

TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 21 June 2023
Report for: Information
Report of: Audit and Assurance Manager

Report Title

Annual Report of the Head of Internal Audit 2022/23

Summary

The purpose of the report is:

- To provide a summary of the work of the Audit and Assurance Service during 2022/23.
- To provide an opinion on the overall adequacy and effectiveness of the Council's control environment (which encompasses internal control, risk management and governance) during 2022/23.

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
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Background Papers:

None

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>



TRAFFORD
COUNCIL

Audit & Assurance Service

Annual Report of the Head of Internal Audit 2022/23

June 2023

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Part One - Overview of Work Completed and Main Conclusions

SUMMARY AND OVERALL OPINION

The Annual Report of the Head of Internal Audit sets out details of the work of the Audit and Assurance Service during 2022/23. The most important aspect of the Annual Audit Report is to give an independent and objective opinion as to the overall adequacy and effectiveness of the Council's control environment during 2022/23.

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

Internal Audit is a statutory function, and the Audit and Assurance Service is required to undertake its work in accordance with internal audit standards. Following an external assessment of the internal audit function carried out in March 2023, the Chartered Institute of Public Finance and Accountancy (CIPFA) reported that the Service is working in general conformance with the Public Sector Internal Audit Standards.

During 2022/23, the Service has issued reports, made recommendations and provided guidance to services to identify improvement actions required by the organisation and agree actions to address these. The Audit and Assurance Service also follows up the implementation of recommendations to ensure that improvements are actually occurring.

The Audit Opinion is based on internal audit work undertaken during the year. It is an important component of the Council's Annual Governance Statement which will accompany the Council's Annual Accounts for 2022/23. It should be noted that the report relates to areas reviewed by Internal Audit up to 31 March 2023. Any further issues relating to work undertaken after that time are covered in future update reports through the year to the Corporate Leadership Team and the Accounts and Audit Committee.

Based on findings from planned audit reviews undertaken during 2022/23, for most reviews at least reasonable levels of assurance have been gained that the systems, procedures and controls in place to manage risks and deliver objectives are operating to a satisfactory standard. Outcomes from follow-up internal audit work of areas previously reviewed demonstrates that progress continues to be made in improving levels of control. Further action was highlighted for some areas reviewed which will be subject to follow-up in 2023/24. There has been a range of audit work undertaken during the year across each of the main areas of the Audit Plan. Some areas of planned audit work were rescheduled with the aim of providing assurance during 2023/24 and these are reflected in subsequent audit plans.

Given the above, based on assurance gathered during 2022/23, the Internal Audit Opinion is that, overall, a reasonable level of assurance can be given that the control environment encompassing internal control, risk management and governance, is operating to a satisfactory standard.

1. INTRODUCTION AND BACKGROUND

- 1.1 The purpose of the Annual Report of the Head of Internal Audit is to detail the work of the Audit and Assurance Service during 2022/23. The report provides an opinion as to the overall adequacy and effectiveness of the Council's control environment during 2022/23.
- 1.2 Internal Audit is a statutory function and must undertake its work in accordance with the Public Sector Internal Audit Standards (PSIAS). It is a requirement of PSIAS that an annual internal audit report is written and presented to the organisation.
- 1.3 The Internal Audit function is provided by the Audit and Assurance Service, which is part of 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.
- 1.4 During 2022/23, the establishment of the Audit and Assurance Service comprised 6 full time equivalent (FTE) staff.
- 1 Audit and Assurance Manager,
 - 1 Principal Audit and Assurance Team Leader
 - 1 Principal Audit and Assurance Officer
 - 3 Senior Audit and Assurance Officers (1 vacancy during 2022/23).
- 1.5 In addition to in-house resources, Salford Internal Audit Services provided support in respect of elements of the ICT Internal Audit Plan. The Audit and Assurance Service also worked with other Internal Audit providers where appropriate such as Stockport, Rochdale and Tameside Councils in respect of the STAR Shared Procurement Service.
- 1.6 During 2022/23, it was agreed that the Council's Counter Fraud team will be transferring from Exchequer Services to the Audit and Assurance Service in July 2023 and the Council's Counter Fraud Manager will report to the Audit and Assurance Manager.
- 1.7 The approach to internal audit work adopted at Trafford is set out in the Internal Audit Charter and Strategy (which were included in the report to CLT and the Accounts and Audit Committee in March 2023 with the 2023/24 Internal Audit Plan). The Internal Audit Charter describes the purpose, authority and principal responsibilities of the Internal Audit function provided by the Audit and Assurance Service. The Internal Audit Strategy describes the arrangements in place to deliver internal audit so as to ensure that the objectives and scope of the Service are met, thereby enabling Internal Audit to provide an opinion on the operation of the control environment. The Strategy covers audit resources, planning, service delivery and reporting.

2. INTERNAL AUDIT OPINION FOR 2022/23

- 2.1 The Head of Internal Audit is required to give an annual opinion on the adequacy and effectiveness of the Council's internal control environment. The opinion supports the Annual Governance Statement. **The Internal Audit Opinion for 2022/23 is as follows.**

Based on findings from planned audit reviews undertaken during 2022/23, for most reviews at least reasonable levels of assurance have been gained that the systems, procedures and controls in place to manage risks and deliver objectives are operating to a satisfactory standard.

Outcomes from follow-up internal audit work of areas previously reviewed demonstrates that progress continues to be made in improving levels of control. Further action was highlighted for some areas reviewed which will be subject to follow-up in 2023/24.

There has been a range of audit work undertaken during the year across each of the main areas of the Audit Plan. Some areas of planned audit work were rescheduled with the aim of providing assurance during 2023/24 and these are reflected in subsequent audit plans.

Given the above, based on assurance gathered during 2022/23, the Internal Audit Opinion is that, overall, a reasonable level of assurance can be given that the control environment encompassing internal control, risk management and governance, is operating to a satisfactory standard.

2.2 Factors determining the opinion are as follows

- Audit Opinion reports were issued through the year covering a range of services, functions, systems and processes including financial system audits, ICT Audits, schools, service and contracts related reviews. (See Section 4 and Appendices A to C). Of the final audit reports issued during the year, all opinion reports issued provided substantial or reasonable assurance that controls were adequate and effective with the exception of 1 final report providing limited assurance. (See 3.4 to 3.6).
- For all final reports issued, action plans were agreed to implement recommendations made with the aim of improving arrangements for governance, risk management and internal control. All recommendations set out in final reports issued during the year have been agreed by management (See 5.1 to 5.3).
- Areas identified in the previous year as requiring improved standards of control were followed up by Audit in 2022/23 and progress was being made in implementing recommendations. Follow up review work undertaken during the year has identified that, overall, of the areas reviewed 92% of recommendations previously made had either been fully implemented or implemented in part / or were in progress. (See 5.5 to 5.10 for an analysis of follow up audit reviews both for Council and schools related reviews).

