexible and subject to review as needed during the year. There was significant disruption to planned work in 2020/21 due to the COVID1-19 pandemic and plans for the year ahead take account both new areas for review and work deferred to 2021/22.

The report also includes, in the appendices, the Internal Audit Charter and Strategy, previously approved by the Accounts and Audit Committee and recently updated to reflect the Director of Finance and Systems being designated as the Section 151 Officer from March 2021. (Relevant updates to this are highlighted in Appendices 3 and 4).

### Recommendation

**The Accounts and Audit Committee is asked to approve the 2021/22 Internal Audit Plan.**

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

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Background Papers: None

## **Background Information**

*Implications:*

Relationship to Corporate Priorities	The scope of the work of Internal Audit may cover all of the Council's corporate priorities.
Relationship to GM Policy or Strategy Framework	Where appropriate, Internal Audit will liaise with GM partners and where applicable, undertake joint working in carrying out planned work.
Financial	<p>In accordance with the Accounts and Audit Regulations 2015, it is a requirement that the Council "must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance." The Audit and Assurance Service must undertake its work in accordance with the Public Sector Internal Audit Standards (PSIAS).</p> <p>The work of internal audit may cover a diverse range of service areas, functions and areas of risk covering both financial controls and wider aspects of internal control, risk management and governance.</p>
Legal Implications	See Financial Implications
Equality/Diversity Implications	<i>See above</i>
Sustainability Implications	<i>See above</i>
Carbon Reduction	<i>See above</i>
Staffing/E-Government/Asset Management Implications	<i>See Above</i>
Risk Management Implications	<i>See Above</i>
Health and Safety Implications	<i>See Above</i>



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# **Internal Audit Operational Plan 2021/22**

**Date:** **March 2021**

## **Internal Audit Operational Plan 2021/22 – Audit and Assurance Service**

### **1. Introduction**

- 1.1 The 2021/22 Internal Audit Operational Plan identifies the work to be undertaken by the Audit and Assurance Service during the year. This report describes its method of compilation and presents, at a high level, the 2021/22 Plan for approval.

### **2. Background**

- 2.1 The ongoing challenges faced by local authorities in delivering effective services with limited resources available have increased since the start of the COVID-19 pandemic. Funding and cost pressures and increasing demand for some services emphasise how important it is that local authorities manage resources effectively, manage risks and consider opportunities to help achieve the corporate priorities. As part of this, councils need to ensure effective governance arrangements, systems and controls are in place to ensure value for money is achieved and the risk of fraud or error is minimised. Internal Audit work aims to support the organisation by providing independent review of systems, processes and controls and provides a mechanism for identifying improvement actions required by the organisation.
- 2.2 Each year the Audit and Assurance Service sets out its annual internal audit plan for review by the Corporate Leadership Team (CLT) and approval by the Accounts and Audit Committee. Subsequent updates are then provided to CLT and the Accounts and Audit Committee through the year highlighting the work undertaken and progress against key areas of the plan. Actual work undertaken during the year against work planned is set out in the Annual Head of Internal Audit Report.
- 2.3 There has been a significant impact on planned audit work as a result of COVID-19. Due to service pressures across the Council, a number of planned audit reviews in 2020/21 were delayed. In agreement with relevant Corporate Directors, the Plan for 2021/22 therefore includes a number of such reviews. In addition, during 2020/21, Audit undertook a significant amount of time, not planned for at the start of the year, to support the Council's response to the COVID-19 pandemic by assisting in checks to support the payment of COVID -19 grants to businesses. This activity is expected to continue in to 2021/22 so time has been set aside for the coming year to allow for this activity and other issues that may arise.
- 2.4 Whilst this Plan covers a full year, it is acknowledged that there must be flexibility and where needed it will be revised during the year to take

account of changes which may include issues arising as a result of the pandemic. This will be reflected in further updates during the year.

- 2.5 In accordance with the Accounts and Audit Regulations 2015, it is a requirement that the Council “must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.” The Audit and Assurance Service must undertake its work in accordance with the Public Sector Internal Audit Standards (PSIAS).
- 2.6 The Audit and Assurance Service’s approach to undertaking internal audit work is set out in the following documents:
  - Internal Audit Charter (This defines the purpose, authority and principal responsibilities of Internal Audit – See Appendix 3)
  - Internal Audit Strategy (This details the arrangements in place to deliver internal audit so as to ensure that the objectives of the Audit and Assurance Service are met and the scope of it understood – see Appendix 4).
  - Quality Assurance Programme (This sets out how the Service monitors its work to ensure adherence with standards; that it operates in an effective and efficient manner; and through its work adds value to the organisation – See Appendix 5).

The Internal Audit Charter, Strategy and Quality Assurance Programme documents were previously approved by CLT and the Accounts and Audit Committee and have recently been subject to minor updates to reflect the appointment of the Director of Finance and Systems as Section 151 Officer from March 2021.

### **3. Compilation of the Internal Audit Plan**

- 3.1 The Operational Internal Audit Plan is produced to take into account coverage of risks and associated controls in place. At the end of the year an audit opinion is given as to the overall adequacy and effectiveness of the Council’s control environment, which encompasses internal control, risk management and governance. An important consideration is that the plan should include good coverage across the Council’s services and systems.
- 3.2 A number of factors are taken into account in compiling the plan based on statutory obligations, the Council’s corporate priorities and an assessment of risks. Factors such as materiality, business risks, inherent risks and time since the area was last reviewed are taken into account.
- 3.3 The impact of COVID-19 has a significant influence on planned audit work in 2021/22. Where appropriate, individual audit reviews will take into account relevant issues such as changes in procedures arising since the start of the pandemic.

- 3.4 The Internal Audit Plan takes account of risks in relation to financial resilience with reviews covering financial systems, budgetary control and the Council's asset investment strategy (See 5.2). Other areas of strategic risk are considered including review work in relation to cyber security and information governance (See 5.7).
- 3.5 There is audit coverage across the Council's Corporate Directorates to reflect the Council's corporate priorities set out in the Corporate Plan. For instance, a variety of service audits are included within the Plan (as referred to in Section 5.9). The Corporate Directorates provide input to the plan through liaison with the Audit and Assurance Service throughout the year and through information provided such as through risk registers, action plans, self-assessments and control / governance issues raised.
- 3.6 The Audit and Assurance Service has a number of obligations to take into account in producing the plan. For instance, time is set aside for the Service to co-ordinate the update of the Council's Strategic Risk Register (See 5.4) and input to the review of the Council's Annual Governance Statement (5.3). A specific category of audit time is also included to reflect the requirement for internal audit checks of information supporting particular grant claims (See 5.10). For 2021/22, this will continue to include Audit input to checks in relation to COVID-19 grants payments to businesses.
- 3.7 The risk of fraud and corruption is considered as part of planning a wide range of audits and also dedicated work in relation to fraud risks takes place, including co-ordinating, with other teams, the Council's work in relation to the National Fraud Initiative (See 5.5). For 2021/22, this will include relevant services reviewing data matches generated in relation to COVID-19 grants payments made in the previous year.
- 3.8 There is a programme of planned audits in place of the Council's maintained schools which includes providing assurance that schools are operating in accordance with the Schools Financial Value Standard (See 5.8).
- 3.9 Plans take into account other audit, assurance or development work being undertaken in particular areas. This includes work by the External Auditor and where applicable reviews by other external bodies e.g. Ofsted. Where appropriate, account will also be taken of other internal reviews which may relate, for instance, to work in relation to Scrutiny or the Modernisation Programme. Where appropriate, the Internal Audit Plan will be revised through the year.
- 3.10 Plans include co-ordination with partners to provide assurance. This includes ongoing liaison with other Internal Audit sections as part of the STAR Shared Procurement Service to co-ordinate planned work (See 5.6). Where appropriate, Audit will liaise with other Internal Audit teams in other Authorities.

