

## TRAFFORD COUNCIL

**Report to:** Accounts and Audit Committee  
**Date:** 20 July 2022  
**Report for:** Information  
**Report of:** Audit and Assurance Manager

### Report Title

**Audit and Assurance Report for the Period January to March 2022.**

### Summary

**The purpose of the report is:**

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

### Recommendation

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

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

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**Background Papers:** None

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**TRAFFORD**  
**COUNCIL**

# **Audit and Assurance Service Report January to March 2022**

**Date:** July 2022

## **1. Purpose of Report**

This report summarises the work of the Audit and Assurance Service between January and March 2022. Details from this report and the other update reports issued through 2021/22 are reflected in the Annual Head of Internal Audit Report which gives an 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 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 – January to March 2022**

Work in this period has included progressing a number of planned internal audit reviews across the Internal Audit plan, including reviews in relation to financial systems, ICT, schools and other service reviews. 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 January to March 2022**

There were 10 internal audit reports produced in the period (7 final reports and 3 draft reports).

There were 6 final reports issued where opinion levels were given. Opinions of "Substantial" Assurance were provided for 1 audit review; "Reasonable" Assurance for 4 of the audits with a "Limited" Level of Assurance for the other final audit report. The other final report issued consisted of advice to IT and Digital Services in respect of the implementation of a new system. A listing of final audit reports issued, including overall findings, plus a listing of draft reports produced is shown in Section 5.

## 5. Summary of Audit & Assurance Opinions Issued – January to March 2022

(See Appendix 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>		
Data breaches (Governance and Community Strategy/Authority-wide) / (Finance and Governance)	<b>Reasonable* (GREEN)</b> (1/2/22)	The purpose of this review was to follow up on progress in implementing audit recommendations, further to a previous audit review of processes for managing data breaches. Acknowledging the impact of the pandemic, some progress has been made in relation to each of the previous 18 recommendations. Areas of improvement include the implementation of the IKEN system for data breach incident recording and tracking. There remains scope for further improvements in reviewing roles and responsibilities, refreshing policies and aligning data breach reporting and IT incident management. A further audit to review progress will be undertaken later in 2022/23.
IT Asset Management (Finance and Systems) / (Finance and Governance)	<b>Reasonable (GREEN)</b> (7/3/22)	A review was undertaken by Salford Internal Audit Services of processes for managing the Council's IT Assets from acquisition to disposal. It was noted whilst there were no major concerns identified, there was scope to make a number of control improvements including the development of a formal IT Asset Management strategy, with supporting operating procedures and responsibilities. It was noted that there were plans as part of Phase 2 development of the Council's service management tool, Freshservice, to address a number of the recommendations in the report.
IT Service Management Implementation (Finance and Systems) / (Finance and Governance)	N/A (27/1/22)	Trafford Council's ICT and Digital team provides IT services and associated support across the Council. The main point of contact for the end users is the council's ICT service desk which records incidents and provides 'first line' support. As referred to above, a new service management system, Freshservice, is being implemented. The new system, alongside updated procedures will support the operation of the service desk. Salford Internal Audit Services undertook a consultancy review and issued a report setting out issues to consider in developing use of the system. It is expected that an audit review will be undertaken at a later date, once the new processes have been embedded.
<b>Level 3 Reports :</b>		
Highways Inspection and Repairs (Place) / (Environmental and Regulatory Services)	<b>Substantial (GREEN)</b> (11/1/22)	A review was completed of processes relating to Highways Inspection and Repairs. Since July 2015 Highways inspections and Repairs has been carried out on behalf of the Council by Amey, as part of the One Trafford

