



Borough of Telford and Wrekin

Audit Committee

Wednesday 29 May 2024

6.00 pm

Council Chamber, Third Floor, Southwater One, Telford TF3 4JG

Democratic Services: Jayne Clarke 01952 383205

Media Enquiries: Corporate Communications 01952 382406

Committee Members: Councillors H Morgan (Chair), S J Reynolds (Vice-Chair), P Davis, A D McClements, L Parker, T J Nelson and, W L Tomlinson

	Agenda	Page
1.0	Apologies for Absence	
2.0	Declarations of Interest	
3.0	Minutes of the Previous Meeting	3 - 6
	To confirm the minutes of the previous meeting held on 30 April 2024.	
4.0	Audit Committee Terms of Reference	7 - 12
	To review the Audit Committee Terms of Reference.	
5.0	External Audit Plan for 2023/24	13 - 40
	To receive the External Audit Plan for 2023/24 from KPMG, External Auditors.	
6.0	Annual Governance Statement	41 - 62
	To receive the Annual Governance Statement.	

7.0	Draft Statement of Accounts 2023/24	To Follow
	To receive a copy of the draft Statement of Accounts 2023/24.	
8.0	Internal Audit Annual Report 2023/24 & The Audit Committee Annual Report 2023/24 & The 2023/24 Annual Audit Plan	63 - 84
	To receive the Internal Audit Annual Report 2023/24, The Audit Committee Annual Report 2023/24 and the 2023/24 Annual Audit Plan.	
9.0	Internal Audit Activity Report	85 - 96
	To receive the Internal Audit Activity Report.	
10.0	2023/24 Information Governance & Caldicott Guardian Annual Report	97 - 108
	To receive the 2023/24 Information Governance & Caldicott Guardian Annual Report.	
11.0	2023/24 Anti-Fraud & Corruption Annual Report	109 - 122
	To receive the 2023/24 Anti-Fraud & Corruption Annual Report.	
12.0	Outline of Audit Committee Business for 2024/25	123 - 126
	To receive the outline of Audit Committee business for 2024/25.	

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AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee held on Tuesday 30 April 2024 at 6.45 pm in Council Chamber, Third Floor, Southwater One, Telford TF3 4JG

Present: Councillors A D McClements (Chair), G H Cook (Vice-Chair), S J Reynolds, P Thomas, W L Tomlinson and C R Turley

In Attendance: M Brockway (Interim Director: Finance & Human Resource), A Lowe (Director: Policy & Governance), J Clarke (Senior Democracy Officer (Democracy)), P Harris (Finance Manager - Corporate & Capital Finance) and E Rushton (Group Accountant)

Apologies: Councillors E Davies

AU38 Declarations of Interest

None.

AU39 Minutes of the Previous Meeting

RESOLVED – that the minutes of the meeting held on 31 January 2024 be confirmed and signed by the Chair.

AU40 Draft Statement of Accounts 2022/23

The Finance Manager provided Members with an update on the audit of the Council's accounts for 2022/23 and presented the Statement of Accounts for approval. The External Auditors had substantially completed the audit and delegated authority was sought to make any final changes required prior to publication. The Chief Financial Officer certified the draft statement of accounts in May 2023 in accordance with the Accounts and Audit (England) Regulations 2015 and associated Amendment regulations and had been made available for public inspection and provided to the external auditors.

The 2021/22 audit had been delayed due to a number of factors, including a sector wide technical matter relating to the reporting of infrastructure assets and the requirement to consider post-balance sheet events, such as the impact of the Pension Fund triennial evaluation and Reinforced Autoclaved Aerated Concrete (RAAC). A significant number of local audits in England were outstanding. The government, working with the Financial Reporting Council (FRC) and other system partners, were taking steps to clear the backlog and put the system on a sustainable footing moving forward. The proposed changes to the Accounts and Audit Regulations would require Category 1 authorities, like Telford & Wrekin Council, to publish audited accounts for financial years 2015/16 to 2022/23 by 30 September 2024. While unfortunately delayed, Grant Thornton had now substantially completed the audit for the 2022/23 Statement of Accounts and it was anticipated an

unqualified audit opinion would be received well ahead of the proposed backstop deadline.