- 3.11 Time is allocated to follow up on control issues previously raised in 2020/21, including previous audit review work, to assess progress in implementing action plans, particularly where significant areas for improvement in controls have been identified. The plan highlights a number of follow up audits.
- 3.12 The amount of time available to undertake the annual plan is identified, and individual areas of work selected taking into account the above factors. A contingency is also held to allow for unforeseen circumstances (For instance, in 2020/21 this was used to partly offset a reduction in days following the deletion of a vacant post).
- 3.13 For reporting and monitoring purposes the plan is divided into a number of categories although it should be noted that there are significant areas of overlap between them.
- 3.14 There are a variety of activities undertaken to fulfil the plan and in addition to conducting internal audit reviews which result in the issuing of audit reports, work may also include providing input to project / working groups, providing guidance and advice, and providing input to council policies and procedures (See 5.11). The Service also facilitates the production of a number of corporate reports presented to the Accounts and Audit Committee.
- 3.15 The report does not include reference to all work to be undertaken during the year. As issues are raised or areas of risk are identified on an ongoing basis, other areas are included through the year and existing plans reviewed. For some areas, further elements of planning may take place during the year and therefore detailed plans are not available at the commencement of the year. Regular updates to CLT and the Accounts and Audit Committee will include reference to new work included in the work plan through the year. The plan is flexible and during the year adjustments may be made to accommodate any changes in the control environment and to consider emergent risks. Supporting the plan set out in this report are further plans detailing work allocated to individual staff.
- 3.16 Time is set aside for the completion of reviews which had been included as part of the 2020/21 Plan. Work completed or in progress in 2020/21 and work carried forward to 2021/22 will be reflected in the Annual Head of Internal Audit Report to be completed by June 2021.
- 3.17 Assumptions in respect of available audit days are considered to provide the total planned days. For 2021/22, there are 1010 available operational audit days. There are currently 6 full-time internal audit staff expected to be in post in the Audit and Assurance Service for the start of 2021/22 plus resources of 50 audit days are to be purchased from Salford Internal Audit Services to undertake ICT audit work.

- 3.18 In addition to the 1010 planned days shown, it should be noted that further time is allocated for a number of other activities undertaken that are not reflected in the analysis as they are not attributable to one particular category of work but support the audit process. These include support to the Accounts and Audit Committee, liaison with the External Auditor (Mazars), development of audit systems, procedures and guidance, networking with other North West Internal Audit groups to share good practice, information gathering in support of the production of the audit plan etc. Separate additional time allocations are given to individual staff to undertake these activities.

#### **4. Reporting / Performance Monitoring**

- 4.1 Through the year, progress updates will be provided to CLT and the Accounts and Audit Committee (through periodic updates and the Annual Head of Internal Audit Report) which will refer to details of the performance and impact of audit and progress against the plan. This will include details of:
- Actual chargeable audit days against planned days allocated.
  - Number of audit opinion reports issued against that planned for the year (Target of 32 audit opinion reports to be issued in 2021/22 to final or draft stage, with any remaining opinion reports listed to be issued in the following year (See Appendix 2 for planned audit opinion reports to be issued)).
  - The impact of audit recommendations made in terms of both initial acceptance and also implementation (the latter identified through follow up audit work).
  - A summary of feedback from managers in respect of client surveys, which is detailed in the Annual Head of Internal Audit Report.
- 4.2 Where reviews or other key areas identified in the 2021/22 Plan are not undertaken as scheduled, this will be reported in subsequent updates including in the 2021/22 Annual Head of Internal Audit Report.
- 4.3 Updates through the year will also include commentary on Audit resources available if there are issues that may impact on completion of the plan.

#### **5. Internal Audit Plan Coverage 2021/22**

- 5.1 The plan is compiled to ensure coverage across a wide and diverse range of services, systems and thematic areas of coverage. Each of the main categories of work is described in the paragraphs below.

In Appendix 1, there is a summary of the planned work and an estimated time is allocated to each category.



In Appendix 2, there is a listing of audit opinion reports to be issued. This also indicates reviews where reports are expected to be issued in quarter one of 2021/22.

At the end of Appendix 2, there is an explanation of the audit opinion levels. These have been updated in line with recent guidance from CIPFA. All audit opinion reports issued from April 2021 will use these levels.

## 5.2 Financial Systems

These are the core financial systems that provide key inputs for the production of the material balances in the Council's accounts. Previous assurance obtained in earlier audits will continue to be taken into account in planning the level of audit coverage within individual reviews. The challenges in managing risks relating to the Council's financial position have increased significantly with the impact from the COVID-19 pandemic. Where appropriate, audits will consider actions to address such risks.

Coverage will include review of the following systems during the year:

- Further to the Issue of a final report in 2020/21 in relation to governance arrangements for the Council's asset investment strategy, a further review of this area to include follow-up of previous audit recommendation made.
- Further to the issue of an interim audit report in 2020/21 on the Council's payroll system and procedures, completion of a wider review to be undertaken later in 2021/22 including follow-up of any recommendations raised in the interim report.
- Audit review of other key systems and processes which are subject to regular review:
  - Annual review of Treasury Management processes covering the financial year 2020/21.
  - Council tax system review.
- Issue of final audit reports in 2021/22 for audit reviews which are in progress at the end of March 2021 which are expected to include:
  - Accounts Receivable / Debt Recovery system
  - Accounts Payable system follow up audit review.
- Commencement later in 2021/22 of an audit of budgetary control processes to include coverage of previous audit recommendations, improvement actions and consideration of good practice.
- In relation to Adult Social Care:

- A final report was issued in August 2020 setting out the findings from an audit of the Adult Social Care payment system (Liquid Logic / ContrOCC). A further review is planned for 2021/22 to include further review of progress regards previous recommendations and to consider any system developments.
  - Adult Social Care Direct Payments – A final audit report was issued in August 2020 and a further review is planned to commence later in 2021/22 to further review progress in addressing previous recommendations.
- In relation to Children's Services:
- Completion of a review currently in progress of the Children's Social Care payments system (Liquid Logic/ContrOCC). Other review work in this area will be considered further to completion of this review.

Audit and Assurance will also take into account findings from the External Auditor following the completion of the audit of the 2019/20 accounts, and will liaise with the Section 151 Officer to consider any further potential review work to include in the 2021/22 Internal Audit Plan.

Time will also be set aside for other issues and developments arising in respect of financial systems where further audit input or advice may be appropriate. This is expected to include progress regards implementation of the CIPFA Financial Management Code (See 5.3 Governance).

### 5.3 Governance

Audit and Assurance will continue to provide a role in reviewing the compilation of the Council's Annual Governance Statement (AGS), required to be produced in accordance with the Accounts and Audit Regulations 2015. Legal and Democratic Services lead in collating the AGS and Audit and Assurance will continue to work with them to provide support where required, including providing assurance to reflect in the AGS.

Audit will also complete a review of the content of the draft AGS with reference to the CIPFA/SOLACE Governance framework and guidance and feedback to Legal and Democratic Services on its findings. (The approach/timetable for producing the Council's 2020/21 AGS is to be finalised by Legal and Democratic Services taking into account national statutory deadlines and recent guidance from CIPFA, which includes taking into account the impact of COVID-19).

For the 2020/21 AGS, local authorities are expected to include details assessing the Council's progress towards compliance with the principles of the CIPFA Financial Management Code. As part of reviewing the Draft AGS, Audit will liaise with Financial Management to consider outcomes to

be reflected in the AGS, including any action plan for 2021/22. This will take account of guidance from CIPFA, including a flexible and proportionate approach to implementing the Financial Management Code.

In addition, as part of reviewing the Draft AGS, this will also include reviewing developments in relation to some significant governance issues highlighted in the 2019/20 AGS, including business continuity.

Time will be set aside in the plan to provide internal audit input to reviewing other governance issues across the Council, including issues within the Council and through partnerships. This is expected to include an item originally in the 2020/21 Plan to review existing procedures in respect of the declaration of interests and consider best practice.

Where appropriate, Audit will liaise with partner organisations and time will be allocated for any assurance required to be provided in relation to Greater Manchester (GM) wide issues. This may include liaison with counterparts in other GM Councils, the Greater Manchester Combined Authority (GMCA), Trafford CCG and other organisations.

#### **5.4 Risk Management**

Time is allocated to review existing risk management arrangements across the Council and ensuring processes are evidenced. This will include continuing to facilitate the ongoing update of the Strategic Risk Register. This provides assurance in respect of the highest strategic risks faced by the Authority in terms of the management and ongoing monitoring and mitigating actions for those risks - Risks such as in relation to impact of COVID-19, Climate change, financial resilience, business continuity, the impact of Brexit, safeguarding responsibilities, cyber security, and in relation to the management of joint venture arrangements.

