

TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 23 November 2023
Report for: Information
Report of: Audit and Assurance Manager

Report Title

Audit and Assurance Report for the Period July to September 2023.

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 July to September 2023

Date: November 2023

1. Purpose of Report

This report summarises the work of the Audit and Assurance Service between July 2023 and September 2023 and highlights progress against the 2023/24 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 2023/24.

2. Planned Assurance Work

Key elements of the 2023/24 Work Plan, produced in March 2023, 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 – July to September 2023

Work in the quarter included progressing a number of financial systems audits in addition to issuing final reports for planned school audits.

A number of draft reports were produced covering a range of services and functions and details of subsequent final reports issued will be included in the next Audit and Assurance update. All audit opinion reports produced in the period are listed in Section 5 and other key areas of audit work undertaken referred to in Section 6.

4. Summary of Assurances July to September 2023

There were 9 internal audit opinion reports produced in the period (4 final reports and 5 draft reports). (See Section 5 for a listing of reports issued and summary of findings).

In respect of the 4 final reports issued, "Substantial" or "Reasonable" levels of assurance were provided for all reviews (3 of which were Substantial and 1 Reasonable). Where any recommendations have been made, agreed action plans are in place to implement these.

5. Summary of Audit & Assurance Opinions Issued – July to September 2023

(See Appendix 2 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 1 Reports:		
Sale Waterside Arts Centre (Strategy and Resources) / (Leisure, Arts, Culture and Heritage)	Reasonable (24/8/23)	It was reported that day-day operations are working as intended with adequate and effective administrative procedures in place. Agreed actions for development relate to strategic issues in terms of priorities to support cultural activity whilst considering revenue generation to improve financial resilience. As part of the recently approved Cultural Strategy, the building of relationships with strategic funding bodies was included with a view to identifying and bidding for external income/funding streams. The Centre has had success in attaining recent commercial sponsorships and is also considering the introduction of individual membership schemes.
Springfield Primary School (Children's Services) /(Children & Young People)	Substantial (4/8/23)	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 couple of recommendations were made to enhance existing documented procedures in the school's financial procedures manual in relation to purchasing processes and the maintenance of the inventory.
Broadheath Primary School (Children's Services) / (Children & Young People)	Substantial (25/9/23)	A good standard of governance and internal control arrangements were found to be in place. The school has a detailed financial procedures manual setting out its processes. A small number of recommendations were made which included ensuring up to date details of Governors' interests were included on the school website in accordance with DfE guidelines.
Brentwood School (Children's Services) / Children and Young People)	Substantial (29/9/23)	A good standard of governance and internal control arrangements were found to be in place. A key risk acknowledged by the school was in relation to future potential budget pressures which it is continuing to monitor. Staffing arrangements have been revised recently to ensure there are adequate resources to support financial management at the school.
DRAFT REPORTS		
Level 4 Reports:		
Accounts Payable (Finance and Systems) / (Finance, Change and Governance)		As at the end of September 2023, an initial draft report setting out findings from the review was produced, to be shared with the Service for discussion and agree management responses to be reflected in a final report.
Purchase Cards (Finance and Systems) / Finance, Change and Governance).		As at the end of September 2023, an initial draft report setting out findings from the review was produced, to be shared with the Service for discussion and agree management responses to be reflected in a final report.
Level 3 Reports:		
Children's Social Care Payments (Children's Services)		An initial draft report setting out the findings from the review was shared with relevant service managers. A final report is due to be

/ (Children and Young People)	reported as part of the October to December Audit and Assurance update report.
<u>Level 2 Reports:</u>	
Cleaning Services (Strategy and Resources) / (Finance, Change and Governance)	A draft report setting out the findings from the review was shared with the Service. A final report is to be issued and is due to be reported as part of the October to December Audit and Assurance update report.
<u>Level 1 Reports:</u>	
Oldfield Brow Primary School (Children's Services) / (Children and Young People)	A draft report setting out findings from the review was shared with the Headteacher in September 2023. A final report is to be issued and is due to be reported as part of the October to December Audit and Assurance update report.

