

TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 28 September 2022
Report for: Information
Report of: Audit and Assurance Manager

Report Title

Audit and Assurance Report for the Period April to June 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 April to June 2022

Date: September 2022

1. Purpose of Report

This report summarises the work of the Audit and Assurance Service between April 2022 and June 2022 and highlights progress against the 2022/23 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 2022/23.

2. Planned Assurance Work

Key elements of the 2022/23 Work Plan produced in March 2022 include:

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

3. Main areas of focus – April to June 2022

Work in the quarter included finalising a number of school audit reviews and also progressing a number of financial system audits which are to be reported in the next quarter. There was also significant work completed to finalise the sign off of grant claims where Internal Audit input was a requirement. All audit opinion reports and grant sign offs 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 April to June 2022

There were 9 internal audit reports produced in the period (6 final reports and 3 draft reports). In addition, Audit completed checks in relation to 2 grant claims providing assurance from the Council that the grant conditions had been complied with (See Section 5 for a listing of reports issued and grant checks completed, together with a summary of findings).

In respect of the 6 final reports issued, opinions of "Substantial" or "Reasonable" Assurance were provided for all audits. For these reports, where applicable, agreed action plans are in place to implement the recommendations made.

5. Summary of Audit & Assurance Opinions Issued – April to June 2022

(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
FINAL REPORTS ISSUED		
Level 3 Reports:		
Licensing - follow-up audit (Place) / (Housing and Neighbourhoods)	Reasonable* Assurance (GREEN) (4/5/22)	A follow-up audit was undertaken to assess progress in implementing previous audit recommendations. Of the 18 recommendations previously made, 3 had been fully implemented, 5 were in progress with the remaining 10 recommendations to be addressed. It is acknowledged that the pandemic has had an impact on progress with staff seconded to support other priorities. The opinion reflects the overall direction of travel is improving and that generally there are sound controls in place in relation to licensing functions. Some areas for improvement in relation to policies and procedures were identified in the previous audit and where progress has yet to be made an action plan has been agreed to be progressed during 2022/23.
Level 2 Reports:		
Household Support Fund - Trafford Assist (Finance and Systems) / (Finance and Governance)	Substantial Assurance (13/6/22)	An audit review was completed of processes to cover the procedures for administering payments in respect of the Household Support Fund (HSF) grant funding being made available by Central Government to the Council during 2021/22. Funds were used to provide support to households who would otherwise struggle to buy food or pay essential utility bills or meet other essential living costs or housing costs. The funds were awarded using the Council's Trafford Assist software. The review confirmed that overall there were appropriate arrangements in place with procedures implemented to ensure payments are only made to those applicants who meet the criteria as per the Council's policy.
Level 1 Reports:		
Stretford Grammar School (Children's Services) / (Children's Services)	Reasonable Assurance (GREEN) (3/5/22)	Overall, a good standard of internal control and governance was found to be in place across most areas covered by the audit. A number of recommendations were made in relation to procurement processes including processes in respect of obtaining quotes and tenders and the ordering and payment of goods and services.
St. Mary's C of E Primary, Sale (Children's Services) / Children's Services)	Substantial Assurance (GREEN) (20/5/22)	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 including in relation to reviewing and updating the agreed documented procedures for use of the school's debit card.
Victoria Park Junior School (Children's Services) / (Children's Services)	Substantial Assurance (GREEN)	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