		Partnership with the Council. The audit included coverage of guidance and procedures to ensure compliance with legislation; evidencing and recording of inspections; performance monitoring and management reporting. Overall, effective controls were found to be in place. One issue was identified regards a small number of adopted roads not being included in the inspection programme. Further to the audit, this issue was rectified with inspections completed and further checks will be undertaken going forward to ensure accurate records are maintained.
<b>Let Estates (Place) / (Housing and Regeneration)</b>	<b>Limited (AMBER)</b> (23/3/22)	This review was largely undertaken whilst the Estates Team was provided by Amey as part of the One Trafford Partnership and the final report was issued shortly after the team transferred back to an in-house service within the Council's Place Directorate. A limited opinion was provided, reflecting a number of areas of improvement that were required. These included the need to develop a Let Estates Strategy; improve record-keeping and performance monitoring arrangements including monitoring of lease renewals, rent reviews and rent collection. Issues were also identified regards insurance arrangements and recommendations were made, including, where applicable, the need to re-charge certain tenants for insurance costs incurred by the Council. Since the service has transferred in house, an action plan is being progressed to address all the issues and it was agreed with the Service that a follow-up audit will be undertaken later in 2022/23 to review progress and consider the overall audit opinion.
<b>Level 1 Reports:</b>		
<b>Moorlands Junior School (Children's Services) / (Children's Services – Education)</b>	<b>Reasonable (GREEN)</b> (10/2/22)	Overall, a good standard of internal control and governance was found to be in place across most areas covered by the audit. A small number of recommendations were made. These included the need to review and approve policies in relation to freedom of information, health and safety and business continuity. It was also recommended that financial benchmarking with other schools was re-established. It was acknowledged that although discussions and decision making continued throughout Covid-19 restrictions, clerking and staffing availability meant that Resources Committee meetings were not always recorded. The Resources Committee is now meeting on a more formal basis, with minutes being taken.
<b>St. Alphonsus RC Primary School (Children's Services) / (Children's Services – Education)</b>	<b>Reasonable (GREEN)</b> (15/2/22)	Overall, a good standard of internal control and governance was found to be in place across most areas covered by the audit. A small number of recommendations were made. These included in relation to governance issues raised in relation to governor roles and meeting arrangements for the Finance Committee. There were also recommendations in relation to procedures for the ordering of goods and services to ensure an adequate division of duties; and procedures for ensuring prompt update of the school's asset inventory.

## **DRAFT REPORTS**

### **Level 3 Reports:**

#### **Licensing follow-up review (Place) / (Environmental and Regulatory Services)**

By the end of March 2022, initial draft findings had been produced (A final report was issued in May 2022 and details will be reflected in the April to June 2022 Audit and Assurance update report).

#### **Adult Services' Direct Payments (Adult Services) / (Adult Social Care)**

By the end of March 2022, initial draft findings had been produced and a final report is due to be issued by June 2022.

### **Level 1 Reports:**

#### **Stretford Grammar School (Children's Services)**

By the end of March 2022, initial draft findings had been produced (A final report was issued in May 2022 and details will be reflected in the April to June 2022 Audit and Assurance update report).

*\*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.  
(Note: Corporate Directorates listed above were those in place during 2021/22)*

## **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:

- Working with CLT to update the strategic risk register with an update report reviewed by CLT and presented to the Accounts and Audit Committee in March 2022.
- Up until March 2022, 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.
- Ongoing work in relation to the National Fraud Initiative (Outcomes to be reported within the Annual Head of Internal Audit Report 2021/22).
- Production of the Internal Audit Plan for 2022/23 which was approved in March 2022.

## **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 period, all 28 new recommendations made were accepted. 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, a follow up audit was completed in relation to Council processes to manage the risk of data breaches.

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:

- Urmston Primary (Children's Services – Education) - Of the 6 recommendations agreed as part of the previous audit review it was reported all 6 had been implemented.
- Insurance (Finance and Systems) – Of the 3 recommendations previously made, 2 had been implemented with the remaining one in progress.
- Altrincham Library (Governance and Community Strategy) – Of the 3 recommendations previously made, 2 had been implemented with the remaining one in progress.

Overall analyses of both acceptance of audit recommendations and also recommendations followed up in 2021/22 is included in the 2021/22 Annual Head of Internal Audit Report.

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

Details regards performance against the 2021/22 Internal Audit Plan is included within the Annual Head of Internal Audit Report, also issued in July 2022.

## **9. Future planned work**

The Internal Audit Plan issued in March 2022 sets out internal audit work planned for 2022/23. An Audit and Assurance update report will be completed for the period April to June 2022 and submitted to CLT and also the Accounts and Audit Committee at its meeting in September 2022.



## APPENDIX

### 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.
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