A number of changes to the accounts had been identified, which have been discussed and agreed by the External Auditors and were set out in the report. The changes did not affect the outturn position or General Fund Balance which remained as reported to Cabinet on 15 June 2023.

Following approval, and any final changes required, the Statement of Accounts would be published on the Council's web site and a copy circulated to Audit Committee Members.

During the debate, some Members raised the provision for single status and the impact on general reserves and what would be the deadline for the 2023/24 accounts to be finalised.

The Finance Manager and the Interim Director: Finance & Human Resources explained that the Single Status Provision had been reclassified as a reserve due to there being no equal pay claims to date. A provision is usually included where there is certainty over liabilities due which isn't currently the case with Single Status, therefore a reserve is more appropriate. In relation to the 2023/24 Statement of Accounts, the proposed back stop date was early 2025 and the Council was in a good place with progress being discussed with KPMG the Council's new External Auditors.

Upon being put to the vote it was, unanimously:

RESOLVED – that:

- a) the 2022/23 Statement of Accounts be approved;**
- b) authority be granted to the Chair to sign the Letter of Representation; and**
- c) delegated authority be granted to the Interim Director: Finance & Human Resources, following consultation with the Chair, to make any final changes required to the Statement of Accounts prior to publication.**

Grant Thornton, External Auditors, presented the Audit Findings Report on the 2022/23 audit and financial statements.

Key findings were set out at page 3 of the report and included the reclassification of the single status provision and the reclassification of investment properties, together with some other adjustments to the financial statements. A small review of one piece of outstanding evidence was required prior to the letter of representation being signed, which was expected to confirm an unmodified set of accounts. Work had taken place on significant risks such as overriding controls, the valuation of buildings and investment properties, calculation of values and fraudulent expenditure.

Appendix B to the External Audit Findings Report set out an action plan in relation to NNDR and Council Tax debtor and creditor balances. Information regarding the Triennial Pension Liability was also set out in the report. Three recommendations had been made in year which would enable the audit to be more efficient. It was recommended that the Council review the assets in their ownership in relation to depreciation and any disposals of assets that had taken place.

It was noted that the Letter of Representation had been signed by the Chair during the meeting.

Recommendations were currently in progress in relation to the MRP and updated regulations which would come into force from 2024/2025 which the Council would review. At page 5 of the Annual Auditors Report and line with the Audit Office Code of Practice, it was considered that the Council had put in proper arrangements in relation to economy, efficiency and effectiveness and no significant improvements had been identified.

The report had a combined commentary for both the 2021/22 and 2022/23 audits which brought fully up to the date the Council's Audit cycle. There were no significant weaknesses to report.

The External Auditors noted that there was good risk management in place together with effective management. One improvement had been raised against the internal audit plan although this was now achieving a delivery target of 82%. There had been a proactive and robust response to the CSE Inquiry and appropriate steps were being taken to embed the changes into the Council's ways of working. During the reporting period the Council had received an award from the Municipal Journal. The report looked at the financial stability and the Council had demonstrated sound financial stability which included sound financial planning and achieving savings targets and a balanced budget. Appropriate arrangements were in place and no recommendations had been raised.

Challenges for the 2024/25 budget would be the increase in Council Tax to support adult social care and Children's Safeguarding services and pressures across the whole sector. Savings plans needed to be put in place in order not to use an unsustainable level of reserves. Savings of £32.2m would be required up to March 2028. The auditors had not identified any issues with the Council's arrangements for securing financial sustainability.

The Chair was pleased with the feedback and was satisfied that the Council had good sound financial management. She thanked Officers for their hard work and gave her thanks to Grant Thornton, External Auditors.