- Key strategic risks have continued to be monitored through the year, with risk updates reported through the year to highlight actions being taken. Audit and Assurance has contributed to the review and update of the Strategic Risk Register which has been reported to the Corporate Leadership Team and the Accounts and Audit Committee. This has included reviewing and revising the strategic risk reporting format, further to a benchmarking exercise undertaken during 2022/23. Risks relating to uncertainty over the Council's medium term financial position continued to be one of the highest risks on the strategic risk register. It is acknowledged that there are considerable financial challenges to address, particularly with the ongoing effects of inflation pressures and it noted that the Finance and Change Board will need to both monitor the delivery of savings for 2023/24 and also develop a savings programme for future years. (See 4.3).
- Strategic risks are also reflected where applicable as part of significant issues in the Council's Annual Governance Statement. The 2021/22 AGS, approved in November 2022, identified a number of significant governance issues for continued action in 2022/23. Updates on all significant issues will be included in the 2022/23 draft AGS to be agreed by the Corporate Leadership team and due to be reviewed by the Account and Audit Committee in June 2023. (See 4.2).
- The Audit and Assurance Service has continued to contribute to anti-fraud and corruption activity and where appropriate worked in liaison with other services including the Counter Fraud and Enforcement team. The Service has continued to co-ordinate work, in liaison with other services, in relation to the National Fraud Initiative (See 4.4).
- The Service continues to contribute to the review of information security and governance processes across the Council and development of action plans through its work. Regards work in relation to the information governance function, whilst most audit review work was deferred at the request of the service due to an ongoing service review, risks in this area continue to be subject to monitoring and reporting through the strategic risk register and Annual Governance Statement (See 4.6).
- The Service ensured the Council met requirements in respect of the completion and sign off of grant claims where there was a requirement from government that Internal Audit provided assurance regards the claims made. Based on audit work completed, adequate assurance was obtained to support the claims made in relation to all grants subject to audit review during the year, relating to various service areas across the Council (See 4.9).
- In terms of any audit reviews in progress by the year-end, based on findings to date, whilst these may include reporting of a number of control improvements and recommended actions to address these, there were no reviews where a less than reasonable opinion is currently expected. (See 3.6).
- The audit opinion for 2022/23 also reflects assurance provided through the year from a number of sources which are reflected throughout the report such as ongoing monitoring including financial management and the Council progressing improvement actions following external inspection.

2.3 A detailed analysis of the internal audit work undertaken by the Audit and Assurance Service during 2022/23 is provided in this report.

3. WORK PLANNED AND COMPLETED

- 3.1 Details of work undertaken during the year have been reported in quarterly updates to the Accounts and Audit Committee through the year.
- 3.2 An analysis of planned audit work against actual work undertaken is set out in Appendix B which provides references to the different categories of audit work undertaken as detailed in Section 4 of this report.
- 3.3 Details of the internal audit reports issued are shown in Appendix C. Further detail in relation to audit reports issued are set out in the respective Audit and Assurance update reports presented to CLT and the Accounts and Audit Committee through the year. Appendix A provides detail in relation to audit reports issued during the final quarter of 2022/23.

Analysis of Audit Opinions

- 3.4 For each audit report issued, one of four possible opinions is given. The four opinions are also denoted as Red/Amber/Green. These opinion levels were introduced from April 2021, taking into account guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA). The following table shows the number of final reports issued during 2022/23 for each opinion level. (Reports issued are listed in Appendix C).

LEVEL OF ASSURANCE	R/A/G STATUS	DESCRIPTION	NUMBER OF FINAL REPORTS ISSUED 2022/23
Substantial Assurance	Green	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.	12
Reasonable Assurance	Green	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.	7
Limited Assurance	Amber	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.	1
Very Low or No Assurance	Red	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.	0
Other final reports		Other audit reports issued – see notes below *	3
Grants		Based on the checks undertaken, adequate assurance was obtained to support claims made in relation to grants requiring Internal Audit sign off (See Section 4.9)	6
TOTAL			29

*Reports include 2 audit reviews where it was agreed that overall the direction of travel is improving compared to the previous audits, but further reviews will be completed later in 2023 where a new audit opinion will be provided to take into account ongoing developments. The other audit was completed as an advisory review which resulted in good practice guidance being shared to promote improvements in control.

- 3.5 As shown above, in respect of the final audit reports issued during the year, substantial or reasonable opinions were provided for all final audit opinion reports issued with the exception of one report with limited assurance. Compared to last year, there has been an increase in the percentage of substantial assurance opinions (60% compared to 38% in 2021/22) which is due to an increase in substantial audit opinions issued relating to school audits. Excluding schools, 40% of audits provided a substantial level of assurance (as per 2021/22) with the remaining audits providing reasonable assurance (60% in 2022/23 compared to 50% in 2021/22).
- 3.6 A full listing of reports issued, and associated audit opinions is given in Appendix C. It should be noted that there were two other reviews where draft reports had been issued by year-end and other reviews where work is in progress at year-end (as also shown in Appendix C). At the time of writing, whilst other reports to be issued will include reporting of a number of control improvements and recommended actions to address these, there were no reviews where a less than reasonable opinion is currently expected. Details, however, will be confirmed through updates in 2023/24.
- 3.7 During 2022/23, where there was a requirement that Internal Audit were required to provide a declaration to support specific grant claims made, Internal Audit completed checks and provided assurance as required which is detailed in Section 4.9.
- 3.8 The Audit and Assurance Service shares internal audit findings and reports with a wide group of stakeholders within the organisation including Executive Members, the Accounts and Audit Committee, Corporate Leadership Team, managers across the Authority and External Audit.

Other Assurance and Support Provided Across the Council

- 3.9 In addition to undertaking internal audit reviews and issuing audit opinion reports, the Audit and Assurance Service has contributed to a number of activities including the following which are covered further in Section 4 of the report:
- Risk management: Audit has continued to facilitate the update of the Council's strategic risk register and in liaison with the Corporate Leadership Team ensured regular reporting during 2022/23 to the Accounts and Audit Committee. During the year, Audit undertook a review of the existing risk register, taking into account practice in other local authorities, and a new reporting format and supporting guidance was subsequently implemented.
 - Working in liaison with Democratic Services to provide input and support to the process for producing the 2021/22 AGS and in planning the approach for the production of the 2022/23 AGS to ensure relevant requirements of the Accounts and Audit Regulations are met.
 - Issuing review findings and providing associated guidance to all Trafford schools on IT security and governance to assist in improving standards of control.

- Further to audits undertaken, developments during the year of the Service's use of data analytics, with liaison with Adults' Services to identify areas for development in processes for administering and monitoring social care payments.
- Liaison with a number of services across the Council further to audit work undertaken in the previous year to discuss and advise on developments being made to improve levels of control ahead of any further follow-up audit work.
- Providing other guidance and support (which included updating of the dedicated site on the intranet for the Audit and Assurance Service which provides information and guidance).

Part Two – Detailed Findings

4. **DETAILED ANALYSIS OF WORK COMPLETED**

Section 2 gave the overall Internal Audit Opinion on the operation of the control environment during 2022/23 and provided a summary of internal audit work undertaken on which the opinion is based. This section provides a more detailed analysis.

4.1 **Fundamental Financial Systems**

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

4.1.2 As also listed in Appendix C, five final audit reports were issued during the year and all audit opinions issued provided Reasonable or Substantial Assurance:

Reported in the April to June 2022 Audit and Assurance update:

- Trafford Assist: Household Support Fund (Substantial Assurance). An audit review was completed of procedures for administering payments in respect of the Household Support Fund grant funding which had been made available during the previous year. The 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/housing costs. The funds were administered using the Council's Trafford Assist software and the review confirmed that overall there were appropriate arrangements in place to ensure that payments are only made to those applicants who meet the criteria per the Council's Policy.

Reported in the July to September 2022 Audit and Assurance update:

- Adults' Direct Payments (Reasonable Assurance). The review covered processes to support the administration of direct payments, made to individuals to meet eligible care and support needs. This review followed up on previous recommendations and whilst it was noted that good progress was being made with implementation of recommendations, further developments were to be made including completion and approval of the Direct Payments Policy and further development of performance management arrangements.
- Adults' Social Care Payments. This review identified that progress was continuing to be made to address previous audit recommendations. Further improvements were identified to be made in some areas such as setting up contract details and payment arrangements promptly on the ContrOCC system. Audit will continue to work with Adults' Services in reviewing the ongoing development of processes for the effective monitoring of payments and consider an updated audit opinion further to developments being made (Also see 4.10.2 re Service Advice).

