

## TRAFFORD COUNCIL

**Report to:** Accounts and Audit Committee  
**Date:** 25 November 2021  
**Report for:** Discussion  
**Report of:** Audit and Assurance Manager

### Report Title

**Audit and Assurance Report for the Period August 2021 to October 2021.**

### Summary

**The purpose of the report is:**

- **To provide a summary of the work of Audit and Assurance during the period above.**
- **To provide ongoing assurance to the Council on the adequacy of its control environment.**

### Recommendation

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

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

**Name:** Mark Foster – Audit and Assurance Manager  
**Email:** [mark.foster@trafford.gov.uk](mailto:mark.foster@trafford.gov.uk)

**Background Papers:** None

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**TRAFFORD**  
**COUNCIL**

# **Audit and Assurance Service Report August to October 2021**

**Date:** November 2021

## **1. Purpose of Report**

This report summarises the work of the Audit and Assurance Service between August 2021 and October 2021 and highlights progress against the 2021/22 Internal Audit Plan to date. At the end of the year, these update reports will be brought together in the Annual Head of Internal Audit Report which will give the opinion on the overall effectiveness of the Council's control environment during 2021/22.

## **2. Planned Assurance Work**

Key elements of the 2021/22 Work Plan produced in March 2021 include:

- Fundamental Financial Systems reviews.
- Input to the 2020/21 Annual Governance Statement
- Continued input to and review of risk management arrangements and provision of guidance.
- Review of corporate procurement and value for money arrangements.
- Audit reviews in respect of ICT and information governance.
- Anti-fraud and corruption work, including the National Fraud Initiative.
- School audits and other establishment audit reviews.
- Grant claim certification work plus input to processes in respect of the payment of business grants in relation to COVID-19.
- Audit reviews of other areas of business risk including audits of services and functions.
- Provision of guidance and advice to services across the Council.

## **3. Main areas of focus – August to October 2021**

Work in this period has included progressing a number of planned internal audit reviews. This included a number of audit reviews of key financial systems. All audit opinion reports completed or in progress are listed in Section 5 and other key areas of audit work undertaken are referred to in Section 6.

## **4. Summary of Assurances in August to October 2021**

There were 8 internal audit opinion reports issued in the period (5 final reports and 3 draft reports issued).

In respect of the 5 final reports issued, opinions of at least "Reasonable" or above were given in relation to all reports. For all final reports issued, where applicable, agreed action plans are in place to implement the recommendations made.

A listing of audit report opinions issued including overall findings plus a listing of draft reports produced is shown in Section 5.

## 5. Summary of Audit & Assurance Opinions Issued – August to October 2021

(See Appendix 3 for details of Audit opinion levels, report levels and report status)

REPORT NAME (DIRECTORATE) / (PORTFOLIO) by Coverage Level (1-4)	-OPINION -R/AG -Date Issued	COMMENTS
<b>FINAL REPORTS ISSUED</b>		
<b>Level 4 Reports :</b>		
Accounts Payable (Finance and Systems) / (Finance and Governance)	<b>Reasonable * Assurance (GREEN)</b> (10/9/21)	As part of the response to the pandemic, the Accounts Payable function implemented changes in procedures with the introduction of remote working and additional demand was placed on the team with the need to process COVID-19 related grant payments. Audit testing found overall that processes were found to be working effectively. The service has continued to progress with planned service improvement work. Of the previous 13 audit recommendations made, 5 are fully implemented, with the remaining 8 in progress / met in part. Planned actions include the further development of training documentation for system users.
Purchase Cards (Finance and Systems) / (Finance and Governance)	<b>Reasonable * Assurance (GREEN)</b> (10/9/21)	Purchase cards are used across a number of services, generally to enable one-off or low value purchases, online purchasing or from suppliers where payment is required upfront. The cards are administered by the Accounts Payable Team within Financial Management. The review included follow up of previous audit recommendations made. Although the impact of COVID-19 has delayed some planned developments such as in relation to training, good progress has been made in implementing recommendations with 5 of the previous 10 recommendations fully implemented with the other 5 having progressed with further developments to be made.
Treasury Management (Finance and Systems) / (Finance and Governance)	<b>Substantial Assurance (GREEN)</b> (28/9/21)	The Council's treasury management processes continue to achieve a high level assurance opinion. This includes the continued effective use of processes introduced at the start of the pandemic to accommodate remote working.
<b>Level 2 Reports:</b>		
Housing Waiting List (Place) / (Housing and Regeneration)	<b>Substantial Assurance (GREEN)</b> (27/9/21)	The audit review found that there were effective processes in place for ensuring the Housing Waiting List was maintained to ensure it is accurate, up to date and it is managed in accordance with the Housing Allocation Policy and other related policies and procedures.
<b>Level 1 Reports:</b>		
Holy Family Catholic Primary School (Children's Services) / (Education)	<b>Substantial Assurance (GREEN)</b> (22/10/21)	A good standard of governance and internal control arrangements were found to be in place. The roles and responsibilities of governors, sub-committees and key staff are clearly defined. Relevant school policies are reviewed on a regular basis. A small number of audit recommendations were made which have since been implemented.
<b>DRAFT REPORTS</b>		(Reports below to be finalised taking into account management responses and will be issued later in 2021).
<b>Level 4 Reports:</b>		
Social Value in Procurement		Draft findings from this follow-up audit review were shared with