An internal audit review of health and safety was originally planned for 2020/21 to review this area of strategic risk, covering corporate processes in place. This was delayed at the request of the service given current commitments as part of the Council's response to the pandemic and is expected to be rescheduled to towards the end of 2021/22.

An audit review of procedures and systems for managing and administering the Council's insurance arrangements was undertaken in 2020/21 which overall provided a high level of assurance. There will be follow up in 2021/22 of the small number of recommendations made.

The Service maintains corporate risk management guidance, available on the Council's intranet, which where applicable will be further updated during the year.

## 5.5 **Anti-Fraud & Corruption**

Fraud and corruption risks are considered as part of audit planning for individual audit reviews and where appropriate recommendations are made to reduce the risk of fraud.

The Service will also continue to support the National Fraud Initiative (NFI) and will liaise with other services to ensure that data matches identified in 2020/21 are followed up in line with Cabinet Office requirements. This will include data matches in relation to COVID-19 business grant payments. Progress will be reported in future Audit and Assurance Service updates.

Specific cases of suspected internal fraud or theft referred to the Audit and Assurance Service will be subject to investigation during the year.

Audit and Assurance will continue to work with the Counter Fraud and Enforcement Team, Legal and Democratic Services, Human Resources and other services as required to consider any updates required to individual policies and guidance supporting the Anti-Fraud and Corruption Strategy.

## 5.6 **Procurement / Contracts / Value for Money**

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.

As part of internal audit planning in relation to the STAR Shared Procurement Service, Audit liaises with both STAR and the Internal Audit sections of the partner authorities (Stockport, Rochdale and Tameside Councils). Audit plans are agreed and relevant findings shared to ensure a co-ordinated audit process. At the time of this report, some planned review work had been agreed for 2021/22, with further areas to be confirmed later in 2021 as part of ongoing audit planning. Details to date are as follows:

- Review to consider the procurement procedures introduced in response to COVID-19. Details, including responsibilities for leading on this audit, are to be confirmed.
- An audit was completed in September covering Social Value in procurement, following the establishment of new processes by STAR to establish and monitor performance in respect of achieving social value in contracts. It is agreed a follow-up audit will be undertaken in the first quarter of 2021/22 to assess progress with implementing recommendations. (Lead – Trafford Council).

- STAR has acquired the In-Tend system to use to support contract management processes, initially with the aim of utilising it for the contracts register with a potential view to rolling out the system further to services across the Councils to support contract management. Later in 2021/22, Stockport Council will review developments in this area.
- As part of Audit planning a further area for consideration this year are procedures regarding compliance with Contract Procedure Rules (CPRs) in respect of exemptions to the CPRs and modifications to contracts.

Confirmation of the above planned work and any other areas to be included in the 2020/21 Internal Audit Plan in relation to STAR will be reflected in the first Audit and Assurance update report for 2021/22.

An audit report was issued in June 2019 in relation to the use of Purchase cards. These are used across a number of services, generally to enable one off or low value purchases, online purchasing or from suppliers where payment is required upfront. A follow up audit was included in the 2020/21 Plan which was in progress at year-end so it is planned a final audit report will be issues in the first quarter of 2021/22.

Other review work across the Audit Plan will include consideration of aspects of procurement and contract management. In addition to audits listed within this report, other work may be added subject to further discussions with relevant Corporate Directorates. This may include Internal Audit support to the Council review of the One Trafford Partnership with Amey. It may also include working with Adults' Services towards the end of the year to review developments in relation to Commissioning procedures.

## 5.7 **Information Governance (IG) / Information, Communications and Technology (ICT)**

This block of work covers both ICT auditing as well as the review of information governance processes across the Council. Risks in relation to cyber security and information governance continue to be listed on the Council's strategic risk register.

The audit of ICT covers the review of procedures, processes and controls across a range of computer systems and technical solutions. Salford Internal Audit Services undertake a significant part of this work and also contribute to audit planning in respect of this area. The following work has been planned to date:

- Further to the issue of a final report in November 2020 for a review undertaken of cyber security based primarily on the National Institute of Standards and Technology (NIST) Cyber Security Framework, a review is planned later in 2021 to focus on particular identification and

protection systems to gain assurance that these are functioning to an agreed standard and are being managed effectively.

- Two reviews were in progress at the end of 2020/21 and it is expected that final reports from these reviews will be issued in quarter 1 of 2021/22:
  - ICT Service Management Review following, where applicable, the ITIL framework (a detailed set of practices for IT service management that focuses on aligning IT services with the needs of business).
  - An Asset Management review to provide assurance that ICT assets are being effectively managed from acquisition to disposal.
- An audit review of the adequacy and effectiveness of ICT security in schools has been rescheduled to 2021/22, which will be completed using a sample of Trafford schools.
- Time may also be allocated to consider possible audit input in relation to new systems and developments e.g. implementation of Microsoft 365 across the Council. In addition, further to the completion of the above reviews, other review work will be considered as part of ongoing audit planning.

Audit work also encompasses wider information governance aspects including the following:

- A follow-up audit was in progress towards the end of 2020/21 in relation to the Council's processes for managing the risks of data breaches, taking into account the requirements of the General Data Protection Regulations (GDPR). A final report is due to be issued in Quarter 1 of 2021/22.
- As indicated in recent strategic risk register updates, a project has been completed in relation to processes for responding to Subject Access Requests (SARs) and a new operating process has been implemented and an improvement plan is in place. Later in the year, Audit will liaise with the Information Governance team to consider progress in embedding the new arrangements. It is also noted that a Council review of processes for Freedom of Information Requests is in progress so, similarly, future audit input will be considered.
- In liaison with the Information Governance team and other services as appropriate, consider other areas of risk and consideration of further possible audit work. This may include issues arising for instance from the Council's completion of the NHS Information Governance Toolkit.

## 5.8 Schools

A number of school audits originally planned for 2020/21 have been subject to delay and rescheduling due to the impact of COVID-19. Whilst some audits were undertaken, those delayed will be included within 2021/22 planned work (Details of work completed by the end of March 2021 will be included in the 2020/21 Head of Internal Audit Report to be issued in June 2021).

Based on a risk assessment, taking into account the information above, previous work undertaken at each school and liaison with relevant services, it is currently planned that at least 12 school audits will be undertaken during 2021/22 but this will be subject to further review during the year and any changes will be reported in future updates. Audit reports will be issued as part of each audit review.

In addition, as part of follow up audit work, requests will be made from schools previously audited during 2020/21 to provide updates regarding progress in implementing audit recommendations made.

As part of the Schools Financial Value Standard (SFVS), schools are required each year to submit a declaration to show adherence to the Standard. The audit work programme takes into account the standards expected when evaluating the adequacy and effectiveness of internal controls, governance and risk management at individual schools. Information provided in SFVS assessments submitted is utilised by Audit and Assurance to assist in planning and undertaking school audits.

Audit will continue to liaise with relevant services, including Finance, in relation to schools related issues including sharing findings and considering risk areas and future planned audit coverage.

## 5.9 Assurance – Other Business Risks

Time is allocated to reviewing risk areas derived from a number of sources not covered within other categories of the plan, including director's / senior managers' recommendations, risk registers and areas identified by the Audit and Assurance Service. Reviews may cover individual services, functions and authority wide issues and risks to ensure a broad coverage of audit work across the Council.

For service related reviews, risks reviewed may encompass a number of areas of control such as procedures and responsibilities, adherence to legislation, budgetary control, Payroll/HR related processes, risk management, security (of cash, assets and data), expenditure; income collection and recording, data quality, performance monitoring, information governance and other risks specific to the objectives of the service under review.

As referred to below, largely due to the impact of the COVID-19 pandemic, there are a number of reviews that have been delayed and rescheduled. At the request of respective Directorates, a number of audit reviews have been rescheduled from commencing in 2020/21 to be included in the 2021/22 Plan. These are as follows:

- Aids and Adaptations (Adult Services) – review to include follow up review of a previous audit.
- Home to School Transport (Children’s Services) - review of processes including applications and monitoring of services provided.
- Building Control (Place) - Review to include systems and processes for dealing with Building Regulation applications.
- Licensing (Place) – a follow-up review of a previous audit.
- Outdoor Advertising (Place) – Processes for arranging outdoor advertising across the borough including collection of income and contract management.
- Safety at Sports Grounds (Place) - Review of the Council’s processes for fulfilling its statutory responsibilities. (Expected to commence towards the end of the year once spectators are able to attend again).
- Recruitment processes (Strategy and Resources) – The audit was agreed to be further rescheduled to commence towards the end of 2021/22.