Reported in the October to December 2022 Audit and Assurance update:

- Council Tax (Substantial Assurance). The review concluded that there were adequate and effective procedures and controls in place for the management and administration of

the council tax system and processes. A small number of recommendations were made to enhance existing processes.

- Payroll system (Substantial Assurance). The review concluded that there were adequate and effective payroll procedures and controls in place. It was noted that recommendations made in the previous audit report issued in January 2021 had been implemented, reflected in the updating of procedural guidance notes. The report also reflects ongoing actions and plans by Greater Manchester Shared Services (GMSS) to ensure the continued development of existing processes.

- 4.1.3 Appendix C lists other reviews in progress or not yet commenced by year-end. This included an audit of the Council's treasury management processes, later reported in April 2023 with a Substantial Level of Assurance and details will be reflected in the first Audit and Assurance update in 2023/24. An audit of Children's Social care payments was also in progress with a report expected in June 2023. Any other previously planned work not yet commenced in respect of financial systems has been agreed for inclusion in the 2023/24 Internal Audit Plan.
- 4.1.4 In terms of reporting on the Council's financial management, there was regular reporting of budget monitoring through 2022/23 with reports submitted through the year to the Executive and Accounts and Audit Committee. These highlight ongoing actions to ensure effective budgetary control is maintained in response to current challenges, particularly in relation to significant inflationary pressures. It is noted that the outlook beyond 2023/24 continues to be challenging and the Finance and Change Board will need to both monitor the delivery of the savings programme for 2023/24 and also develop a programmed approach to the identification of a robust savings programme to address the current budget gap for 2024/25 and 2025/26.
- 4.1.5 Outcomes from the external audits of the Council's accounts will be reported to the Accounts and Audit Committee during 2023/24 and where applicable, any controls issues raised will be considered as part of future internal audit planning.

(Also see section 4.2.5 below regards compliance with the Financial Management Code).

4.2 **Governance**

- 4.2.1 The Audit and Assurance Service has a key role in providing assurance on the standards of governance and internal control in the Authority. A range of audit reviews of systems and functions, as set out in the rest of this report, were completed in 2022/23 included coverage of governance arrangements including consideration of roles, responsibilities and procedures in place to meet service priorities and objectives.
- 4.2.2 The requirement to produce an Annual Governance Statement (AGS) is set out in the Accounts and Audit Regulations. The Legal and Governance Directorate coordinate the production of the Annual Governance Statement in liaison with Officers and Members as set out in the approach / timetable agreed by the Accounts and Audit Committee each year. In order to complete this, corporate governance arrangements are reviewed with reference to the CIPFA/SOLACE Framework for Corporate Governance in Local Government. This includes identifying sources of assurance to

provide evidence that the Council's governance arrangements comply with the CIPFA/SOLACE framework. The framework consists of a set of principles covering issues such as ethics/values; stakeholder engagement; sustainable economic, social and environmental benefits; policies and procedures; capacity and training; management of risks and transparency/reporting arrangements.

- 4.2.3 Audit and Assurance continued to work with Legal and Governance to provide advice on the process for producing the 2021/22 AGS. Audit also provided comment following review of the Draft AGS prepared by Legal and Governance. These were taken into account in producing the Final AGS, which was presented to the Accounts and Audit Committee for approval at its November 2022 meeting. Audit and Assurance has continued to liaise with Legal and Governance to provide advice in planning for the preparation of the 2022/23 AGS. As part of this, Audit has highlighted some areas for further development to consider which includes reviewing the Council's Corporate Governance Code to ensure it is up to date.
- 4.2.4 The final approved 2021/22 AGS, presented to the Accounts and Audit Committee for approval in November 2022, included a number of significant governance issues highlighted for continued progression in 2022/23 including actions in managing the Council's medium term financial position; developments identified to improve information governance; review of the One Trafford Partnership with Amey; addressing the climate change crisis; managing increased demand for school places; developments in governance supporting the delivery of leisure services; and actions to support businesses and residents in the current economic climate. Updates on all significant issues will be included in the 2022/23 AGS to be agreed by the Corporate Leadership team and reported as a draft document for review by the Accounts and Audit Committee in June 2023.
- 4.2.5 Councils are expected to demonstrate that they are complying with the Financial Management Code, produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and reflect details on this in the AGS. This sets out the standards of financial management expected for local authorities. The aim of the Code is to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. An assessment against the Code was completed by Financial Management and details of compliance were reported to the Accounts and Audit Committee in July 2022. Whilst general compliance was demonstrated, a number of further actions to enhance this were set out and a further update is expected to be provided to the Accounts and Audit Committee at a meeting later in 2023.

4.3 **Risk Management**

- 4.3.1 The Audit and Assurance Service continued to facilitate the review and update of the Council's strategic risk register through liaison with CLT. This ensures that the Council formally identifies and monitors key risks to the achievement of Council objectives.
- 4.3.2 During 2022/23, Audit undertook a review of the format of the existing strategic risk register, which included benchmarking with other authorities. An updated format, with supporting guidance, was recommended for use by the Corporate Leadership Team which was established from March 2023.

- 4.3.3 Reports setting out the strategic risk register and key developments in the management of risks have been submitted to, and reviewed by, CLT through the year. The Accounts and Audit Committee were provided with update reports in meetings through 2022/23. The strategic risk reports highlighted responsibilities and ongoing actions to manage the various risks.
- 4.3.4 Risks relating to uncertainty over the Council's medium term financial position continued to be one of the highest risks on the strategic risk register. There were regular progress updates provided including budget monitor reporting through the year by Financial Management (See 4.1.4). Regular updates were also provided in relation to the asset investment strategy to support regeneration and achieve additional income to support the council's budget position. There was also reporting to the Executive in February on the Council's leisure investment programme which makes a key contribution to the Council's corporate priorities.
- 4.3.5 Action is being taken to address risks in relation to economic uncertainty through the Trafford Economic Delivery Plan. The Plan, reported to the Executive in February 2023, was updated to reflect changing circumstances to reflect ongoing recovery from the pandemic, taking account of the Council's new Corporate priorities and current challenges such as tackling poverty and the cost of living crisis.
- 4.3.6 Risks in relation to safeguarding vulnerable children are also within the strategic risk register. It was noted that following a further inspection across the range of Early Help and Children's Social Care Services, OFSTED published a report in January 2023 to conclude that the service was no longer inadequate. The report highlighted many areas of good practice and also areas to continue to improve. Following this, notification was received from government in February 2023 that the Improvement Notice had been lifted, and as a result Trafford are no longer subject to statutory intervention although a year of support will continue. In respect of statutory inspections, a new risk was added to the strategic risk register during the year to reflect the impact on the Authority of inspections of Children's Services by OFSTED, and also within Adult Social Care with the new inspection regime established by the Care Quality Commission in 2023/24.
- 4.3.7 In terms of planned internal audit reviews of strategic risks, a further audit review of business continuity was reported in January 2023. It was reported that good progress had been made in progressing some previous audit recommendations, but further developments were required such as ensuring all services have in place up to date business impact analyses and business continuity plans, which also help to inform IT Disaster Recovery planning. There is expected to be further audit review work on this area later in 2023 when an updated audit opinion will be reported.
- 4.3.8 A planned audit review of health and safety was in progress by year-end and findings will be reported later in 2023. Updates on actions in respect of managing health and safety risks were continued to be provided through strategic risk updates. There were regular communications to staff from the Council through the year providing guidance and support setting out Council procedures regards health and safety and wellbeing.
- 4.3.9 Other internal audit coverage in 2022/23 covering areas of strategic risk include cyber security (See Section 4.6.3) and the One Trafford Partnership with Amey (See 4.5.7). Some other strategic risk

areas were included for coverage as part of the agreed Internal Audit Plan for 2023/24. These include actions in relation to addressing climate change; adult safeguarding processes; information governance processes, recruitment and systems in relation to school places/admissions.