	(29/6/22)	clearly defined. Relevant school policies are reviewed on a regular basis. A small number of audit recommendations were made including in relation to updating the School's Finance Manual in relation to procurement processes relating to obtaining quotes and tenders.
St. Anne's C of E Primary School (Children's Services) / (Children's Services)	Substantial Assurance (GREEN) (29/6/22)	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 including in relation to governance and the monitoring of business interests.
<u>DRAFT REPORTS</u>		
<u>Level 3 Reports:</u>		
Adult Social Care Payments System (Adults' Services) / (Adult Social Care)		By the end of June, initial draft findings had been produced. A final report has since been issued and will be reported in the July to September 2022 update.
<u>Level 2 Reports:</u>		
Home to School Transport (Children's Services) / (Children's Services)		By the end of June, initial draft findings had been produced. A final report is to be issued and outcomes will be reported in a future Audit and Assurance update in 2022.
<u>Level 1 Reports:</u>		
St. Michael's CE Primary (Children's Services) / (Children's Services)		By the end of June, initial draft findings had been produced. A final report has since been issued and will be reported in the July to September 2022 update.
<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>		
GRANT CERTIFICATION	DATE COMPLETED	DESCRIPTION/ COMMENTS
Public Sector Decarbonisation Scheme (Place)/ (Climate Change and Transport Strategy)	8/6/22	The Public Sector Decarbonisation Scheme consists of a number of different schemes throughout Trafford to reduce the amount of carbon used by Council. A government grant is available for such works and this is administered in Greater Manchester by the GMCA. Further to checks completed, Audit confirmed that based on work undertaken the opinion was given that in all significant respects, the conditions stated in the grant award in respect of the Public Sector Decarbonisation Scheme Phase 1 (2020-21), which amounted to just over £1m, had been complied with.
Contain Management Outbreak Fund (Authority-Wide)	30/6/22	The purpose of the grant is to provide support to councils towards expenditure lawfully incurred or to be incurred in relation to the mitigation against and management of local outbreaks of COVID-19. Based on audit work undertaken, it was confirmed that the conditions attached to the 'Local authority Test and Trace Contain Outbreak Management Fund grant determinations 2020-21 and 2021-22, which amounted to £9.3m, had been complied with.

6. Other Assurance Work

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

- Working with CLT to update the strategic risk register – Work progressed in updating the strategic risk register (with an update report later reviewed by CLT and presented to the Accounts and Audit Committee in July 2022).
- Work to co-ordinate the reporting of outcomes from the National Fraud Initiative (with details reported as part of the Annual Head of Internal Audit Report at the July 2022 Accounts and Audit Committee).
- Finalising work which had commenced in March 2022 regards reviewing contracts with suppliers from Russia and Belarus as reported at the July 2022 Accounts and Audit Committee. No issues were identified where any changes to existing suppliers needed to be considered.
- Liaising with Legal and Governance to provide advice and input regards the process of compiling the 2021/22 Draft Annual Governance Statement and suggested developments to consider in respect of the AGS process.
- Audit input ahead of the annual submission by the Information Governance team for the NHS Data Security and Protection Toolkit for 2021/22. This submission is mandatory for organisations to complete to access NHS data and systems.
- Providing other ad hoc guidance and advice. Updating the Audit intranet site with updated details such as the internal Audit Plan.

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, all of the 19 new recommendations made have been accepted. A number of other audits were in progress during the period and levels of acceptance of recommendations made in the subsequent 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.

As shown under final reports issued in Section 5, a follow up audit was completed in relation to an audit of Licensing.

Another follow-up in progress during the quarter was in relation to cyber security and outcomes will be reported as part of the July to September 2022 update. Further follow-up work of previous audits is being undertaken and on overall analysis of outcomes from audit recommendations followed up in 2022/23 up to 30 September 2022 will be included in the Q2 Audit and Assurance update.

8. Performance against Audit & Assurance Annual Work Plan

Appendix 1 shows an analysis of time spent to date against planned time for the 2022/23 Operational Internal Audit Plan

As at 30 June 2022, 204 audit days were spent against 192 allocated days (See Appendix 1). A further 50 contingency days were in the 2022/23 Internal Audit Plan.

As part of the Internal Audit Plan, a target of 30 audit reports was set (comprising opinion reports, consultancy reports and grant sign-offs) to be completed in 2022/23 to final or draft stage. As at the end of the 1st quarter of the year, 11 assignments had been produced to final or draft stage (9 opinion reports and 2 grant certifications).

There was one report completed in the quarter not previously included in the 2022/23 Plan. This relates to the grant sign off for the Public Sector Decarbonisation Scheme listed in Section 5.

A list of reports planned with details of progress to date and future planned work is included in Appendix 2.

The next update on progress against the 2022/23 Internal Plan, including reports issued, will be reflected in an update for Quarter 2, to be shared with CLT and the Accounts and Audit Committee in November 2022.