6. Other Audit and Assurance Work

In addition to the progression of internal audit reviews, other work undertaken during the period has included the following:

- At the request of STAR Procurement Services, input to the review of their processes regards Risk Based Sourcing (outcomes and reporting from this work to be reflected in the next Audit and Assurance update).
- Continuing to support the National Fraud Initiative (an update on progress will be included in the next Audit and Assurance update with overall outcomes reflected in the Annual Head of Internal Audit Report 2023/24).
- Ongoing support to facilitate the review of the Council' strategic risk register (an update report is due to be provided to CLT and the Accounts and Audit Committee in November 2023).
- Issue of cyber security guidance to schools as part of the weekly Trafford schools ebulletin to assist schools in managing risks. This included providing links to guidance provided by the DfE, National Cyber Security Centre and Salford Council Internal Audit Services.

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 quarter, all 17 recommendations made have been accepted. For the year to date up to 30 September 2023, 30 of the 31 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

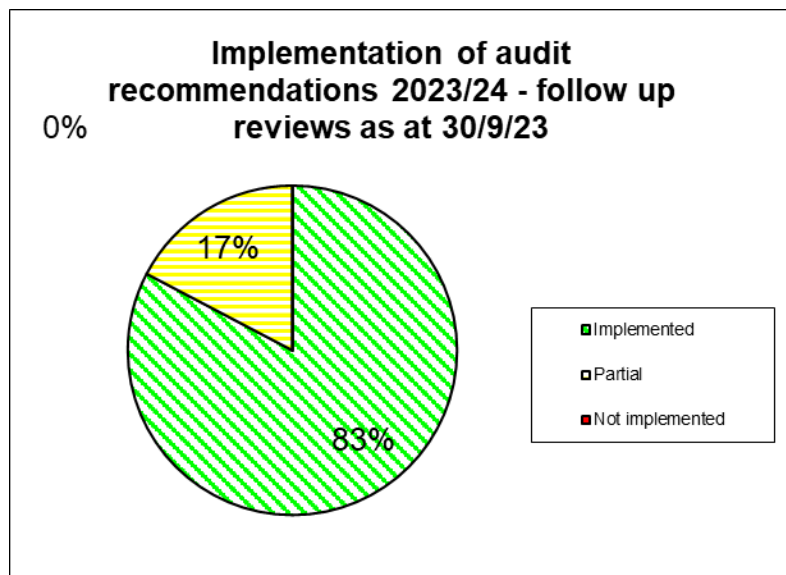
Internal audit reports are followed up to assess progress in implementing improvement actions identified through audit recommendations.

Draft reports for 2 audits which included follow up of previous recommendations were produced (See Section 5 – Accounts Payable and Purchase Cards). Details of progress made in implementing previous recommendations will be reported once the final reports have been issued and will be included in the next Audit and Assurance update for October to December 2023.

In respect of 2 school audits previously completed, the relevant schools were requested to provide an update on progress in implementing audit recommendations made. The following details were reported:

- St. Mary's CE Primary (Sale) - All of the 3 previous recommendations had been implemented.
- Stretford Grammar School - 8 of the 9 previous recommendations had been implemented with the remaining recommendation in progress.

An overall analysis of audit recommendations followed up in 2023/24 to date is shown on the following chart. This is based on follow ups during the first half of 2023/24 covering a total of 52 recommendations.



8. Performance against Audit & Assurance Annual Work Plan

Progress to date:

Appendix 1 shows a summary of work completed as at 30 September 2023 against planned in respect of the 2023/24 Operational 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 2023/24 to final or draft stage. Based on progress to date, it is expected that this target is on track to be achieved - As at the end of the 1st half of the year, a total of 16 reports (53% of the annual target) had been produced to final or draft stage (11 final audit opinion reports and 5 draft audit opinion reports).

The next update on progress against the 2023/24 Internal Plan, including reports issued, will be included in an update for Quarter 3 which will be shared with the Accounts and Audit Committee in February 2023.

9. Planned Work for October to December 2023

Areas of focus include :

- Issue of final reports for audits in progress including Accounts Payable, Purchase Cards, Children's Social Care Payments, Cleaning Services, Safety at Sports Grounds and Oldfield Brow Primary School. Issue of draft report for audit of Adults' Social Care Payments. Progress other audit reviews as listed in Appendix 1.
- Complete grant certification work in respect of the 2022/23 Disabled Facilities Grant.
- In liaison with other services, continue to co-ordinate the review of data matches from the latest National Fraud Initiative exercise.
- As part on ongoing internal audit planning, in liaison with relevant Directorates, consider timing for some of the remaining reviews in the Internal Audit Plan that have not yet commenced.
- In liaison with CLT, report on a further update of the strategic risk register with an update report due to be shared with the Accounts and Audit Committee in November 2023.