Other audit reviews are included in the 2021/22 Plan as follows (with the relevant Corporate Directorate(s) shown in brackets):

- Deprivation of Liberty Safeguards System (Adult Services) - Review of current arrangements to meet legislation for providing protection for those deprived of their liberty as part of their care or treatment. This is ahead of expected changes in legislation with the introduction of Liberty Protection Safeguards, which have been delayed to come into effect from April 2022.
- Special Educational Needs and Disability (Children’s Services) – Review to include coverage of effectiveness of controls supporting out of borough education placements and short breaks.
- Highways Inspection and repairs (Place) – further to the completion of an audit review of Insurance in 2020/21, which included claims handling in respect of highways, this audit has been included in the Audit Plan to focus on the effectiveness of arrangements in place for monitoring this function.
- Section 106 Planning Agreements and Community Infrastructure Levy (Place) - Review of systems and controls in relation to the receipt of income or other benefits in kind which are used to fund infrastructure to mitigate the effects of the development or improve facilities for the community.



- Cleaning Services (Strategy and Resources) – Audit review of systems, procedures and controls.

For the above reviews, Audit and Assurance will contact individual services to agree the detailed scope of the reviews prior to any work being undertaken.

- A number of audit reviews completed in 2020/21 will be followed up. Further audits are not currently planned but managers will be asked to provide updates on progress made with previously agreed recommendations. These include the following where audits had previously been undertaken with final reports issued in 2020/21:
  - Complaints system (Governance and Community Strategy)
  - Altrincham Library (Governance and Community Strategy)
  - Tree Unit (Place)
- There will also be time allocated for the completion of any other work expected to not be finalised by the end of March 2021. This will be reflected in the 2020/21 Annual Head of Internal Audit Report. This will include the following list of audit reviews previously detailed in the 2020/21 Internal Audit Plan:
  - Blue Badges – final report to be issued (Governance and Community Strategy)
  - Housing Waiting list – final report to be issued (Place)
  - Let Estates – final report to be issued (Place)

Time will also be set aside to review other potential issues and risks raised with the scope of work to be determined including:

- Further to developments in relation to the Council's action plan towards reducing carbon emissions, it was agreed that further audit review work in relation to energy management will be considered later in the year.
- Provide input to the review of the delivery of Active Travel Schemes, delivered by the Amey traffic and transportation team as part of Department for Transport Funding to support local authorities in developing cycling and walking facilities.
- Later in the year, liaising with Exchequer Services to consider audit input in providing assistance in reviewing new systems and procedures within Trafford Assist, Trafford's Local Welfare Assistance scheme.
- Further to discussions with various services, other areas may be added to the Plan or are being considered for inclusion in 2021/22 planned work and future plans. These may include possible audit areas within Adults' Services, and also Children's Services in respect of the Children's Social Care Redesign.

## 5.10 Data Quality/Grant Claims

A block of time is included in the plan for review of grant claims and other data quality checks made through the year where the internal audit function is required as part of the review/sign off process.

During 2020/21, a significant amount of time was spent by Audit and providing input to checking processes as part of the administration of COVID-19 business grant payments. Time will be set aside for further support to be given, including working with relevant services where required to assist in providing assurance to the Department for Business, Energy and Industrial Strategy regards payments made.

There is expected to be a requirement for Audit input to sign off the 2020/21 grant claim in respect of the Disabled Facilities Grant and submit to the Ministry of Housing, Communities and Local Government.

Audit will be notified of other grant claims and returns to be checked at various stages during the year which may also relate to further grant payments in relation to COVID-19. Work actually completed will be reported in Audit updates through the year and in the Annual Head of Internal Audit Report.

## 5.11 Service Advice / Project support

The Audit and Assurance Service provides advice across the Council on governance, control and risk issues. In addition to areas listed elsewhere in this report, time is set aside for the provision of ongoing service advice. This may take the form of responses to ad hoc queries, issuing guidance, and liaison with services. It may include, for instance, support and advice as part of project groups and system boards and liaison with services in respect of the development of new systems, processes and associated controls. For 2021/22, this is expected to include issues in relation to the recovery from the COVID-19 pandemic.

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. This will be updated where appropriate through the year.

Account will always be taken of the primary objective of Internal Audit to complete assurance work and approval would be sought from CLT and the Accounts and Audit Committee before any significant unplanned consultancy work is agreed which would impact on the Internal Audit Plan.

**2021/22 Operational Audit Plan – Allocation in Days**

**Appendix 1**

<b><u>Category</u></b>	<b><u>Details</u></b>	<b><u>Impact of Audit and Assurance's work</u></b>	<b><u>Planned Days</u></b>
<b>Financial Systems</b>	<p>Coverage, includes audits of fundamental financial systems reviews as described in section 5.2:</p> <p>Advice in relation to consideration of new systems / system development.</p> <p>Audit Opinion Reports to be issued as listed in Appendix 2.</p>	<p>Assurance on the operation of material business critical systems. Improvements in control environment supporting the achievement of corporate priorities, effective financial management, good governance and supporting the Council's position in respect of its external audit review.</p>	<b>150</b>
<b>Governance</b>	<p>Coverage as described in section 5.3:</p> <p>Corporate Governance / AGS - to provide support and advice to Legal and Democratic Services. Complete a review of the content of the draft AGS with reference to the CIPFA/SOLACE Governance framework and guidance.</p> <p>Advice / assurance in respect of governance issues.</p>	<p>Provision of assurance on the effectiveness of governance arrangements in place within the Council to support the achievement of Council and Community objectives and priorities.</p> <p>The Annual Governance Statement provides assurance to the public on the effectiveness of governance arrangements and enables the establishment of corporate improvement priorities.</p>	<b>25</b>
<b>Corporate Risk Management</b>	<p>Coverage as described in section 5.4. and Appendix 2 Includes:</p> <p>Facilitating the updating of the Council's strategic risk register.</p>	<p>Assisting the Council to effectively manage risks leading to improvements in service delivery, achievement of objectives and improvements in the allocation of resources. The work also supports the Council in evidencing good practice undertaken when subject to inspection and review.</p>	<b>45</b>

	<p><b>Actions to support the Council's Risk Management Strategy including provision of guidance, independent review of existing risk management arrangements and, where applicable, recommend areas for development.</b></p>		
<p><b>Anti-Fraud &amp; Corruption</b></p>	<p><b>Coverage as described in section 5.5:</b></p> <p><b>Co-ordinate the Council's activity in respect of the National Fraud Initiative ensuring work completed across services in investigating data matches is progressed in accordance with Cabinet Office requirements.</b></p> <p><b>Contributing to investigations of referred cases of suspected theft, fraud or corruption.</b></p> <p><b>Other work to support the Anti-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><b>Contributes to the maintenance of high standards of conduct and governance. Provides assurance on the management of the risks of fraud and corruption. Advice to services on the improvement of controls in place to reduce potential risks, e.g. financial loss and reputational damage.</b></p>	<p><b>60</b></p>
<p><b>Procurement / Contracts / Value for money</b></p>	<p><b>Coverage as described in section 5.6:</b></p> <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><b>Audit Opinion Reports to be issued as listed in Appendix 2.</b></p>	<p><b>Assurance and challenge on the adequacy of procurement arrangements. Contributes to improvements in service delivery and the achievement of value for money for the Council.</b></p>	<p><b>60</b></p>