9. Planned Work for July to September 2022

Areas of focus include :

- Issue of final reports for all reports listed in Section 5 where draft findings have been produced.
- Complete grant certification work for two other grants: Universal Drug Treatment Grant 2021/22 and Local Transport Capital Block Funding (Pothole Fund) 2021/22.
- Progression of other internal audit reviews as listed in Appendix 2.
- Providing a strategic risk register update report to the Accounts and Audit Committee in July 2022 and commencing a further update later in the quarter.
- Liaison with services to make preparations for the 2022/23 exercise in respect of the National Fraud Initiative.

2022/23 Operational Plan: Planned against Actual Work (as at 30 June 2022)

<u>Category</u>	<u>Details</u>	<u>Planned Allocated Days 2022/23</u>	<u>Planned Days (up to 30/6/22)</u>	<u>Actual Days (as at 30/6/22)</u>
Financial Systems	<p>Completion of fundamental financial systems audit reviews</p> <p>See Appendix 2 for opinion reports issued and planned.</p>	165	40	41
Governance	<p>Corporate Governance / Annual Governance Statement (AGS) – to liaise with Legal and Governance, including providing comment on processes supporting the AGS, and its content with reference to the CIPFA/SOLACE Governance framework and guidance.</p> <p>Advice / assurance in respect of governance issues and ongoing liaison with services to consider further audit reviews.</p> <p>Work to date has included liaising with Legal and Governance regards the collation of the Draft AGS.</p>	25	5	4
Corporate Risk Management	<p>Facilitating the updating of the Council's strategic risk register.</p> <p>Actions to support the Council's Risk Management Strategy including provision of guidance, independent review of existing risk management arrangements and, where applicable, recommend areas for development.</p> <p>Work to date focussed on preparing the Strategic Risk update report (later reviewed by CLT and the Accounts and Audit Committee in July 2022).</p> <p>Also See Appendix 2 for opinion reports produced and planned.</p>	50	5	4
Anti-Fraud and Corruption	<p>Co-ordinate the Council's activity in respect of the National Fraud Initiative in accordance with Cabinet Office requirements.</p> <p>Contributing to investigations of referred cases of suspected theft, fraud or corruption.</p> <p>Other work to support the Anti-Fraud and Corruption Strategy, including working with other relevant services to review existing strategy, policies and guidance.</p> <p>See Section 6 regards National Fraud Initiative.</p>	80	5	6
Procurement /	Review of procurement / contract management	50	5	4

Contracts/ Value for money	<p>arrangements including systems in place and associated arrangements to secure value for money (Work will include liaison with the STAR Procurement Service and partner authority auditors).</p> <p>See Appendix 2 for reports planned plus Section 6 re review of contracts.</p>			
Information Governance / Information, Communications and Technology	<p>ICT Audit reviews and advice, including reviews conducted by Salford Internal Audit Services.</p> <p>Information Governance audit reviews</p> <p>See Appendix 2 for reports issued and planned.</p>	85	15	23
Schools	<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 10 school audit final reports to be issued during the year</p> <p>Follow-up of progress for audits completed in 2021/22.</p> <p>See Appendix 2 for audit opinion reports issued and planned.</p>	135	55	62
Assurance – Other Business Risks	<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 new audit reviews, follow up audits and gaining assurance from service updates.</p> <p>See Appendix 2 for audit opinion reports issued and planned.</p>	180	30	36
Grant claims checks / Data Quality	<p>Internal audit checks of grant claims / statutory returns and other checks as required. Grants included in the 2022/23 Plan were as follows:</p> <ul style="list-style-type: none"> - Contain Management Outbreak Fund (Q1) - Disabled Facilities Grant <p>Audit and Assurance to be advised through the year of other grant claims, review work and other returns to be checked/signed off.</p> <p>See Section 5 for grant checks completed to date.</p>	35	16	16
Service Advice / Project Support	<p>General advice and guidance, both corporately and across individual service areas.</p> <p>Support and advice to the organisation in contributing to working groups and projects in relation to governance, risk and control issues.</p>	65	16	8

	Summary of work completed during the year to be set out in Annual Head of Internal Audit Report.			
TOTAL		870*	192	204

* Note there is a further contingency of 50 days within the 2022/23 Plan.