The meeting ended at 7.26 pm

Chairman:

Date: Wednesday 29 May 2024



Telford & Wrekin
Co-operative Council

Protect, care and invest
to create a better borough

Borough of Telford and Wrekin

Audit Committee

Wednesday 29 May 2024

Audit Committee Terms of Reference

Cabinet Member:	Cllr Nathan England - Cabinet Member: Finance, Customer Services & Governance	
Lead Director:	Anthea Lowe - Director: Policy & Governance	
Service Area:	Policy & Governance	
Report Author:	Robert Montgomery – Audit & Governance Lead Manager Tracey Drummond – Principal Auditor	
Officer Contact Details:	Tel:	Email:
	01952 383105	tracey.drummond@telford.gov.uk,
	01952 383103	robert.montgomery@telford.gov.uk
Wards Affected:	All Wards	
Key Decision:	Not Key Decision	
Forward Plan:	Not Applicable	
Report considered by:	Senior Management Team – 14 May 2024 Audit Committee – 29 May 2024	

1.0 Recommendations for decision/noting:

It is recommended that the Audit Committee:

- 1.1 Note and recommend the terms of reference attached as Appendix 1 to be adopted by the Council at their July 2024 meeting.

2.0 Purpose of Report

- 2.1 The purpose of this report is to provide members with the Audit Committee terms of reference for 2024/25 and seek their recommendation that the terms of reference are adopted by the Council at their July 2024 meeting.

3.0 Background

- 3.1 There is a requirement in the Constitution for all Committees to annually review their terms of reference at their first meeting following Annual Council.
- 3.2 The Audit Committee terms of reference reflect the requirements of the Council under the Local Audit & Accountability Act 2014 in respect to the appointment of External Auditors.

4.0 Summary of main proposals

- 4.1 It is proposed that members of the Audit Committee recommend the adoption of the Audit Committee terms of reference by Council in the May 2024 meeting.

5.0 Alternative Options

- 5.1 There are no options relating to this report.

6.0 Key Risks

- 6.1 The risks and opportunities in respect to this report will be appropriately identified and managed.

7.0 Council Priorities

- 7.1 The report supports the Council's values that are embedded in the delivery of all of the Councils' priorities.

8.0 Financial Implications

- 8.1 Good governance processes support value for money in ensuring economy, efficient and effectiveness in the Council's decision making and processes.

9.0 Legal and HR Implications

- 9.1 The requirement for Terms of Reference for Council Committees is set out within the Council's Constitution. The Constitution also requires terms of reference to be reviewed on an annual basis.

10.0 Ward Implications

- 10.1 The work of the Audit Committee encompasses all the Council's activities across the Borough and therefore it operates within all Council Wards detailed in the Parish Charter.

11.0 Health, Social and Economic Implications

- 11.1 There are no health, social or economic implications directly arising from this report.

12.0 Equality and Diversity Implications

12.1 Transparency supports equalities and demonstrates the Council's commitment to be open and fair.

13.0 Climate Change and Environmental Implications

13.1 There are no direct climate change and environmental implications arising from this report.

14.0 Background Papers

- 1 Public Sector Internal Audit Standards
- 2 CIPFA Local Government Application Note – April 2013

15.0 Appendices

- A Audit Committee Terms of Reference

16.0 Report Sign Off

Signed off by	Date sent	Date signed off	Initials
Finance	03/05/2024	08/05/2024	AEM
Legal	03/05/2024	15/05/2024	SH

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Audit Committee Terms of Reference

The Committee has the responsibility on behalf of the Council for the overseeing of the Council's audit, governance (including risk management) and financial processes.