4.4 **Anti-Fraud and Corruption**

4.4.1 Audit work in this area relates to reviewing measures in place to reduce the risk of fraud and corruption and, where appropriate, undertaking investigative work. This work forms an important part of the Council's approach to ensuring high standards of conduct are in place.

National Fraud Initiative

4.4.2 The Audit and Assurance Service continued to co-ordinate the Council's participation in the National Fraud Initiative (NFI), a nationwide data matching exercise designed to help participating bodies identify possible cases of error or fraud and detect and correct any consequential under or overpayments from the public purse. In the previous exercise in 2021/22, errors amounting to overpayments of £45k (relating to COVID-19 small business grants and Council Tax Support) were identified for subsequent recovery. During 2022/23, the Service co-ordinated the submission of Council data to the Cabinet Office NFI team (as reported as part of the October to December 2022 Audit and Assurance update report) and the subsequent matches were received by the year-end.

4.4.3 The Service is liaising with other services including the Council's Counter Fraud team to ensure key data matches are followed up in 2023/24. This includes support to an ongoing investigation in relation to one of the matches. Details of progress and outcomes from following up the data matches, will be reported in Audit updates later in 2023/24.

Other Activity

4.4.4 Audit continued to liaise with Legal Services to review existing anti-fraud related policies and procedures and provide input in respect of updates to existing procedures and provision of guidance. During 2022/23, the Council's Anti-Money Laundering and Whistleblowing Policies were updated, and a refreshed Anti-Fraud and Corruption Strategy was approved, as reported to the Accounts and Audit Committee in March 2023.

4.4.5 In terms of investigations, the Council's Counter Fraud team, currently within Exchequer Services, have continued to undertake investigations in to suspected fraud and irregularities. During 2022/23, these were primarily in relation to council tax, business rates, social care finance and COVID-19 Business Support Grants. A report on work for the year is due to be provided by the Council's Counter Fraud Manager to the Accounts and Audit Committee in September 2023.

4.5 Procurement / Contracts

- 4.5.1 Audit and Assurance undertakes reviews of procurement arrangements and processes to ensure the Council strives to achieve value for money and undertakes procurement in accordance with relevant legislation and the Contract Procedure Rules.
- 4.5.2 As part of internal audit planning, the Service continues to liaise with the STAR Shared Procurement Service and Internal Audit sections of the partner authorities (Stockport, Rochdale and Tameside Councils). Audit plans are co-ordinated and relevant findings from work shared to ensure an efficient audit process. There was regular liaison during the year with STAR for updates on developments, progress regards previous audit recommendations and considering future plans.
- 4.5.3 Reports were provided by STAR during the year to the STAR Joint Committee covering performance updates and various developments including preparation for the new Procurement Bill. A presentation on STAR was also provided to the Accounts and Audit Committee in February 2023. This included ongoing developments of processes to achieve Social Value in procurement. It was noted that STAR is introducing updated arrangements for reporting on Social Value, and it was agreed that an internal audit review is included later in 2023/24 Internal Audit Plan to cover these processes.
- 4.5.4 Further to the Council's Contract Procedure Rules (CPRs) being updated, with changes taking effect from October 2022, STAR provided guidance to staff on the changes which included updates to the CPRs re obtaining quotations, modifications to contracts and considering Social Value. It was agreed, in respect of the CPRs, an audit review would be undertaken by Rochdale Council of processes regards contract extensions, which is currently in progress.
- 4.5.5 An audit of the In-Tend system was undertaken by Stockport Council, the system having been acquired by STAR 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. The audit was at draft findings stage by year-end and Stockport Council will share findings with the other STAR authorities to consider any relevant issues and inform any future audit planning.
- 4.5.6 Audit is providing input to support STAR in reviewing its processes regards Risk Based Sourcing (RBS) at Trafford Council with an aim to target local businesses that can supply contracts. Below threshold contracts are targeted and relevant risk questions formulated in a supplier questionnaire, with the aim to provide a more streamlined, efficient approach for businesses. Any advice from audit input in reviewing this process will be shared with STAR to help further improvements.
- 4.5.7 In terms of a key strategic risk, there was regular reporting in the strategic risk register regards the One Trafford Partnership between the Council and Amey. It is noted that to achieve significant improvements in the delivery of the contract, the Council is continuing to undertake a review, following activation of the contractual 7 year review clause. This has given the opportunity to consider any changes to the contract for improvements and

efficiencies with a process which has included Member oversight and stakeholder input. In respect of the One Trafford Partnership, as part of the 2022/23 Internal Audit Plan it was agreed that a contract monitoring audit would be undertaken of Waste Services. An audit was completed in January 2023 providing a reasonable level of assurance with a small number of recommendations made to further enhance arrangements in place (See Appendix A).

- 4.5.8 Going forward, it was agreed as part of the 2023/24 Internal Audit Plan, that there will be coverage in respect of the joint ventures set up with Bruntwood which are key regeneration projects and part of the Council's asset investment strategy. The scope of such a review will be agreed and is expected to include coverage of governance and performance monitoring taking into account good practice guidance from CIPFA.
- 4.5.9 Consideration of procurement / contracts aspects is also included in other categories of audit work including financial systems (per 4.1), schools (per 4.7), Other Business Risks (4.8) and Grant claims (4.9).

4.6 ICT Audit / Information Governance

- 4.6.1 Audit work is undertaken to cover a range of issues in relation to IT procedures, processes and controls, and information governance arrangements. Cyber Security, Business Continuity / Disaster Recovery and Information Governance continue to be identified as significant risks to the authority as reported through the Strategic Risk Register updates. The Audit and Assurance Service commissions Salford Internal Audit Services to undertake some of this work who provide specialist IT Audit Services for a number of authorities.
- 4.6.2 Ongoing changes in ways of working, including large numbers of staff regularly working from home and other locations, highlights the importance of effective information security and governance arrangements, which are required to support such developments.
- 4.6.3 Cyber Security continued to be monitored through 2022/23 as one of the Council's strategic risks. An audit review was originally undertaken in 2020/21 to provide management with an evaluation of the Council's cyber security arrangements. The review concluded that most key risks are being managed but further work was required to further strengthen controls in place. A follow-up review was completed during 2022/23 and noted progress continues to be made. A number of developments are being made as part of wider delivery programmes including the current Microsoft M365 migration programme; the FreshService programme covering developments in IT service management tools and the Business Continuity programme. Funding had previously been agreed for a cyber security post and this was filled during the year. Strategic risk report updates on cyber security have set out developments and plans during the year.
- 4.6.4 A review of ICT governance and security in schools was completed. The review was completed initially through surveys to Trafford schools to understand existing arrangements in place for IT Security and Governance with a view to providing guidance and support. The

work also included visits to a sample of schools to provide advice and guidance. An advisory report was subsequently issued to Trafford schools highlighting areas of risk and signposting schools to best practice guidance including the National Cyber Security Centre, DfE resources and other sources of available support. In addition, Salford IT Audit Services produced guidance notes on a number of identified risk areas covering protecting IT servers in schools; IT Asset Disposals & Recycling; due diligence of 3rd Party IT Providers and engaging with Cloud Service Providers. Internal Audit will continue to work with relevant Council services and in partnership with Salford IT Audit Services, to consider further audit review coverage and to support development of best practice standards in Trafford schools.