<b>Information Governance / Information, Communications and Technology</b>	<p>Coverage as described in section 5.7:</p> <p>ICT Audit reviews and advice conducted by Salford Internal Audit Services.</p> <p>Information Governance audit reviews</p> <p>Audit Opinion Reports to be issued as listed in Appendix 2.</p>	<p>Specialised technical advice and assurance on the adequacy of controls surrounding ICT systems.</p> <p>Assurance to managers who place significant reliance on ICT systems for the delivery of services.</p> <p>Contribution to the review and further development of the Council's information governance arrangements.</p>	<p>80</p>
<b>Schools</b>	<p>Coverage as described in section 5.8:</p> <p>Providing assurance on the control environment within schools, supporting schools in ensuring awareness of requirements within the DfE Schools' Financial Value Standard.</p> <p>Audit reviews of schools: At least 12 school audits to be undertaken during the year (subject to review during the year - Audits planned to date are listed in Appendix 2).</p> <p>Follow-up of progress for audits completed in 2020/21.</p>	<p>Supports improvements in standards of governance and control in schools and supports process to enable achievement of standards set by the DfE.</p>	<p>140</p>
<b>Assurance – Other Business Risks</b>	<p>Coverage as described in section 5.9:</p> <p>Audits selected on the basis of risk from a number of sources including senior managers' recommendations, risk registers and internal audit risk assessments. Reviews include authority wide issues and areas relating to individual services, establishments and functions. Includes:</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>This work enables Internal Audit to provide a breadth of assurance across the Council that there are adequate governance and control arrangements in place, that policies and procedures are being implemented, that risks are being managed, and outcomes delivered.</p>	<p>195</p>

	<b>Audit Opinion Reports to be issued as listed in Appendix 2.</b>		
<b>Grant claims checks / Data Quality</b>	<p><b>Coverage as described in section 5.10:</b></p> <p><b>Internal audit checks of grant claims / statutory returns and other checks as required (including in relation to COVID-19 business grant payments)</b></p> <p><b>Audit and Assurance to be advised through the year of grant claims, review work and other returns to be checked/signed off.</b></p>	<b>Ensuring the Council adheres to requirements in submitting relevant grant claims where Internal Audit input is required, providing assurance regarding the accuracy of data and supporting information reviewed. Includes providing support to the Council's COVID-19 response.</b>	<b>90</b>
<b>Service Advice / Projects</b>	<p><b>Coverage as described in section 5.11:</b></p> <p><b>General advice and guidance, 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><b>Support to services, groups, project teams etc. around the relevance and application of corporate policies, procedure rules and good governance arrangements.</b></p> <p><b>Contributing to the delivery of effective project outcomes including input to the consideration of key risks and appropriate controls considered in the development of new systems, functions and procedures.</b></p>	<b>60</b>
		<b>Total Allocated Days</b>	<b>910</b>
		<b>Contingency (To cover additional / unexpected work and any unexpected reductions in available staff days).</b>	<b>100</b>
		<b>Total Planned Days</b>	<b>1010</b>
		<b>Available Days</b>	<b>1010</b>
		<b>Surplus/Deficit for Year</b>	<b>0</b>

<b>2021/22 Internal Audit Plan – Audit Opinion Reports</b>
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<b>Category</b>	<b>Audit Opinion Reports</b>
<b>Financial Systems</b>	<ul style="list-style-type: none"> <li>- Accounts Payable System (Finance and Systems) *</li> <li>- Accounts Receivable / Debt Recovery (Finance and Systems) *</li> <li>- Treasury Management (Finance and Systems)</li> <li>- Council Tax (Finance and Systems)</li> <li>- Budgetary Control (Authority-wide/Finance and Systems)</li> <li>- Children’s Social Care Payments System - Liquid Logic/ContrOCC (Children’s Services)*</li> <li>- Payroll (Strategy and Resources)</li> <li>- Asset Investment Strategy (Authority-Wide)</li> <li>- Adult Social Care Payments System (Adults’ Services)</li> <li>- Adult Social Care Direct Payments (Adults’ Services)</li> </ul>
<b>Risk Management</b>	<ul style="list-style-type: none"> <li>- Health and Safety (Strategy and Resources/Authority-wide)</li> </ul>
<b>Procurement / Contracts / Value for money</b>	<ul style="list-style-type: none"> <li>- Social Value in Procurement – follow-up (STAR authorities – Trafford lead) (Finance and Systems)*</li> <li>- Purchase cards follow-up audit (Finance and Systems)*</li> <li>- Based on details per Section 5.6, further reports to be issued during the year to be confirmed in 2021/22 in liaison with STAR and partner authorities and will be listed in subsequent Audit Plan progress update.</li> </ul>
<b>Information Governance / ICT Audit</b>	<ul style="list-style-type: none"> <li>- ICT Service Management (Finance and Systems)*</li> <li>- ICT Asset Management (Finance and Systems)*</li> <li>- Cyber Security: Identification and Protection Systems (Finance and Systems / Authority-wide)</li> <li>- ICT Security in Schools (Finance and Systems / Children’s Services)</li> </ul> <p style="margin-left: 20px;">- Data breaches (Governance and Community Strategy/Authority-Wide)*</p> <p style="margin-left: 20px;">(Other reviews to be considered during 2021/22 and added to the Plan as appropriate)</p>
<b>Schools</b>	<p>12 School Audits (Children’s Services)</p> <p>The full list of school audit reports to be issued will be confirmed through 2021/22 and listed in updates through the year. To include final reports to be issued for the following schools:</p> <ul style="list-style-type: none"> <li>- Davyhulme Primary School*</li> </ul>

	<ul style="list-style-type: none"> <li>- Gorse Hill Primary School*</li> <li>- St. Alphonsus RC Primary School*</li> <li>- Moorlands Primary School*</li> <li>- Victoria Park Junior School</li> </ul> <p>- At least 7 other school audits to be undertaken in 2021/22.</p>
<b>Assurance – Other Business Risks</b>	<ul style="list-style-type: none"> <li>- Blue Badges (Governance and Community Strategy)*</li> <li>- Cleaning Services (Strategy and Resources)</li> <li>- Recruitment Processes (Strategy and Resources)</li> <li>- Home to School Transport (Children’s Services)</li> <li>- Special Educational Needs and Disability (Children’s Services)</li> <li>- Housing Waiting List (Place)*</li> <li>- Let Estates (Place)*</li> <li>- Building Control (Place)</li> <li>- Outdoor Advertising (Place)</li> <li>- Safety at Sports Grounds (Place)</li> <li>- Licensing (Place)</li> <li>- Highways Inspection and Repairs (Place)</li> <li>- Section 106 Planning Agreements and Community Infrastructure Levy (Place)</li> <li>- Aids and Adaptations (Adult Services)</li> <li>- Deprivation of Liberty Safeguards System (Adult Services)</li> </ul> <p>(Other audit opinion reports may be added during the year including in relation to review work set out in Section 5.9)</p>

\*Denotes reviews where final audit reports are expected to be issued in Quarter One of 2021/22, which relates to reviews carried forward from 2020/21. Planned completion of work in the remainder of the year to be advised in subsequent Audit and Assurance update reports.

Note:

A target number of 32 of the above reports is planned to be issued during 2021/22 with remaining reports for reviews to have commenced in 2021/22 to be issued in the following year.

In addition, there may be other audit opinion reports issued in addition to the above which may relate to audit coverage described in Section 5 of this report or relating to other issues arising during the year.



## Audit Opinion Levels

For the above reviews listed, an audit report will be issued and an audit opinion will be provided. Opinion levels are set as follows:

Audit Opinion Level	Description
<b>Substantial Assurance</b>	<b>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.</b>
<b>Reasonable Assurance</b>	<b>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.</b>
<b>Limited Assurance</b>	<b>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.</b>
<b>Very Low or No Assurance</b>	<b>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.</b>



TRAFFORD  
COUNCIL

# Internal Audit Charter

Audit and Assurance Service (March 2021)

## **TRAFFORD COUNCIL**

### **AUDIT AND ASSURANCE SERVICE - INTERNAL AUDIT CHARTER**

#### **1. Introduction**

- 1.1 Section 151 of the Local Government Act 1972 requires Councils to “make arrangements for the proper administration of their financial affairs”. More specific requirements are detailed in the Accounts and Audit Regulations 2015 in that the relevant authority must “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”
- 1.2 The Internal Audit Charter describes the purpose, authority and principal responsibilities of the Internal Audit function at Trafford which is provided by the Audit and Assurance Service.
- 1.3 The Audit and Assurance Service is required to operate in accordance with the UK Public Sector Internal Audit Standards. The Standards are mandatory for all internal auditors working in the UK Public Sector.

#### **2. Definitions**

##### Internal Audit

- 2.1 “Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.” (Public Sector Internal Audit Standards).
- 2.2 CIPFA provide further details in their PSIAS Local Government Application Note : “Internal audit provides an independent and objective opinion to the organisation on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control. It may also undertake consulting services at the request of the organisation, subject to there being no impact on the core assurance work and the availability of skills and resources.