Delegated matters (i.e. Matters which can be decided (resolved))

- 1 The approval (but not direction) of, and monitoring of progress against, the Internal Audit Charter and annual plan
- 2 Review summary internal audit reports and the main issues arising and seek assurance that action has been taken where necessary
- 3 To be able to call senior officers and appropriate members to account for relevant issues within the remit of the Committee – governance (including information governance), internal audit, risk management, statement of accounts and external audit.
- 4 The Committee will not receive detailed information on investigations relating to individuals. The general governance principles and control issues may be discussed, in confidential session if applicable, at an appropriate time, to protect the identity of individuals and so as not to prejudice any action being taken by the Council.
- 5 External Auditors:
 - a) Recommend the appointment of the External Auditors to the Council
 - b) Review and agree the External Auditors annual plan, including the annual audit fee
 - c) Receive regular update reports on progress and other reports of the External Auditor
 - d) Meet privately with the External Auditor as required
 - e) Ensure that there are effective relationships between external and internal audit so that the value of the combined internal and external audit process is maximised
- 6 Consider the effectiveness of the Council's governance processes and their compliance with legislation and best practice including:
 - a) The Council's Code of Corporate Governance
 - b) The Council's Information Security Framework
 - c) The Council's Risk Management Framework
 - d) Receipt of the Caldicott Guardian's Annual Report
 - e) Oversight of commercial projects
 - f) The management of opportunities and risks
 - g) Other corporate governance arrangements
- 7 Be responsible for the review and approval of the authority's Annual Governance Statement ensuring that it properly reflects the governance, control and risk environment and any actions required to improve it. Following approval, it should accompany the accounts.
- 8 To review and monitor the Council's Treasury Management arrangements including treasury policies, procedures and the management of the associated risks and make recommendations to Cabinet as appropriate.
- 9 Review and approve the Statement of Accounts, External Auditor's opinion and reports on them to members and monitor management action in response to the issues raised by External Audit.
- 10 To approve the Anti-Fraud and Corruption Policy and to recommend its adoption by the Council, and to monitor its operation. The policy will be reviewed at least once every two years.
- 11 To approve the Speak Up Policy ('whistle blowing') and to recommend its adoption by the Council, and to monitor its operation. This policy will be reviewed at least once every two years.

- 12 Recognising that complaints/compliments are a Cabinet function, the Committee should review the Annual Complaints Report and seek assurances that the Council is improving in response to complaints raised. This should include maintaining an overview of the Local Government Ombudsman (LGO) investigations including the review of the LGO Annual Letter.
- 13 The Audit Committee will seek assurance from officers in respect to the governance arrangements for partnership working.
- 14 The Audit Committee will seek assurance from officers in respect to the governance arrangements of the Council's climate change measures.
- 15 The meetings will follow the principles of scrutiny, i.e. no party whip will be applied and a constructive, evidence based approach will be used.
- 16 To ensure that adequate training is received by the members of the committee on the areas covered by these terms of reference.
- 17 To ensure that any sensitive or confidential information obtained as a result of membership of the committee is treated as confidential.
- 18 Annually review their effectiveness and their terms of reference.

Telford and Wrekin Council

Report to the Audit Committee-

DRAFT

Preliminary Audit Strategy for the year ending 31
March 2024

May 2024

Introduction

To the Audit Committee of Telford and Wrekin Council

We are pleased to have the opportunity to meet with you on 29th May 2024 to discuss our audit of the consolidated financial statements of Telford and Wrekin Council for the year ending 31st March 2024.

We have been appointed as your auditors by Public Sector Audit Appointments Ltd. The audit is governed by the provisions of the Local Audit and Accountability Act 2014 and in compliance with the NAO Code of Audit Practice. The NAO is consulting on a new Code of Audit Practice for 2023/24, therefore this plan will remain draft until the finalisation of that Code.

This report outlines our risk assessment and planned audit approach. Our planning activities are still ongoing and we are providing this document to provide timely information on our planned audit approach. This will be revisited once we are able to complete our risk assessment. We note that an audit opinion has recently been expressed on the prior period, and we are in the process of arranging a file review of the predecessor auditor's audit files as part of our ongoing risk assessment. We provide this report to you in advance of the meeting to allow you sufficient time to consider the key matters and formulate your questions.