- 4.6.5 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. A new service management system, Freshservice has been implemented to support the operation of the service desk. Salford Internal Audit Services previously undertook a consultancy review which set out issues to consider in developing use of the system and it is planned that a post implementation audit review of the system will be undertaken during 2023.
- 4.6.6 It is acknowledged there are a number of developments taking place in respect of ICT across the Council, including the roll-out of Microsoft 365. Audit is continuing to liaise with IT and Digital Services as part of ongoing audit planning to identify further potential review work.
- 4.6.7 There were updates on information governance included in the strategic risk register which included reference to responses to data breaches and also performance in relation to handling subject access requests and freedom of information requests. A service review is being undertaken to review areas for improvement and implement service improvements. It was agreed that given the Information Governance function is subject to a service review, any planned internal audit work would be deferred until revised arrangements were in place.
- 4.6.8 The Council is required to provide a submission for the NHS Data Protection and Security Toolkit each year. This submission is mandatory for organisations to complete to access NHS data and systems. There was liaison during 2022/23 with the Information Governance team to provide independent audit input ahead of the annual submission completed in June 2022. In terms of the 2022/23 submission to be completed by June 2023, where areas for development are identified these will be considered for possible further review as part of audit planning.
- 4.6.9 During 2022/23, IT and Digital Services continued to promote an awareness raising campaign through the provider, Boxphish, on cyber security with a number of topics covered during the period through e-learning. Staff continue to be required to complete mandatory e-learning in relation to data protection, freedom of information and information security.

4.7 Schools

- 4.7.1 As part of the Schools Financial Value Standard (SFVS) designed by the Department for Education, schools are required to compile evidence to support adherence to the Standard on an annual basis. It is noted that in accordance with SFVS, all schools have submitted a self-assessment for 2022/23. Information submitted is available to Audit and Assurance to assist in planning school audits.
- 4.7.2 Areas covered in internal audit reviews reflect the requirements of the SFVS with the aim of providing assurance on conformance with the Standard and where identifying areas for improvement, making recommendations to address risks. Areas covered in the audits include governance arrangements such as the role of the Governing Body and senior staff; budgetary control; purchasing; payroll processes; income collection, security of cash and other assets; and information security and governance.
- 4.7.3 Within the Internal Audit Plan it was planned that 10 school audits would be undertaken in 2022/23. By the end of the year, 10 final audit reports had been issued and further reviews were planned to commence during 2023/24 (See Appendix B). Overall, it was found that there were generally sound systems of governance, risk management and control in place. In terms of opinion levels, of the 10 reviews, a Substantial level of assurance was provided in respect of 8 schools and a Reasonable Level for another school.
- 4.7.4 There was one school audit completed where a Limited Level of assurance was provided as reported in the Audit and Assurance update report for October to December 2022 and a follow-up audit review has been included in the 2023/24 Internal Audit Plan to follow-up progress in implementing the recommendations made.
- 4.7.5 Summary findings from all the school audit reviews were included in relevant Audit and Assurance updates issued through the year. Where areas for improvement in controls were identified, agreed actions plans were established.
- 4.7.6 During the year there was follow up by Audit in relation to 4 other schools to confirm progress in implementing previous recommendations made in 2021/22. Good progress in implementing recommendations is highlighted by the analysis regarding audit follow ups with 95% of previous recommendations made having been implemented or are no longer applicable (See 5.9).
- 4.7.7 Audit and Assurance continued to liaise with Financial Management and Children's Services to assist in following up issues raised at particular schools, ongoing audit planning and, where applicable, to provide advice to schools. (Also see Section 4.6.4 re IT audit work in relation to schools).

4.8 Other Business Risks

- 4.8.1 This comprises various work that does not fall into one of the categories referred to above but represents areas of business risk. This includes reviews of specific services and

functions within individual Directorates. Risks reviewed encompassed a number of areas of control such as procedures and responsibilities, adherence to legislation and internal procedures, budgetary control, Payroll/HR related processes, risk management, security (of cash, assets and data), purchasing, income collection and recording and other areas of risk specific to the service under review.

4.8.2 Detailed below are reports issued or in progress by the end of March 2023. For final reports, details of overall findings were included in the respective update reports for CLT and the Accounts and Audit Committee.

Final Reports issued:

Reported in the April to June 2022 Audit and Assurance update:

- Licensing follow-up audit (Place) – Reasonable Assurance: 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 was agreed to be progressed during 2022/23.

Reported in the October to December 2022 Audit and Assurance Update:

- Home to School Transport (Children's Services) – Reasonable Assurance but further to issues raised during the year, an audit review to be undertaken in 2023/24 to cover processes for checks of contractors and follow-up of any recommendations made.

See Appendix A for reports issued in final quarter of 2022/23:

- Adaptations Service (Adult's Services) – Reasonable Assurance
- Registration Services (Legal and Governance) – Substantial Assurance

4.8.3 A review in respect of Supporting Families (Children's Services) was completed in order to provide assurance required for the Greater Manchester Combined Authority (GMCA). By the year-end, details were shared with the GMCA of the draft report and a final report was later issued in April 2023 providing a "Reasonable" level of assurance (further details will be reflected in the next Audit and Assurance update report covering April to June 2023).

4.8.4. As planned a review of Let Estates commenced towards the end of the year to follow-up progress regards the implementation of previous recommendations made. A Limited Level of Assurance was reported in the previous audit in March 2022. This lower opinion level reflected a number of control improvements required but the findings were based on the Service prior to it being transferred back from being provided by Amey as part of the One Trafford Partnership to an in-house service within the Place Directorate. A follow-up audit review was in progress by year-end and a final report has since been issued in April 2023 which highlights significant improvements made with a revised opinion level of "Reasonable" being provided. Further details will be reflected in the update report for April to June 2023.

4.8.5 There were four other audits in progress by the year-end with final reports to be issued later in 2023. These are as follows:

- Safety at Sports Grounds (Place)

- Outdoor Media (Place)
- Bereavement Services (Strategy and Resources)
- Sale Waterside Arts Centre (Strategy and Resources)

4.8.6 Planning commenced on other reviews, and through liaison with individual Corporate Directorates, any planned reviews not commenced by the year-end were considered and where appropriate included in the 2023/24 Internal Audit Plan as detailed in Appendix C.

4.9 Grant Claims /Data Quality

4.9.1 Audit is required to carry out checks to support information contained in certain grant claims made during the year to meet national requirements in relation to funding received.

4.9.2 During 2022/23, based on the checks undertaken, adequate assurance was obtained to support the claims made in relation to the following grants:

- Public Sector Decarbonisation Scheme Phase 1 2020/21 (completed June 2022 and reported in the April to June 2022 Audit and Assurance update report).
- Local Authority Test and Trace Contain Outbreak Management Fund 2020-21 and 2021-22 (Completed September 2022 and reported in the July to September Audit and Assurance update report).
- Universal Drug Treatment Grant 2021/22 (completed July 2022 and reported in the July to September Audit and Assurance update report).
- Local Transport Capital Block Funding (Pothole Fund) 2021/22 (Completed September 2022 and reported in the July to September Audit and Assurance update report).
- Local Authority Test and Trace Support Scheme Funding 2020/21 and 2021/22 (Completed September 2022 and reported in the July to September 2022 Audit and Assurance update report).
- Disabled Facilities Grant 2021/22 (completed October 2022 and reported in the October to December 2022 Audit and Assurance update report).

4.9.3 Any further expected grant claims to be reviewed are included in the 2023/24 Internal Audit Plan but Audit is also advised through the year on other grants to be reviewed and where known, these will be added to the Plan.

4.10 Service advice / Projects

4.10.1 Advice was provided through the year across the Council on governance and control issues across various Council Services. In undertaking audit reviews, in addition to the issue of reports with findings and recommendations, where appropriate Audit provides independent advice during the process to support services in improving standards of control.