APPENDIX 1

2023/24 Operational Plan: Planned against Actual Work (as at 30 September 2023)

<u>Category</u>	<u>Planned work</u>	<u>Work completed (as at 30/9/23)</u>	<u>2023/24 IA Plan</u>
Financial Systems	<p>Completion of fundamental financial systems audit reviews</p> <p>Audit Opinion Reports planned to be issued include the following:</p> <ul style="list-style-type: none"> - Treasury Management - Adult Social Care Payments - Children’s Social Care Payments - Business Rates - Accounts Receivable/Debt Recovery - Budgetary Control - Accounts Payable - Adult Direct Payments 	<ul style="list-style-type: none"> -Final report issued 20/4/23 -In progress -Draft findings shared - - -Draft findings produced - 	<ul style="list-style-type: none"> -Completed -Draft report to be issued Q3 -Final report to be issued Q3 -Audit to commence Q3 -Audit to commence Q3 -Timing to be agreed -Final report to be issued Q3 -Follow-up of previous report in Q4.
Governance	<p>Corporate Governance / 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 providing feedback on, and input to, the content of the Final AGS issued in September 2023.</p>	<p>-Support in planning AGS process for 2023/24. Other advice as required.</p>
Corporate Risk Management	<p>Facilitating, and reviewing the effectiveness of, the maintenance 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>Audit Opinion Reports to be issued include the following:</p> <ul style="list-style-type: none"> - Corporate health and safety (Strategy and Resources/Authority-Wide) 	<p>-Facilitated strategic risk update report presented to Accounts and Audit Committee in June 2023 and commenced further update in September 2023</p> <p>(See Service Advice/Project Support below re risk management guidance)</p> <p>- Final report issued 8/6/23</p>	<p>-Further strategic risk updates to the November 2023 and March 2024 Accounts and Audit Committee.</p> <p>-Completed</p>

	- Business Continuity Follow-up review (Authority-wide)	- In progress	-Follow-up update to be obtained by Q4
Anti-Fraud and Corruption	<p>Co-ordinate the Council's activity in respect of the National Fraud Initiative (NFI) in accordance with Cabinet Office requirements. 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>-Ongoing progress in liaison with other services in relation to NFI and any associated investigation work.</p> <p>-</p>	<p>-Update on outcomes from NFI work and any associated investigations to be provided with Q3 Audit and Assurance update report.</p> <p>-Planned work to be confirmed by Q3.</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>Audit Opinion Reports to include: STAR:</p> <ul style="list-style-type: none"> - STAR billing and income collection procedures (Lead Council – Tameside Council) - Social Value (Lead: Trafford Council) - Risk Based Sourcing (Lead: Trafford Council) * <p>Other:</p> <ul style="list-style-type: none"> - Parking Enforcement - Joint Ventures (Bruntwood) 	<p>-In progress</p> <p>-</p> <p>- Advisory report with draft findings shared with STAR</p> <p>-</p> <p>-</p>	<p>-Draft report to be issued Q3</p> <p>-Rescheduled to end of Q4 at request of Service.</p> <p>-Final advisory report issued in October 2023.</p> <p>-Rescheduled to 2024/25 at request of Service.</p> <p>-Audit Planning to commence in Q3</p>
Information Governance / Information, Communications and Technology	<p>ICT and Information governance audit reviews and advice.</p> <p>Planned audit coverage is subject to review. Currently planned:</p> <ul style="list-style-type: none"> - Post implementation review of the IT Service Management application, Freshservice. - Other reviews to be added to plan later in 2023/24. (Also see below re Service Advice) 	<p>-In progress</p> <p>-</p>	<p>- Draft report to be issued Q3</p> <p>-To be agreed by Q4</p>