<b>(Finance and Systems) / (Finance and Governance)</b>	management and a final report is due to be issued in November 2021 (Details will be included in the next Audit and Assurance update report).
<b>Business Continuity (Authority-Wide) / (COVID-19 Recovery and Reform)</b>	A follow up review setting out a position statement of progress made to date against previous audit recommendations was shared with management. This draft report sets out interim findings, both of progress to date and plans for future developments during the remainder of 2021/22.
<b>Supporting Families Programme (Children's Services) / (Children's Services)</b>	Draft findings were shared with management and the report is to be finalised. (Details will be included in the next Audit and Assurance update report).
<i>*Denotes this final report is a follow up audit – i.e. the main focus of the review was a follow up of recommendations made as part of a previous internal audit review.</i>	

## **6. Other Assurance Work**

There is a significant amount of work undertaken by the Service that does not result in an audit opinion report being issued. Work in the period has included the following:

- Completion of checks to provide assurance that the conditions attached to the receipt of the 2020/21 Disabled Facilities Grant have been complied with.
- Continuing to provide assistance to the Strategic Growth team in completing checks to support the processing of applications for the payment of grants to local businesses in respect of the COVID-19 Additional Restrictions (Discretionary) Grant Scheme.
- Working with CLT to update the strategic risk register with an update report being progressed for sharing in November 2021 with CLT and the Accounts and Audit Committee.
- Working to support Legal and Democratic Services in the process of finalising the 2020/21 Annual Governance Statement.

## **7. Impact of Audit Work – Improvements to the Control Environment**

**Key indicators of the impact of Audit and Assurance are: (a) Acceptance of Recommendations (b) Implementation of them.**

### **Acceptance of Recommendations**

From the final audit opinion reports produced and issued by the Audit and Assurance Service during the year to date, 15 of the 16 new recommendations made have been accepted (94%) compared to a service target of 95%. A number of other audits were in progress during the period and levels of acceptance of recommendations made in the subsequent reports will be reflected in the next Audit and Assurance update.

### **Implementation of Audit Recommendations**

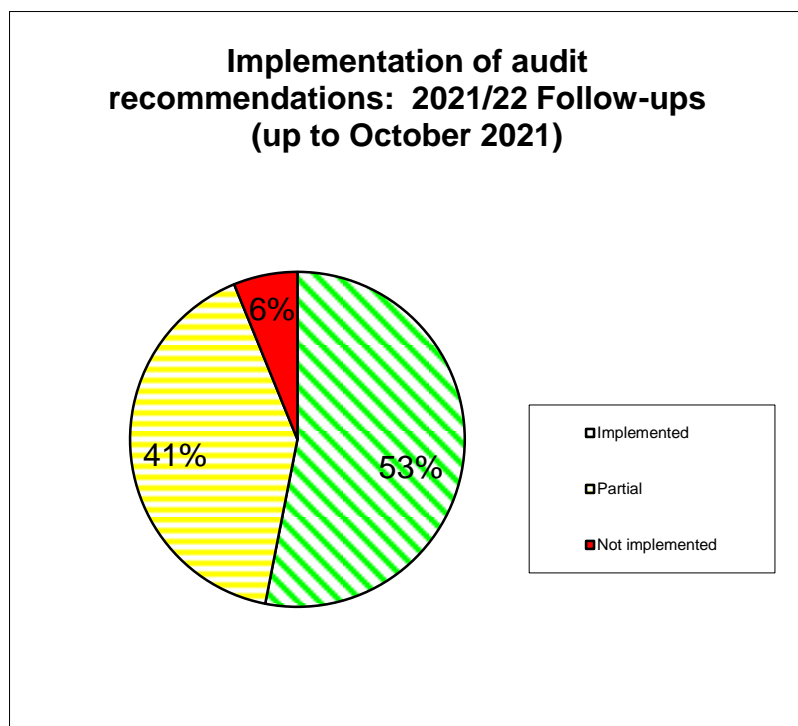
Final audit reports are followed up to assess progress in implementing improvement actions identified through audit recommendations. Recommendations made by the Audit and Assurance Service are followed up by a number of means.