4.10.2 There has been Audit input through attendance at Systems Board meetings within Adults and Children's Services. In addition to internal audit reports issued (see 4.1) Audit has worked with Adults' Services during the year in reviewing processes in relation to social care payments including

sharing findings through the use of data analytics to highlight queries and issues for follow up to assist in improving existing processes. Advice and support is also reflected elsewhere in earlier sections of this report e.g. re schools audit, risk management and governance.

- 4.10.3 The Audit and Assurance intranet site was updated during the year and includes information on the role of Audit and associated guidance for services in respect of risk management, governance and anti-fraud and corruption.
- 4.10.4 Audit continued to provide support to the Accounts and Audit Committee and issued a number of reports through the year as detailed in the 2022/23 Accounts and Audit Committee Annual Report.

5. MANAGEMENT RESPONSE TO INTERNAL AUDIT WORK

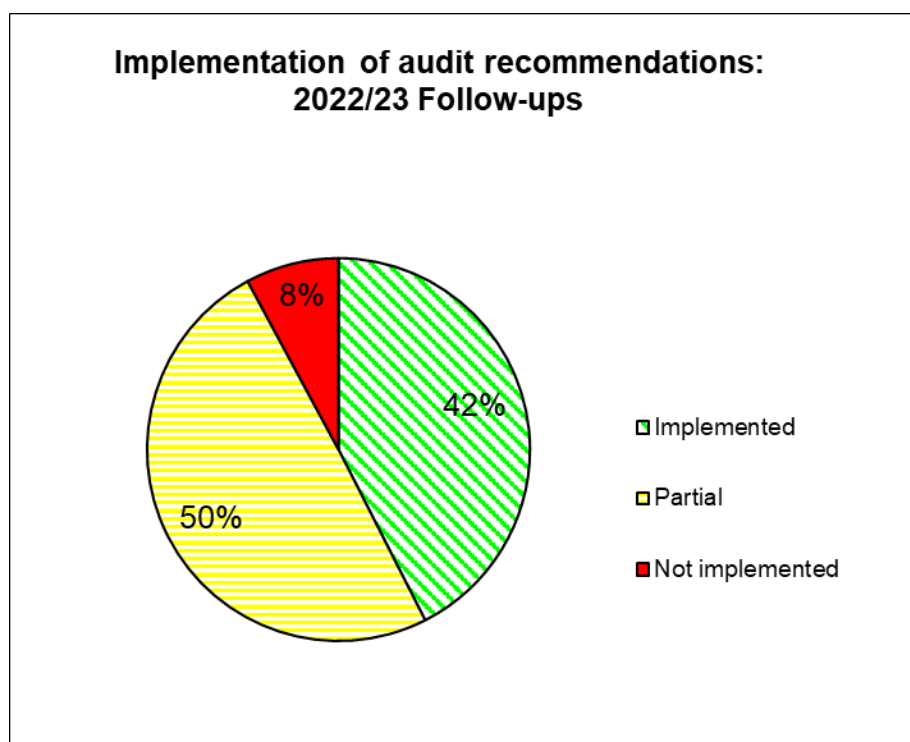
- 5.1 This section sets out the response to, and impact of, internal audit work during the year. Key indicators of Audit and Assurance's impact are:
- Acceptance of recommendations
 - Implementation of them.

Acceptance of Recommendations

- 5.2 All audit recommendations made during the year were accepted by management. All of the 68 new recommendations made during the year were accepted i.e. 100% (compared to 98% in 2021/22).
- 5.3 It should be noted that there were a number of other recommendations made during the year reflected in work in progress by the end of March 2023 and details regarding acceptance of these will be reflected in Audit and Assurance updates once respective reports are finalised in 2023/24.
- 5.4 Whilst it is important that audit recommendations made are agreed by management, it is also important that these are implemented in practice to ensure control improvements are being made as a result of the audit findings. Progress on this is analysed below.

Implementation of audit recommendations

- 5.5 A number of internal audit reviews are followed up approximately 12 months after the issue of the final report to ascertain what progress has been made in implementing recommendations. This may be either through a further audit review or through manager self- assessment.
- 5.6 Details of individual follow up reviews completed during the first three quarters of the year are set out in the respective Audit and Assurance update reports issued through the year. Details of the outcome from the follow-ups in the final quarter of 2022/23 are included in Appendix A.
- 5.7 For all follow up work undertaken, an analysis of the percentage of recommendations implemented at the time of the respective follow up reviews is shown in the following chart.



- 5.8 From the reviews undertaken, of a total of 127 recommendations followed-up during 2022/23, it was reported that 54 (42%) had been implemented at the time of the follow up audit reviews (compared to 46% reported in 2021/22). A further 63 (50%) have been partially implemented / implementation was in progress (compared to 49% in 2021/22). Only 10 recommendations (8%) had not been implemented (compared to 5% in 2021/22). For reviews where implementation of a number of recommendations are still in progress, these are included in the 2023/24 Internal Audit Plan for further follow-up.
- 5.9 It should be noted that of the above 127 recommendations analysed above, 20 of these related to school audits and it was reported that 19 of these 20 recommendations had been implemented which highlighted that audit recommendations made in schools had largely been implemented to contribute to improvements in standards of control at the relevant schools.
- 5.10 There are a number of other follow-up audit reviews which were in progress by year-end. Details will be reported as part of further updates in 2023/24.

Client feedback

- 5.11 A client questionnaire is sent out with each audit report canvassing managers' views on the audit review. The questionnaire covers the audit approach; audit report issued and usefulness of the audit as an aid to management. For 2022/23, the responses were favourable from the completed questionnaires received. There were 11 survey responses received and responses provided to the individual questions were either "Very Good" (91%) or "Good" (9%) in relation to the various aspects

of the audit process (Based on 4 possible levels of “Very Good”, “Good”, “Satisfactory” and “Inadequate”). The survey also asked regards the level of improvement in internal control expected to be achieved following the audit review. 10 of the 11 responses confirmed that as a result of the audit, it is expected there will be improvements in the standard of control and management of risks.

- 5.12 In addition, as part of the PSIAS External Assessment of Internal Audit undertaken in March 2023, CIPFA distributed a survey to a selection of Councillors and Officers regards the Internal Audit service provided. Overall, positive results were provided and are detailed within the separate Assessment report by CIPFA.
- 5.13 The analyses of recommendations, follow-ups and client responses demonstrates an overall positive response to internal audit work which contributes to continued improvements in governance and control arrangements across the Council.

6. **PERFORMANCE AGAINST AUDIT PLAN**

- 6.1 In the 2022/23 Internal Audit Plan, a target was set of 30 audit assignments (comprising opinion reports, consultancy reports and grant sign-offs) to be completed in 2022/23 to final or draft stage. There were 23 final audit reports and 2 draft reports issued, in addition to 6 grant sign offs which totalled 31 audit assignments. Assurance was obtained across each main area of the Internal Audit Plan. It is noted there were some areas where, at the request of services, reviews have been scheduled for inclusion in the 2023/24 Internal Audit Plan. Appendix C shows details of audit opinion reports issued during the year and further work planned for 2023/24. A list of grant checks completed is shown as part of Appendix B.
- 6.2 Total time allocated to carry out the Operational Audit Plan was set at 870 days (with an additional contingency of 50 days). This was calculated by subtracting overheads e.g. training, sickness etc. from the time available for each auditor. It should be noted that in addition to the operational plan days, additional time was taken for other activities that are not attributable to one particular category of work but support the audit process. In 2022/23, this included continued support to the Accounts and Audit Committee, liaison with the External Auditor, networking with other North West Internal Audit groups to share good practice, and liaison with services to gather information in support of the production of the audit plan. Actual time spent delivering the Plan was 804 days (92.4% of the chargeable planned target of 870 allocated days). There has been a vacancy in the team which accounts for the actual time being less than planned although this has been mitigated with the use of contingency time in the plan.
- 6.3 Available resources were considered through the year to ensure account was taken of priorities, including in relation to statutory duties, specific deadlines and risk areas to follow up from previous years, ensuring such work was completed as planned e.g. in relation to the certification of grant claims, input to the Annual Governance Statement, National Fraud initiative deadlines, follow-up audits etc. An analysis of planned operational audit time against actual days spent in 2022/23 is shown in Appendix B.

7. CONFORMANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS

- 7.1 The Audit and Assurance Service carries out its work in general conformance with the Public Sector Internal Audit Standards and the CIPFA Statement on the Role of the Head of Internal Audit.
- 7.2 It is a requirement that the Annual Head of Internal Audit Report provides a statement on conformance with the Public Sector Internal Audit Standards (PSIAS).
- 7.3. The Standards incorporate a number of aspects including:
- Ethics (incorporating integrity, independence, objectivity, confidentiality and competency).
 - Purpose, authority and responsibility of Internal Audit.
 - Standards (including planning, undertaking and managing audit assignments, monitoring, communication, due professional care, quality assurance and improvement).
- 7.4 As part of the PSIAS, it is a requirement for there to be an external assessment of the Internal Audit function at least every five years. An external assessment was undertaken in March 2023 by CIPFA and a final report is to be shared with the Accounts and Audit Committee in June 2023. **In respect of the assessment against PSIAS, CIPFA has 3 possible opinion levels (Generally conforms; partially conforms and does not conform). CIPFA's overall opinion was that the Audit and Assurance Service generally conforms to PSIAS.**
- 7.5 There were some advisory points made as part of the external assessment report to consider going forward and an agreed action plan has been produced to consider these issues which is included in the final version of assessment report. Actions planned include:
- Further review during 2023/24 of the Internal Audit Charter to reflect any developments in the Service including the expected transfer of the Counter Fraud Team to the Audit and Assurance Service;
 - For future reporting, to consider reflecting in Annual Head of Internal Audit reports further details in relation to service improvement and also details regard confirmation of audit independence;
 - Consider the use of CIPFA statistics to inform planning for internal audit reviews;
 - Consideration of issues regards future recruitment and succession planning within the Service; and
 - Ongoing monitoring and consideration of the impact on the Service of any future changes in internal audit standards.
- 7.6 The planned actions will be progressed through 2023/24 and progress regards service developments reflected in future Audit and Assurance reporting.
- 7.7 The Internal Audit Charter sets out that the Service will be sufficiently independent of the activities being audited so that auditors are able to make impartial and effective professional judgements and recommendations. It is confirmed that during 2022/23 there were no impairments to independence.

- 7.8 In accordance with its Quality Assurance and Improvement Programme, the Service continued to report on its work through the year to both CLT and the Accounts and Audit Committee which included both updates on progress against the 2022/23 Plan; the impact of audit work; client feedback and approval of the Internal Audit Plan for 2023/24.
- 7.9 As previously highlighted in the 2021/22 Annual Head of Internal Audit Report, during 2022/23 it was planned with the ongoing development of Council IT systems including the implementation of Microsoft 365, work would be undertaken to review systems and procedures to use for documenting and storing internal audit work. During the year, existing systems were reviewed which included decommissioning the Internal Audit Management System, TeamMate, and producing updated audit working paper templates using existing Council systems. There is also ongoing development of the use of IT systems to support data analytics work as part of undertaking audit reviews which will continue to be developed in 2023/24.

INTERNAL AUDIT REPORTS ISSUED IN QUARTER 4 2022/23

Points of Information

Audit Opinion Levels (RAG reporting) :

Levels of Assurance:

Substantial	- Very Good	Green
Reasonable	- Good	Green
Limited	- Marginal	Amber
Very Low or no assurance	- Unsatisfactory	Red

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

Report Status:

Draft reports:

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

Final reports:

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

Breadth of coverage of review (Levels 1 to 4)

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

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

REPORT NAME (DIRECTORATE) / (PORTFOLIO) by Coverage Level (1-4)	-OPINION -R/AG -Date Issued	COMMENTS
<u>FINAL REPORTS</u>		
<u>Level 4 Reports:</u>		
Business Continuity (Place/Authority- Wide) (Finance and Governance)	N/A -See Comments (31/1/23)*	A follow-up audit was undertaken to assess progress in implementing previous audit recommendations. At the time of the review in January 2023 it was reported that 3 of the 11 previous recommendations had been implemented with the other 8 being in progress. It was agreed that a further review would be undertaken later in 2023 to assess developments regards the remaining actions including regards further updating of some business impact analyses and business continuity plans plus testing of plans. An Opinion Level will be provided as part of this review. Based on progress made to date and providing that further progress continues to be made as set out in the Action Plan in the report), it is expected that a Reasonable Level of Assurance would be given.
<u>Level 2 Reports:</u>		
Adaptations Services (Adults' Services) / (Adult Social Care)	Reasonable (GREEN) (31/1/23)*	The audit reviewed the controls in place for the administration of housing adaptations. It identified progress made addressing previous audit recommendations with 7 recommendations fully implemented with progress being made on all remaining 9 recommendations. Future actions recommended include the review and update of the Housing Assistance Policy to reflect developments in recent years and the further development of customer service standards.
Registration Services (Legal and Governance) / (Finance and Governance)	Substantial (GREEN) (17/1/23)	The audit included review of procedures and controls in place within Registration Services to ensure compliance with regulations and covered policies & procedures in place, fees and charges, issuing of certificates and collection and monitoring of income. The audit concluded that effective procedures are in place and no recommendations were made.
Waste Services Contract Monitoring (Place)/ (Environmental Services)	Reasonable (GREEN) (22/2/23)	There are appropriate governance arrangements in place for monitoring the contract. During the last year the Service has established a new team structure to support the process of monitoring delivery of the contract. There are regular meetings of the One Trafford Partnership Board and there is also a Contract Management Group which is attended by representatives from Amey and the Council. There are also a number of sub-groups reviewing particular areas. There is regular monitoring of key performance indicators including identifying reasons where performance is below target. It was noted that overall performance has been improving but there is a review of the performance indicator framework to identify where improvements can be made. A small number of audit recommendations were agreed including improvements in logging of decisions and actions from monitoring meetings; recording of performance data validation checks and also developing processes for trend monitoring of complaints.

DRAFT REPORTS

Level 3 Reports:

Supporting Families (Children's Services)/ (Children's Services)	By 31 March 2023, a draft report had been shared with management and also the Greater Manchester Combined Authority, as part of a commitment of Greater Manchester local authorities to undertake regular audits to provide assurance that local systems and processes meet the minimum standards of the Supporting Families Programme. A final report was later issued in April 2023 and will be reported in the April to June 2023 Audit and Assurance update report.
Treasury Management (Finance and Systems) / (Finance and Governance)	By 31 March 2023, a draft report had been shared. A final report was issued in April 2023 and will details will be reported in the April to June 2023 Audit and Assurance update report.

OTHER REPORTS

ADVISORY REPORT: IT Security and Governance in Schools (Children's Services) / (Children's Services - Education)	N/A (20/2/23)	Further to an advisory report being issued to all schools in December 2022 covering findings from a review of IT security and governance which provided guidance for schools to consider, a report was issued to relevant Council Services (Children's Services and IT and Digital) to include recommended actions going forward to further support schools including the issuing of further guidance on cyber security during 2023/24.
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Quarter 4 2022/23

Acceptance of Recommendations

From the final audit opinion reports issued during the quarter (as listed above)all 12 of the recommendations made were accepted.