Schools	<p>Providing assurance on the control environment within schools, supporting schools in ensuring awareness of requirements within the DfE Schools' Financial Value Standard. Audit reviews of schools: At least 10 school audits to be undertaken during the year (Children's Services). Audits include:</p> <ul style="list-style-type: none"> - Brentwood - Broadheath Primary - Springfield Primary - Oldfield Brow Primary - Broomwood Primary - Lostock High School - St. Ann's RC Primary - Blessed Thomas Holford - Templemoor Infant - All Saints Catholic Primary <p>Follow-up of progress for school audits completed in 2022/23: Follow-up audit: -Trafford Alternative Education</p> <p>Management updates to be received from 10 schools on progress made in implementing previous recommendations.</p>	<ul style="list-style-type: none"> -Final report issued 29/9/23 -Final report issued 25/9/23 -Final report issued 4/8/23 -Draft report shared - - - - - - <p>-Final report issued 22/6/23</p> <p>-Follow-up progress updates completed for 6 schools to date (See Section 7 and previous Q1 update report)</p> <p>(Also see Service Advice/Project Support below)</p>	<p>..</p> <ul style="list-style-type: none"> -Completed -Completed -Completed -Final report to be issued Q3 -Audit to commence Q3 -Audit to commence Q3 -Audit to commence Q3 -Audit to commence Q3 -Audit to commence Q4 -Audit to commence Q4 <p>-Completed</p> <p>-Updates to be received from 4 other schools in Q3&Q4.</p>
Assurance – Other Strategic and Service 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>Audit opinion reports to include the following:</p> <ul style="list-style-type: none"> - Supporting Families (Children's Services) - Home to School Transport (Children's Services) - Adult Safeguarding (Adult Services) - Deprivation of Liberty Safeguards (Adult Services) - Safety at Sports Grounds (Place) 	<ul style="list-style-type: none"> -Final report issued 28/4/23 - - - -In progress 	<ul style="list-style-type: none"> -Completed -Timing to be agreed -Timing to be agreed -Timing to be agreed -Draft report issued Q3

	<ul style="list-style-type: none"> - Outdoor Advertising (Place) - Let Estates (Place) - Building Control (Place) - Housing Standards (Place) - Tree Unit (Place) - Licensing (Place) - Sale Waterside Arts Centre (Strategy and Resources) - Bereavement Services (Strategy and Resources) - Cleaning Services (Strategy and Resources) - Schools' Catering (Strategy and Resources) - Blue Badges (Strategy and Resources) - Recruitment Services (Strategy and Resources) <p>Other reviews planned to commence by the end of Q4 2023/24 with reports to be issued in 2024/25:</p> <ul style="list-style-type: none"> - School Places/Admissions (Children's Services) - Hayeswater Contact Centre (Children's Services) - Section 106 / Community Infrastructure Levy (Place) 	<ul style="list-style-type: none"> -Final report issued 25/5/23 -Final report issued 13/4/23 - - - - -Final report issued 24/8/23 -Final report issued 17/5/23 -Draft findings shared - - - 	<ul style="list-style-type: none"> -Completed -Completed -Timing to be agreed -Timing to be agreed -Timing to be agreed -Timing to be agreed -Completed -Completed -Final report to be issued Q3 -Audit to commence Q4 -Audit to commence Q4 -Audit to commence Q4
Grant claims checks / Data Quality	<p>Internal audit checks of grant claims / statutory returns and other checks as required.</p> <p>Audit and Assurance to be advised through the year of grant claims, review work and other returns to be checked/signed off. To include:</p> <ul style="list-style-type: none"> - Disabled Facilities Grant - Other 	<ul style="list-style-type: none"> -In progress - 	<ul style="list-style-type: none"> -Grant check/sign off completed Oct 2023. -To be advised of other returns during 2023/24.
Service Advice / Project Support	<p>General advice and guidance, both corporately and across individual service areas. Support and advice to the organisation in contributing to working groups and projects in relation to governance, risk and control issues.</p>	<p>Work undertaken up to 30/9/23:</p> <ul style="list-style-type: none"> -Cyber Security guidance issued to schools through the Trafford school's weekly newsletter in July 2023. -Risk management guidance updated on intranet in April 2023 to reflect updates to the strategic risk register reporting format. 	<ul style="list-style-type: none"> -Completed -Completed

APPENDIX 2

POINTS OF INFORMATION TO SUPPORT THE REPORT:

Audit Opinion Levels (RAG reporting) :

Opinion – General Audits

Substantial Assurance

Reasonable Assurance

Limited Assurance

Low or No Assurance

Green

Green

Amber

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.
-