##### The “Board” and “Senior Management”

- 2.3 The Public Sector Internal Audit Standards (PSIAS) require that the internal audit charter defines the terms ‘board’ and ‘senior management’ in relation to the work of internal audit. For the purposes of internal audit work, the ‘board’ refers to the Council’s Accounts and Audit Committee which has delegated responsibility for overseeing the work of internal audit. The term senior management will be defined on an individual basis according to individual context but will usually refer to the Corporate Leadership Team (CLT).

### 3. **Mission of Internal Audit and Core Principles for the Professional Practice of Internal Auditing**

3.1 The Mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. In order to achieve this, in accordance with the PSIAS, it should operate in accordance with the following core principles:

- Demonstrates integrity
- Demonstrates competence and due professional care
- Is objective and free from undue influence (independent)
- Aligns with the strategies, objectives and risks of the organisation
- Is appropriately positioned and adequately resourced
- Demonstrates quality and continuous improvement.
- Communicates effectively
- Provides risk-based assurance
- Is insightful, proactive, and future-focused.
- Promotes organisational improvement.

### 4. **Status**

4.1 The Audit and Assurance Service is within the Council's Finance and Systems Directorate.

4.2 Internal Audit's authority derives directly from its statutory responsibilities and the Procedure Rules established by the Council.

4.3 The responsibility for the production and execution of the internal audit plan and subsequent audit activity rests with the Audit and Assurance Manager. The Audit and Assurance Manager reports to the **Director of Finance and Systems** (Section 151 Officer) but will also report directly to the Chief Executive where required.

### 5. **Reporting Lines**

5.1 The work of the Audit and Assurance Service is reported directly to the Chief Executive; to Members via the committee charged with responsibility for audit and governance (The Accounts and Audit Committee, defined by the term "Board" under PSIAS) and to Executive Members. The work of the Accounts and Audit Committee is also reported annually to the Council.

5.2 Internal audit assignments are the subject of formal reports. These reports are sent to the relevant Corporate Director and Head of Service together with relevant managers. The Executive member with portfolio responsibility, Chief Executive, **Director of Finance and Systems** and External Audit will receive copies of the internal audit reports. The Monitoring Officer will also receive copies of audit reports at the discretion of the Audit and Assurance Manager. Reports are issued initially as drafts and, following agreement as to contents and responsibility for implementing recommendations, a final report is issued. The Accounts and Audit Committee is provided with a listing on a periodic basis of each audit report, summarising the findings and stating the audit opinion given.

## **6. Independence**

- 6.1 The Audit and Assurance Service will be sufficiently independent of the activities being audited so that auditors are able to make impartial and effective professional judgements and recommendations.
- 6.2 Internal Audit will determine its priorities in consultation with the Accounts and Audit Committee.
- 6.3 The Audit and Assurance Manager will report impartially in his or her own name.
- 6.4 Where internal audit staff have a perceived or real conflict of interest in undertaking a particular piece of audit work (whether for personal reasons or through managing or undertaking any non-audit duties), this will be managed through the internal audit management and supervisory process. Work will be re-assigned where appropriate. Staff are required to declare any potential conflict of interest and a signed declaration from each member of staff is required on an annual basis. In the event that the Audit and Assurance Manager has responsibility for any activity relating to non-audit duties, to ensure independence is not impaired, the Audit and Assurance Manager would not be directly involved in the audit of this activity and arrangements would be agreed with the Section 151 Officer.
- 6.5 Adequate budgetary resources will be made available to enable the Internal Audit function to maintain its independence.

## **7. Responsibilities**

- 7.1 The main objective of the Audit and Assurance Service is to provide the Council with an independent and objective opinion on the Council's control environment.
- 7.2 The Audit and Assurance Service should play a key role in shaping the ethics and standards of the Council and where appropriate, act as a catalyst for change and improvement.
- 7.3 The scope of internal audit work will cover all the Council's activities and encompass both the financial and non-financial aspects of the control environment. This includes activities undertaken in partnership with other

organisations where assurance will be sought in accordance with agreed protocols including access rights.

- 7.4 Internal audit work comprises an independent and objective review of the control environment. The key elements of the control environment include:
- (a) Establishing and monitoring the achievement of the organisation's objectives
  - (b) The facilitation of policy and decision making ensuring compliance with established policies, procedures, laws and regulations – including how risk management is embedded in the activity of the council, how leadership is given to the risk management process, and how staff are trained or equipped to manage risk in a way appropriate to their authority and duties
  - (c) Ensuring the economical, effective and efficient use of resources, and for securing continuous improvement in the way in which the council's functions are exercised, having regard to a combination of economy, efficiency and effectiveness
  - (d) The financial management of the Council and the reporting of financial management
  - (e) The performance management of the Council and the reporting of performance management.
- 7.5 The Council's assurance and performance management framework will be taken into consideration when determining the work of Internal Audit. The key elements of the assurance and performance management framework are:
- Risk management both at the strategic and operational levels
  - The monitoring of key Council objectives and targets by the Corporate Leadership Team
  - Business planning - the identification and monitoring of key business targets by individual services
  - Self-assessments by managers of the operation of controls for which they are responsible
  - Reviews by External Audit
  - Reviews by other external agencies
  - Scrutiny reviews
  - Previous work of Internal Audit and the Accounts and Audit Committee.
- 7.6 Particular attention will be devoted to any aspects of the control environment affected by significant changes within the organisation's risk environment.
- 7.7 The Audit and Assurance Manager will also make a provision, in the scope of Internal Audit's work, to form an opinion where key systems are operated by the Council on behalf of other bodies or other bodies are operating key systems on behalf of the Council.
- 7.8 Where the Council works in partnership with other organisations, the role of Internal Audit will be defined on an individual basis.
- 7.9 The Audit and Assurance Manager will give an opinion on the operation of the Council's control environment, which encompasses internal control, risk management and governance. This is set out in the annual Head of Internal Audit report.

7.10 The Audit and Assurance Service will also take a lead role in supporting the work of the Accounts and Audit Committee. This will include co-ordinating the committee's work programme in agreement with Committee Members and supporting the Committee to report on its work undertaken.

## **8. Fraud and Corruption**

8.1 The Audit and Assurance Service works with other services including the Counter Fraud and Enforcement Team, Human Resources and Legal Services to maintain the Council's anti-fraud and corruption policy, strategy and supporting guidance. The Service also works with others to raise awareness of anti-fraud measures across the Council and fraud risks are considered as part of Internal Audit review work.

8.2 The Audit and Assurance Manager will be informed of suspected or detected fraud, corruption or impropriety, so that he or she can consider the adequacy of the relevant controls and evaluate the implications of fraud and corruption for his or her opinion on the internal control environment.

## **9. Access**

9.1 The Audit and Assurance Service will have unrestricted direct access to all Members, council personnel, records (whether manual or computerised), cash, stores, and other assets and may enter council property or land to obtain such information and explanations considered necessary to fulfil the responsibilities of an internal audit function. Such access shall be granted on demand and not be subject to prior notice and will also extend to partner bodies or external contractors working on behalf of the authority insofar as such access relates to work carried out or services provided on behalf of or in partnership with the authority. In respect of issues where clarity may be required in relation to access rights e.g. in relation to specific partnership arrangements, Audit and Assurance will seek advice, e.g. from relevant service areas such as Legal Services.

## **10. Limitations of Internal Audit Responsibilities**

10.1 In seeking to discharge the responsibilities detailed above, and in line with the responsibilities of Internal Audit set out in section 7 above, it should be noted that the Internal Audit function is not responsible for:

- Controlling the risks of the authority.
- Establishing and maintaining systems of internal control.
- Determining operational policies or procedures.

## **11. Resources**

11.1 The Audit and Assurance Manager will hold a relevant professional qualification; have wide experience of audit and management and will be responsible for ensuring that the Audit and Assurance Service is appropriately staffed in terms of numbers, grades, qualification levels and experience.

- 11.2 The Audit and Assurance Manager will ensure that appropriate provision is made for maintaining and developing the competence of audit staff. All internal auditors will undertake a programme of continuing professional development to maintain and develop their skills. A record of training and development undertaken and planned will be maintained.
- 11.3 The Audit and Assurance Manager is responsible for ensuring that the resources of the Audit and Assurance Service are sufficient to meet its responsibilities and achieve its objectives. If a situation arose whereby it was concluded that resources were insufficient this will be formally reported to the Section 151 Officer, Chief Executive and, if the position is not resolved, to Members charged with responsibility for audit and governance (Accounts and Audit Committee).