Follow up - Implementation of Recommendations

In addition to the follow up audits completed as listed above (Adaptations and Business Continuity), in respect of one other audit previously completed in 2021/22, during the quarter, details of progress made in implementing the recommendations made were provided to Audit and Assurance as follows:

- St. Alphonsus RC Primary School (Children's Services/Education) – All of the 5 recommendations previously agreed were reported as being implemented.

APPENDIX B

2022/23 Operational Plan: Planned Work and Actual Days Spent

<u>Category</u>	<u>Details</u>	<u>Planned Allocated Days 2022/23</u>	<u>Actual Days 2022/23</u>
Financial Systems	<p>Completion of fundamental financial systems reviews</p> <p>See Section 4.1 for work completed and Appendix C for audit opinion reports issued and planned.</p>	165	162
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>See Section 4.2 for work completed.</p>	25	10
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>See 4.3 for work completed and Appendix C for opinion reports produced and planned.</p>	50	59
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</p>	80	57

	<p>strategy, policies and guidance.</p> <p>See Section 4.4 for work completed.</p>		
Procurement / Contracts/ Value for money	<p>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).</p> <p>See Section 4.5 for work undertaken and planned and Appendix C for reports issued and planned.</p>	50	49
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 Section 4.6 for work completed and planned and Appendix C for audit opinion reports issued.</p>	85	58
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 Section 4.7 for work completed and Appendix B for list of 10 school audit reports issued.</p>	135	125
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 Section 4.8 for work completed and Appendix C for opinion reports issued and planned.</p>	180	199

<p>Grant claims checks / Data Quality</p>	<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 Outbreak Management Fund (Q1) - Disabled Facilities Grant (Q3). <p>Audit and Assurance were advised through the year of other grant claims, review work and other returns to be checked/signed off.</p> <p>As referred to in section 4.9, grant checks completed for the following:</p> <ul style="list-style-type: none"> - Public Sector Decarbonisation Scheme Phase 1 2020/21 - Local Authority Test and Trace Contain Outbreak Management Fund 2020-21 and 2021-22 - Universal Drug Treatment Grant 2021/22 - Local Transport Capital Block Funding (Pothole Fund) 2021/22 - Local Authority Test and Trace Support Scheme Funding 2020/11 and 2021/22 - Disabled Facilities Grant 2021/22 	35	31
<p>Service Advice / Projects</p>	<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> <p>See Section 4.10 for work undertaken.</p>	65	54
<p>TOTAL</p>		870*	804

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

Audit Opinion Reports 2022/23

<u>Audit Opinion Reports: Title / (Corporate Directorate)/ (Executive Portfolio as at 31/3/23)</u>	<u>Status</u>	<u>Opinion Level</u>	<u>Future plans (where final report not yet issued)</u>
Financial Systems			
- Payroll (Strategy and Resources)	Final report issued 11/11/22	Substantial	Completed
- Household Support Fund - Trafford Assist (Finance and Systems)	Final report issued 13/6/22	Substantial	Completed
- Adults' Social Care Payments (Adults' Services)	Final report issued 5/9/22	N/A*	Further review in 2023/24 Plan to provide an updated audit opinion.
- Adults' Direct Payments (Adult Services)	Final report issued 8/8/22	Reasonable*	Completed
- Children's Social Care Payments (Children's Services)	In progress	-	Final report to be issued in 2023/24
- Council Tax (Finance and Systems)	Final report issued 31/10/22	Substantial	Completed
- Treasury Management (Finance and Systems)	Draft report issued 24/3/23	-	Final report issued April 2023
- Accounts Payable (Finance and Systems)	-	-	Included in 2023/24 Internal Audit Plan
- Budgetary Control (Finance and Systems/Authority-wide)	-	-	Included in 2023/24 Internal Audit Plan
Risk Management			
- Business Continuity (Place/Authority-Wide)	Final report issued 31/1/23	N/A*	*Further review in 2023/24 Plan to provide an updated audit opinion.
- Health and Safety (Strategy and Resources / Authority-wide)	In progress	-	Final report to be issued in 2023/24
Procurement /Contracts /Value for money			
- In-Tend system / Contracts Register (Strategy and Resources) (Stockport – lead)	Draft findings produced	-	Final report to be issued in 2023/24
- Contract Extensions (Rochdale – lead)	In progress	-	Final report to be issued in 2023/24

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- Waste Services (Place)	Final report issued 22/3/23	Reasonable	Completed
ICT Audit / Information Governance			
- Cyber Security (Finance and Systems)	Final report issued 25/7/22	Reasonable*	Completed
- IT Governance and Security in Schools (Children's Services /Finance and Systems)	Final advisory report issued 20/2/23	N/A	Completed
(Note: any planned information governance audits agreed to be deferred to 2023/24 further to service review of the Information Governance team)			
Schools			
10 school audit reviews (Children's Services):			
- Stretford Grammar	Final report issued 3/5/22	Reasonable	Completed
- St. Anne's CE Primary	Final report issued 29/6/22	Substantial	Completed
- Trafford Alternative Education	Final report issued 30/11/22	Limited	Completed. Follow up audit in 2023/24
- St. Mary's CE Primary, Sale	Final report issued 20/5/22	Substantial	Completed
- Victoria Park Junior	Final report issued 29/6/22	Substantial	Completed
- St. Michael's CE Primary	Final report issued 20/7/22	Substantial	Completed
- Cloverlea Primary	Final report issued 13/10/22	Substantial	Completed
- St. Monica's RC Primary	Final report issued 14/9/22	Substantial	Completed
- Sale High	Final report issued 28/11/22	Substantial	Completed
- Well Green	Final report issued 19/12/22	Substantial	Completed
Assurance – Other Business Risks			
- Adaptations Service (Adults' Services)	Final report issued 20/2/23	Reasonable*	Completed
- Home to School Transport (Children's Services)	Final report issued 14/10/22	Reasonable	Completed. Follow up audit in 2023/24
- Supporting Families (Children's Services)	Draft report issued 30/3/22	-	Final report issued April 2023
- Licensing follow-up (Place)	Final report issued 4/5/22	Reasonable*	Completed
- Building Control (Place)	-	-	Included in 2023/24 Internal Audit Plan
- Safety at Sports Grounds (Place)	In progress	-	Final report to be issued in 2023/24
- Cleaning Services (Strategy and Resources)	Planning commenced	-	Final report to be issued in 2023/24
- Registration Service (Legal and Governance)	Final report issued 17/1/23	Substantial	Completed
Other reviews originally planned to commence by Q4			

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<p>2022/23 with final reports due in 2023/24:</p> <ul style="list-style-type: none"> - Outdoor Media (Place) - Let Estates follow-up (Place) - Recruitment Services (Strategy and Resources) - Bereavement Services (Strategy and Resources) - Schools' Catering (Strategy and Resources) - Sale Waterside Arts Centre (Strategy and Resources) 	<p>In progress</p> <p>In progress</p> <p style="text-align: center;">-</p> <p>In progress</p> <p style="text-align: center;">-</p> <p>In progress</p>	<p style="text-align: center;">-</p> <p style="text-align: center;">-</p> <p style="text-align: center;">-</p> <p style="text-align: center;">-</p> <p style="text-align: center;">-</p>	<p>Final report to be issued in 2023/24</p> <p>Final report issued April 2023</p> <p>Included in 2023/24 Internal Audit Plan</p> <p>Final report to be issued in 2023/24</p> <p>Included in 2023/24 Internal Audit Plan</p> <p>Final report to be issued in 2023/24</p>
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**Included a follow up audit review*