As shown under final reports issued in Section 5, follow up audits were completed in relation to the audit reviews of the Accounts Payable and Purchase Card systems.

In respect of three other audits previously completed, management were requested to provide an update on progress in implementing recommendations made. This was in relation to the following:

- Asset Investment Strategy (Authority-wide) – Of the 6 recommendations made, 5 have been implemented or not currently applicable, with the remaining recommendation in progress.
- St. Mary’s CE Primary School, Davyhulme (Children’s Services) – All 5 of the recommendations made have been implemented.
- Planning and Development (Place) – Of the 4 recommendations previously made, it was reported that 1 has been fully implemented, 2 are currently in progress and once completed the remaining recommendation is planned to be implemented

An overall analysis of audit recommendations followed up in 2021/22 to date is shown on the following chart. This is based on follow ups of 8 previous reviews covering a total of 83 recommendations.



There will be reporting of follow-ups completed up to the end of December 2021 in the next update and further follow-up of previous recommendations will be considered as part of audit planning.

## **8. Performance against Audit & Assurance Annual Work Plan**

### **Appendix 1 shows an analysis of time spent to date against planned time for the 2021/22 Operational Internal Audit Plan**

As at 31 October 2021, 487 audit days were spent against 485 allocated days (See Appendix 1). A further 100 contingency days were in the 2021/22 Internal Audit Plan but some of this will be used to mitigate any loss of days from a vacancy that arose from 30 September 2021 following the departure of one of the Audit and Assurance staff, who left to take up a post at another local authority.

As part of the Internal Audit Plan, a target of 32 audit opinion reports was set to be produced during 2021/22 to final or draft stage. As at 31 October 2021, 13 reports has been produced with 8 of these issued to final stage. In addition to the 13 reports, a further 9 reviews were in progress and planning had commenced on a further 2 reviews. A further update on progress against the 2021/22 Internal Plan, including reports issued to date, will be provided in the next Audit update report to be presented to the Accounts and Audit Committee in February 2022.

## **9. Planned Work for November to December 2021**

### **Areas of focus include :**

- Issue of final reports for all reports listed in Appendix 2 where draft findings have been produced.
- Progression of other internal audit reviews as listed in Appendix 2.
- Follow-up of a number of audit reviews completed in 2020/21.
- Continuing to support CLT in updating the Strategic Risk Register with a report due to be shared with the Accounts and Audit Committee in November 2021.
- Ongoing work to support the National Fraud Initiative
- Following the departure of one of the Audit and Assurance staff in September 2021, a recruitment exercise is underway during the period to fill the vacancy.