## **12. Consultancy**

- 12.1 Consultancy comprises the range of services, other than assurance services, provided by Internal Audit to assist management in meeting the objectives of the Council. This may include facilitation, process design, training, and advisory services. The Audit and Assurance Manager will be responsible for deciding what level of consultancy support Internal Audit can provide. The scope of any consultancy work will be agreed with management and will only be undertaken where resources permit without impacting on the planned annual assurance process.
- 12.2 In the event that the Service has previously performed consulting services, in planning the allocation and scoping of future assurance work, account will be taken of consultancy work performed in that area to ensure that independence and objectivity is not impaired.
- 12.3 Account will always be taken of the primary objective of Internal Audit to complete assurance work and approval would be sought from the Accounts and Audit Committee before any significant unplanned consultancy work is agreed which would impact on the Internal Audit Plan.

## **13. Review**

- 13.1 The Internal Audit Charter will be subject to regular review, the results of which will be reported for approval by the Corporate Leadership Team and the Accounts and Audit Committee.

**Mark Foster**  
**Audit and Assurance Manager**  
**March 2021**





TRAFFORD  
COUNCIL

# Internal Audit Strategy

Audit and Assurance Service (March 2021)

# **TRAFFORD COUNCIL AUDIT AND ASSURANCE SERVICE**

## **INTERNAL AUDIT STRATEGY**

### **1. Introduction**

- 1.1 The Internal Audit Charter defines the purpose, authority and principal responsibilities of Internal Audit. The Internal Audit Strategy set out in this document details the arrangements in place to deliver internal audit so as to ensure that the objectives of the Audit and Assurance Service are met and the scope of it understood.
- 1.2 The Audit and Assurance Service is required to deliver a risk-based audit plan in a professional independent manner, to provide the Council with an opinion on the level of assurance it can place upon the internal control environment (which encompasses internal control, risk management and governance); and, where applicable, to make recommendations to improve it.
- 1.3 The Strategy Statement below sets out the key requirements for ensuring the Audit and Assurance Service fulfils its role effectively. The Statement sets out the overarching vision and aims of the Service. Details of how these requirements are to be met are set out in sections 3 to 8 of the Strategy.

### **2. Strategy Statement**

- 2.1 The Mission and Core Principles for Internal Audit are defined in the Internal Audit Charter, in accordance with the Public Sector Internal Audit Standards (PSIAS) and the Audit and Assurance Service should work to these in its planning and service delivery. (See Section 3.1 of the Internal Audit Charter).
- 2.2 The Audit and Assurance Service plays a key role in shaping the ethics, values and standards of the Council. The Service should be professional, challenging and innovative, acting as a catalyst for change and improvement by:
  - Ensuring its work adds value and maximises assurances to the Council about its positive impact on the achievement of corporate objectives and service delivery;
  - Having a sound knowledge of the organisation, being forward looking and aware of local, regional and national agendas and their impact on the Council;
  - Ensuring the service is flexible, works in partnership with managers, invests in good working relationships with all stakeholders and responds effectively to the changing needs of the Council;
  - Having sufficient resources to effectively deliver the vision and uphold professional standards, particularly officer resources with the number, skills mix, knowledge and experience to achieve this.

### **3. Service Provision**

- 3.1 The Internal Audit function is provided by the Audit and Assurance Service, which is within the Finance and Systems Directorate. Day to day management

is the responsibility of the Audit and Assurance Manager who reports to the **Director of Finance and Systems (Section 151 Officer)**. The Service maintains independence in its reporting as set out in its Charter and associated procedures.

- 3.2 Internal audit services to the Council are currently provided by in-house resources and are complemented by bought-in resources as follows:
- Specialist ICT audit resources are provided by Salford Internal Audit Services. This arrangement was originally agreed by the Association of Greater Manchester Authorities as part of a review of joint working whereby Salford City Council provide specialist resources for use by all the Greater Manchester authorities. These specialist resources are used to complement in-house resources.
  - Internal audit resources will be bought-in if the Audit and Assurance Manager, in agreement with the **Director of Finance and Systems**, considers this to be necessary to ensure completion of the internal audit plan, and if resources permit this approach. The engagement of bought-in internal audit resources will be reported to Members charged with the responsibility for audit and governance. (Recognition will be given to potential conflicts of interest where bought in internal audit resources also provide non internal audit services to the Council).
- 3.3 The Audit and Assurance Manager is responsible for ensuring that all internal audit work complies with the Internal Audit Charter and the Public Sector Internal Audit Standards.

#### **4. Audit Planning**

- 4.1 A risk based Audit and Assurance Service plan will be produced on an annual basis. Work will be planned to ensure adequate assurance is provided towards the completion of the Council's Annual Governance Statement.
- 4.2 Resources will be allocated taking into account assurance levels required, risks involved and the potential impact of the work. The planned programme of work will be informed by:
- assurance required to be provided as a Council
  - assurance gained from other sources other than internal audit work including external audit and other inspectorates, service self-assessments etc.
  - knowledge and understanding of the organisation including future priorities and potential impacts
  - detailed consultation with key stakeholders.
- 4.3 Factors to be taken into account when undertaking a risk assessment of auditable areas will take account of the council's assurance and performance management framework including:
- Risk management both at the strategic and operational levels
  - Monitoring of key council objectives and targets by the Corporate Leadership Team
  - Directorate and Service Business Planning arrangements

- Governance and control self-assessments by managers of the operation of controls for which they are responsible
- Reviews by External Audit and other external agencies
- Other internal reviews including scrutiny work
- Previous internal audit and Accounts and Audit Committee findings.

4.4 The Annual Internal Audit Plan lists the areas to be audited and the resources required. Audit reviews and other programmes of work will focus both on strategic and operational issues. To ensure adequate flexibility, audit work will involve a number of different methods of delivery i.e. traditional internal audit reviews; provision of guidance; awareness raising; advice to project / working groups etc. The plan will be prepared to ensure:

- Fundamental financial systems are reviewed on a cyclical basis.
- Adequate resources are set aside for anti-fraud and corruption work including investigating suspected cases and raising awareness across the Council.
- Adequate resources are included to enable reviews of the Council's corporate governance and risk management arrangements.
- The Council's ICT systems and information governance processes are subject to adequate internal audit coverage.
- Procurement and contracts arrangements across the council are reviewed.
- Internal Audit fulfils its role in auditing schools, supporting the process by which schools are required to meet the Schools Financial Value Standard.
- Adequate coverage of other key business risks including individual coverage of authority-wide issues, individual services, establishments, partnerships, programmes and projects.

4.5 Provision is made to follow up work completed in previous periods. The plan also contains a contingency for unforeseen changes which may necessitate a change in priorities.

4.6 The Internal Audit Plan is flexible and will be kept under review and will be revised to take account of changes in the risk environment. Significant changes in the plan will be reported to the Corporate Leadership Team and to the Accounts and Audit Committee.

## 5. **Service Delivery**

5.1 There will be close working with management in agreeing the scope of individual audit assignments. The planning and scoping process takes into account any significant factors, developments and key risks to ensure the internal audit review of that area will add value for the Council.

5.2 The ongoing development of the Audit and Assurance Service's knowledge base will provide an effective source of information as part of the planning process. Knowledge will be developed by various means including ongoing liaison and discussion with managers and other key stakeholders.

5.3 Individual Audit and Assurance projects will have, within the overall project time allocation, planned time to allow the Audit and Assurance Officer(s) to research

and build their knowledge of the area (proportionate to the nature/complexity of the review).

- 5.4 The Audit and Assurance Manager will ensure that there are documented protocols and procedures for planning and conducting audits, setting out the standards for the service. These will be set out in the Audit Manual. The Audit and Assurance Manager will monitor performance against the standards set out in the Audit Manual and other relevant documents.