Audit Opinion Reports Issued and Planned 2022/23 (as at 30 June 2022)

<u>Category</u>	<u>Audit Opinion Reports</u>	<u>Status (where progressed by 30/6/22)</u>	<u>2022/23 IA Plan</u>
Financial Systems	<ul style="list-style-type: none"> - Payroll (Strategy and Resources) - Household Support Fund - Trafford Assist (Finance and Systems) - Adult Social Care Payments (Adults Services) - Adult Direct Payments (Adult Services) - Children's Social Care Payments (Children's Services) - Council Tax (Finance and Systems) - Treasury Management (Finance and Systems) - Accounts Payable (Finance and Systems) - Budgetary Control (Finance and Systems/Authority-wide) 	<ul style="list-style-type: none"> In progress Final report issued 13/6/22 Draft findings produced Draft findings produced - In progress - - - 	<ul style="list-style-type: none"> Draft report to be issued Q2 Completed Final report issued Sep. 22 Final report issued Aug.22 Timing to be agreed Draft report to be issued Q2 Planned to commence Q4 Timing to be agreed Timing to be agreed
Risk Management	<ul style="list-style-type: none"> - Business Continuity (Authority-wide) - Health and Safety (Strategy and Resources) 	<ul style="list-style-type: none"> Planning commenced - 	<ul style="list-style-type: none"> Planned to commence Q2 Timing to be agreed
Procurement /Contracts /Value for money	<ul style="list-style-type: none"> - In-Tend system / Contracts Register (Strategy and Resources) (Stockport – lead) - Waste Services (Place) <p>(Other reports to be confirmed through future updates)</p>	<ul style="list-style-type: none"> - - 	<ul style="list-style-type: none"> Planned to commence Q3 Planned to commence Q3
Information Governance / ICT Audit	<ul style="list-style-type: none"> - Cyber Security follow-up audit (Finance and Systems) - IT Governance and Security in Schools (Children's Services /Finance and Systems) - Data breaches follow-up (Legal and Governance) - Subject Access Requests (Legal and Governance) 	<ul style="list-style-type: none"> In progress In progress - - 	<ul style="list-style-type: none"> Final report issued July 2022 Final report to be issued Q3 Planned to commence Q4 Timing to be agreed
Schools	<p>(Children's Services)</p> <ul style="list-style-type: none"> - Stretford Grammar - St. Anne's CE Primary - Lostock High - Trafford Alternative Education - St. Mary's CE Primary, Sale - Victoria Park Junior - St. Michael's CE Primary, Sale - Cloverlea Primary - St. Monica's RC Primary - Brentwood School - Sale High - At least 3 other schools to be arranged to commence during 2022/23. 	<ul style="list-style-type: none"> Final report issued 3/5/22 Final report issued 29/6/22 - - Final report issued 20/5/22 Final report issued 29/6/22 Draft findings produced In progress In progress Planning commenced - 	<ul style="list-style-type: none"> Completed Completed Timing to be agreed Planned to commence Q2 Completed Completed Final report issued July 2022 Draft report to be issued Q2 Draft report to be issued Q2 Planned to commence Q2 Planned to commence Q3

Assurance – Other Business Risks	<ul style="list-style-type: none"> - Licensing follow-up (Place) - Home to School Transport (Children’s Services) - Aids and Adaptations (Adults’ Services) - SEND (Children’ Services) - Supporting Families (Children’s Services) - Building Control (Place) - Safety at Sports Grounds (Place) - Cleaning Services (Strategy and Resources) - Registration Service (Legal and Governance) Reviews to commence by Q4 2022/23 with final reports due in 2023/24: - Outdoor Advertising (Place) - Let Estates (Place) - Recruitment Services (Strategy and Resources) - Bereavement Services (Strategy and Resources) - Schools’ Catering (Strategy and Resources) - Sale Waterside Arts Centre (Strategy and Resources) 	<p>Final report issued 4/5/22 Draft findings produced</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p>	<p>Completed Final report to be issued Q2/3</p> <p>Planned to commence Q2</p> <p>Timing to be agreed Planned to commence Q4</p> <p>Planned to commence Q4</p> <p>Planned to commence Q3</p> <p>Planned to commence Q4</p> <p>Planned to commence Q3</p> <p>Timing to be agreed Planned to commence Q4</p> <p>Timing to be agreed</p> <p>Planned to commence Q4</p> <p>Planned to commence Q4</p> <p>Planned to commence Q3</p>
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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.

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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