**2021/22 Operational Plan: Planned against Actual Work (as at 31 October 2021)**

<b><u>Category</u></b>	<b><u>Details</u></b>	<b><u>Planned Allocated Days 2021/22</u></b>	<b><u>Planned Days (up to 31/10/21</u></b>	<b><u>Actual Days (as at 31/10/21)</u></b>
<b>Financial Systems</b>	<p><b>Completion of fundamental financial systems audit reviews</b></p> <p>See Appendix 2 for opinion reports issued and planned and Section 7 re follow-up work.</p>	150	66	73
<b>Governance</b>	<p><b>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.</b></p> <p><b>Advice / assurance in respect of governance issues.</b></p> <p>Work to date has included liaising with Democratic Services on the collation of both the Draft and Final versions AGS collated, including providing guidance and comments on the documents.</p>	25	18	15
<b>Corporate Risk Management</b>	<p><b>Facilitating the updating of the Council's strategic risk register.</b></p> <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>Strategic Risk update report completed and reviewed by CLT and the Accounts and Audit Committee in July 2021. A further refresh of the risk register commenced with a report to CLT and the Accounts and Audit Committee due in November 2021.</p> <p>Also See Appendix 2 for opinion reports produced and planned.</p>	45	26	22
<b>Anti-Fraud and Corruption</b>	<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</b></p>	60	35	39

	<p><b>applicable working with other relevant services to review existing policies and guidance supporting the overarching strategy.</b></p> <p>Summary of work completed during the year to be set out in Annual Head of Internal Audit Report and an update on work supporting the National Fraud Initiative will be included in the next Audit and Assurance update report.</p>			
<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 Appendix 2 for reports issued and planned.</p>	60	24	19
<b>Information Governance / Information, Communications and Technology</b>	<p><b>ICT Audit reviews and advice, including reviews conducted by Salford Internal Audit Services.</b></p> <p><b>Information Governance audit reviews</b></p> <p>See Appendix 2 for reports issued and planned.</p>	80	36	37
<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.</b></p> <p><b>Audit reviews of schools: At least 12 school audits to be undertaken during the year</b></p> <p><b>Follow-up of progress for audits completed in 2020/21.</b></p> <p>See Appendix 2 for audit opinion reports issued and planned and Section 7 re follow-up work.</p>	140	89	99
<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 Appendix 2 for audit opinion reports issued and planned.</p>	195	71	73
<b>Grant claims checks / Data Quality</b>	<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>	95	85	75

	See Section 6 re COVID-19 business grant payments and Disabled Facilities Grant.			
<b>Service Advice / Project Support</b>	<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>Summary of work completed during the year to be set out in Annual Head of Internal Audit Report.</p>	60	35	35
<b>TOTAL</b>		<b>910*</b>	<b>485</b>	<b>487</b>

\* Note there is a further contingency of 100 days within the 2021/22 Plan which is currently being used to mitigate any loss of audit days through a vacant audit post.

**Audit Opinion Reports Issued and Planned 2021/22 (as at 31 October 2021)**

<b>Category</b>	<b>Audit Opinion Reports</b>	<b>Status (where progressed by 31/10/21)</b>	<b>2021/22 IA Plan</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 follow-up (Authority-Wide)</li> <li>- Adult Social Care Payments System (Adults' Services)</li> <li>- Adult Social Care Direct Payments (Adults' Services)</li> </ul>	<ul style="list-style-type: none"> <li>Final report issued 10/9/21</li> <li>In progress</li> <li>Final report issued 28/9/21</li> <li>-</li> <li>-</li> <li>Final report issued 28/4/21</li> <li>Review due to resume in November 2021</li> <li>Follow-up assessment completed August 2021</li> <li>In progress</li> <li>In progress</li> </ul>	<ul style="list-style-type: none"> <li>Completed</li> <li>Draft findings to be shared by end of Quarter 3 2021/22 (Q3).</li> <li>Completed</li> <li>Timing to be agreed</li> <li>Timing to be agreed</li> <li>Completed</li> <li>Final report to be issued by Q4</li> <li>Completed</li> <li>Final report to be issued by Q4</li> <li>Final report to be issued by Q4</li> </ul>
<b>Risk Management</b>	<ul style="list-style-type: none"> <li>- Health and Safety (Strategy and Resources / Authority-wide)</li> <li>- Business Continuity follow up review</li> </ul>	<ul style="list-style-type: none"> <li>-</li> <li>Draft interim report produced with further review in 2022/23</li> </ul>	<ul style="list-style-type: none"> <li>Timing to be agreed</li> <li>Report to be finalised /Follow up- audit to be included in 2022/23 Internal Audit Plan</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> </ul> <p>(Any further reports to be issued during the year to be confirmed in liaison with STAR and partner authorities)</p>	<ul style="list-style-type: none"> <li>Draft findings completed</li> <li>Final report issued 10/9/21</li> </ul>	<ul style="list-style-type: none"> <li>Final report to be issued in Q3</li> <li>Completed</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> <li>- Data breaches (Governance and Community Strategy/Authority-Wide)</li> </ul>	<ul style="list-style-type: none"> <li>-</li> <li>In progress</li> <li>-</li> <li>Planning commenced</li> <li>Draft findings completed</li> </ul>	<ul style="list-style-type: none"> <li>Timing to be agreed</li> <li>Draft report to be issued Q3</li> <li>Timing to be agreed</li> <li>Reporting details to be agreed.</li> <li>Final report to be issued Q3</li> </ul>
<b>Schools</b>	<ul style="list-style-type: none"> <li>12 School Audits (Children's Services)</li> <li>- Dayhulme Primary School</li> <li>- Gorse Hill Primary School</li> <li>- Kingsway Primary School</li> </ul>	<ul style="list-style-type: none"> <li>Final report issued 21/6/21</li> <li>Final report issued 13/7/21</li> <li>Draft findings completed</li> </ul>	<ul style="list-style-type: none"> <li>Completed</li> <li>Completed</li> <li>Final report to be issued Q3</li> </ul>