## **6. Reporting**

- 6.1 Reporting arrangements for the Audit and Assurance Service are set out in protocols which form an integral part of the Service's Audit Manual.
- 6.2 The approach to reporting, delivering opinions and supporting conclusions, and developing associated improvement actions will be flexible. This will be to ensure that officer resources are effectively utilised, the needs of recipient managers/stakeholders are met, the necessary assurance is provided and the form of reporting maximises ownership and impact of resulting improvement actions / organisational change being recommended.
- 6.3 For individual audit assignments, where internal audit recommendations are made, these will be discussed with management prior to the issue of audit reports. The findings from the audit will be reported, clearly identifying and explaining the key risks and control weaknesses, with the relative priority of recommendations clearly communicated. Following each audit, the client manager will have the opportunity to provide feedback via the client satisfaction survey.
- 6.4 Progress against the annual internal audit plan will be monitored by the Audit and Assurance Manager and reported to the Corporate Leadership Team and to the Accounts and Audit Committee on a regular basis.
- 6.5 The Audit and Assurance Service will give an overall opinion each year on the Council's risk management, control and governance arrangements to support the Annual Governance Statement. The Internal Audit opinion on the control environment will be given in the Annual Head of Internal Audit Report, which will be presented to the Corporate Leadership Team and the Accounts and Audit Committee.

## **7. Staffing / Resources**

- 7.1 In order to deliver the Internal Audit Strategy and comply with professional standards, it is important that the Audit and Assurance Service comprises staff with the appropriate skills and experience.
- 7.2 Audit and Assurance officers are expected to undertake continuing professional development as appropriate and undertake training / development activities, both for personal development and to ensure there is an effective skills balance within the Service.

- 7.3 The Service operates personal development and review processes in line with the Council's policy as well as professional good practice. Ongoing training and development needs are identified as part of this process. In addition to internal training, such as through e-learning, shadowing the work of colleagues etc., available training provided by key providers such as CIPFA and IIA is considered and where appropriate included within the ongoing programme of training. Training and development needs are reviewed regularly.
- 7.4 The Service has a clearly defined code for staff encompassing ethics, conduct and values in accordance with the Public Sector Internal Audit Standards. Staff are required to complete and sign a declaration statement in line with the PSIAS Code of Ethics.
- 7.5 If resources, including staffing, are insufficient for the Audit and Assurance Service to provide an opinion on the control environment, the Audit and Assurance Manager will report this to the **Director of Finance and Systems**, Chief Executive and to the Accounts and Audit Committee.

## **8. Ongoing Development Actions**

- 8.1 The Service reviews its procedures, systems and working methods on a regular basis. This includes a review, at least annually, against the Public Sector Internal Audit Standards through either an internal or external assessment. Details are reported to the Accounts and Audit Committee within the Head of Internal Audit Annual Audit Report. The Service has a Quality Assurance Improvement Programme setting out its quality review processes in place which includes details in respect of both internal and external assessments (See Appendix 5).
- 8.2 There are a number of areas that are subject to ongoing or periodic review to ensure standards are maintained and where possible improvements made. The following will continue to be considered as part of ongoing service planning and monitoring of performance:
- Consider the ongoing appropriateness / application of audit procedures and protocols both in ensuring these continue to meet the organisation's requirements and remain in accordance with the Public Sector Internal Audit Standards.
  - Continue to consider and where appropriate, adopt, various approaches to audit reporting taking into account client feedback
  - Continue to consider training and development needs of staff to ensure there remains adequate knowledge and expertise in specific areas of audit activity.
  - As part of ongoing audit planning, continue to consider the approach to gathering assurance including collaboration with other Internal Audit providers e.g. in respect of audit reviews of partnerships and other arrangements where there is collaboration between organisations.
  - Continue to consider appropriate means of raising awareness of key governance and control issues. Ensure content on the Audit and Assurance Intranet site is regularly reviewed to ensure it is up to date and provides effective guidance.

- Ensure methods of working take into account any changes in the organisational structure, accommodation issues, technology, agile working protocols etc.

## **9. Review**

- 9.1 The Internal Audit Strategy will be subject to regular review, the results of which will be reported to the Accounts and Audit Committee and the Corporate Leadership Team.

**Mark Foster**  
**Audit and Assurance Manager**  
**March 2021**



**TRAFFORD**  
**COUNCIL**

# **Quality Assurance Improvement Programme - Audit and Assurance Service**

Audit and Assurance Service (March 2021)



# **TRAFFORD COUNCIL AUDIT AND ASSURANCE SERVICE**

## **Quality Assurance Improvement Programme**

### **1. Introduction**

- 1.1 The Audit and Assurance Service Quality Assurance and Improvement Programme (QAIP) is in place to provide reasonable assurance to the various stakeholders of the Internal Audit activity that the Service:
- Performs its work in accordance with its Charter, which is consistent with The Public Sector Internal Audit Standards' (PSIAS) definition of Internal Auditing and Code of Ethics;
  - Operates in an effective and efficient manner; and
  - Is perceived by stakeholders as adding value and improving Internal Audit's operations.
- 1.2 The QAIP covers Internal Audit activity in accordance with the PSIAS Standard 1300 (Quality Assurance and Improvement Programme), including:
- Monitoring the Internal Audit activity to ensure it operates in an effective and efficient manner;
  - Ensuring compliance with the PSIAS' Definition of Internal Auditing and Code of Ethics;
  - Helping the Internal Audit activity add value and improve organisational operations;
  - Undertaking both periodic and on-going internal assessments (Standard 1311); and
  - Commissioning an external assessment at least once every five years, the results of which to be are communicated to the Accounts and Audit Committee (in accordance with Standard 1312 and 1320).

### **2. Internal Assessments**

- 2.1 In accordance with PSIAS Standard 1311, internal assessments are undertaken through both on-going and periodic reviews.

#### **On-going Reviews**

- 2.2 Continual assessments are conducted through:
- Management supervision of each audit review;
  - Audit policies and procedures used as set out in in the Internal Audit Strategy and Audit Manual for each assignment in order to comply with appropriate planning, fieldwork and reporting standards;
  - Review and approval of all final reports including recommendations and levels of assurance by the Audit and Assurance Manager.
  - Feedback from audit clients obtained through a client survey issued following each internal audit review. A summary analysis of responses received is included in the Annual Head of Internal Audit report.

- Monitoring of internal performance to feed into regular reporting to the Corporate Leadership Team and Accounts and Audit Committee.

### **Periodic Review**

2.3 Periodic assessments/reviews are conducted through:

- Reporting through the year in periodic updates and annual reporting to the Corporate Leadership Team and the Accounts and Audit Committee on the work of Internal Audit. This includes presenting the Internal Audit Plan for approval; periodic updates of progress against the Plan and work completed for the year reflected in the Annual Head of Internal Audit Report.
- Annual self-assessment against the Public Sector Internal Audit Standards with a summary of the outcome of this exercise reported in the Annual Head of Internal Audit Report, including any key improvement actions planned.
- Performance review of individual audit staff through the Council's corporate processes.

### **3. External Assessments**

3.1 External assessments will appraise and express an opinion about Internal Audit's conformance with the PSIAS' Definition of Internal Auditing and Code of Ethics and include recommendations for improvement, as appropriate.

#### **Frequency of External Assessment**

3.2 An external assessment will be conducted at least every five years, in accordance with the PSIAS. Appointment of the External Assessor and scope of the External Assessment will be agreed with the Section 151 Officer and Chair of the Accounts and Audit Committee.

#### **Scope of External Assessment**

3.3 The scope of the external assessment will consist of the following elements of Internal Audit activity:

- Conformance with the Standards, Definition of Internal Auditing, the Code of Ethics, Internal Audit's Charter, plans, policies, procedures, practices, and any applicable legislative and regulatory requirements;
- Integration of the internal audit activity into the Council's governance and reporting framework;
- Processes undertaken by Internal Audit;
- The mix of knowledge, experiences, and disciplines within the staffing structure;
- A determination whether Internal Audit adds value to governance, risk management and internal control within the Council.

3.4 Results of external assessments will be provided to the Accounts and Audit Committee. The external assessment report will be accompanied by a written action plan in response to recommendations identified. Any significant areas of non-compliance will be reported in the Annual Head of Internal Audit Report and where applicable, considered for inclusion in the Annual Governance Statement.

#### **4. Review of the QAIP**

4.1 This document will be appropriately updated following any changes to the PSIAS or Internal Audit's operating environment and will be reviewed on a regular basis.

**Audit and Assurance Service : March 2021**