	<ul style="list-style-type: none"> <li>- Holy Family Catholic Primary School</li> <li>- St. Alphonsus RC Primary School</li> <li>- Moorlands Primary School</li> <li>- Victoria Park Junior School</li> <li>- St. Mary's C of E Primary, Sale</li> <li>- 4 other school audits to be undertaken in 2021/22.</li> </ul>	<ul style="list-style-type: none"> <li>Final report issued 22/10/21</li> <li>In progress</li> <li>In progress</li> <li>Planning commenced</li> <li>Planning commenced</li> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>Completed</li> <li>Final report to be issued Q3</li> <li>Final report to be issued Q3</li> <li>Start date to be confirmed Q3.</li> <li>Start date to be confirmed Q3</li> <li>To commence in Q3/Q4.</li> </ul>
<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>Added to 2021/22 Plan: -Supporting Families (Children's Services)</p>	<ul style="list-style-type: none"> <li>-</li> <li>-</li> <li>-</li> <li>Planning commenced</li> <li>-</li> <li>Final report issued 27/9/21</li> <li>In progress</li> <li>-</li> <li>-</li> <li>-</li> <li>-</li> <li>In progress</li> <li>-</li> <li>-</li> <li>-</li> <li>-</li> <li>Initial draft findings shared with management</li> </ul>	<ul style="list-style-type: none"> <li>Timing to be agreed</li> <li>Timing to be agreed</li> <li>Timing to be agreed</li> <li>Final report to be issued by Q4</li> <li>Timing to be agreed</li> <li>Completed</li> <li>Draft report to be issued Q3</li> <li>Timing to be agreed</li> <li>Timing to be agreed</li> <li>Timing to be agreed</li> <li>Timing to be agreed</li> <li>Timing to be agreed</li> <li>Draft report to be issued Q3</li> <li>Timing to be agreed</li> <li>Timing to be agreed</li> <li>Timing to be agreed</li> <li>Final report to be issued Q3</li> </ul>

## APPENDIX 3

### POINTS OF INFORMATION TO SUPPORT THE REPORT:

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

##### Opinion – General Audits

Substantial Assurance

Green

Reasonable Assurance

Green

Limited Assurance

Amber

Low or No Assurance

Red

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

#### Report Status:

##### Draft reports:

These are issued to managers prior to the final report to provide comments and finalise agreed responses to audit recommendations.

##### Final reports:

These incorporate management comments and responses to audit recommendations, including planned improvement actions.

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#### Breadth of coverage of review (Levels 1 to 4)

Provides an indication as to the nature / breadth of coverage of the review in terms of which aspects of the organisation's governance and control environment it relates to. Levels are as follows:

- **Level 4: Key strategic risk or significant corporate / authority wide issue** - Area under review directly relates to a strategic risk or a significant corporate / authority wide issue or area of activity.
  - **Level 3: Directorate wide** - Area under review has a significant impact within a given Directorate.
  - **Level 2: Service wide** - Area under review relates to a particular service provided or service area which comprises for example a number of functions or establishments.
  - **Level 1: Establishment / function specific** - Area under review relates to a single area such as an establishment.
-