Contents	Page
Overview of planned scope including materiality	3-4
Significant risks and Other audit risks	5-6
Audit Risks and our audit approach	7-11
Mandatory communications	12-13
Value for Money	14-16
Appendix	17-28

The engagement team

Andrew Cardoza, FPCFA is the engagement director on the audit. He has 25 years of industry experience.

Andrew Cardoza shall lead the engagement and is responsible for the audit opinion.

Other key members of the engagement team include Liz Gardner, Senior Manager with 8 years of experience, Arpit Sarraf, Manager with 10 years of experience and Alison Tipping, Incharge with 5 years of experience.

Yours sincerely,



Andrew Cardoza,

Director - KPMG LLP

May 2024

How we deliver audit quality

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion. We consider risks to the quality of our audit in our engagement risk assessment and planning discussions.

We define 'audit quality' as being the outcome when audits are:

- Executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality controls and
- All of our related activities are undertaken in an environment of the utmost level of objectivity, independence, ethics and integrity.

We depend on well planned timing of our audit work to avoid compromising the quality of the audit. This is also heavily dependent on receiving information from management and those charged with governance in a timely manner. The audit undertaken in the current year is dependent on the finalisation of the previous auditor's work over historical financial statements. We aim to complete all audit work no later than 2 days before audit signing. As you are aware, we will not issue our audit opinion until we have completed all relevant procedures, including audit documentation.

Restrictions on distribution

This report is intended solely for the information of those charged with governance of Telford and Wrekin Council and the report is provided on the basis that it should not be distributed to other parties; that it will not be quoted or referred to, in whole or in part, without our prior written consent; and that we accept no responsibility to any third party in relation to it.

Overview of planned scope including materiality

Our materiality levels

We determined materiality for the consolidated financial statements at a level which could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. We used a benchmark of expenditure which we consider to be appropriate given the sector in which the entity operates, its ownership and financing structure, and the focus of users.

We considered qualitative factors such as stability of legislation, lack of shareholders, and public scrutiny when determining materiality for the financial statements as a whole.

To respond to aggregation risk from individually immaterial misstatements, we design our procedures to detect misstatements at a lower level of materiality 6.89m / 65% of materiality driven by our expectations of normal level of undetected or uncorrected misstatements in the period. We also adjust this level further downwards for items that may be of specific interest to users for qualitative reasons.

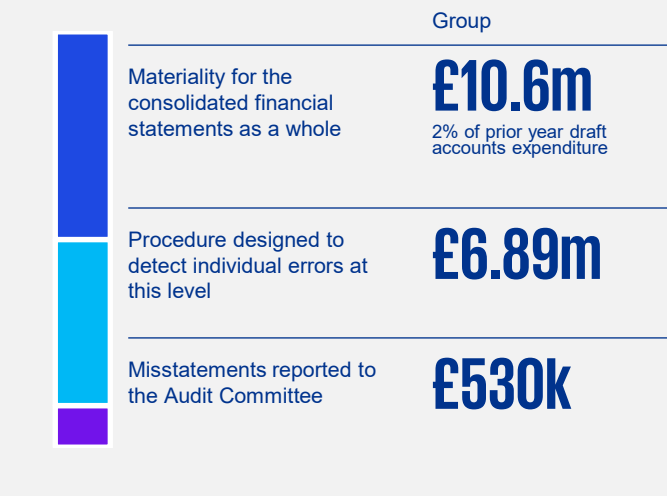
We will report misstatements to the audit committee including:

- Corrected and uncorrected audit misstatements above £530k.
- Errors and omissions in disclosure (Corrected and uncorrected) and the effect that they, individually in aggregate, may have on our opinion.
- Other misstatements we include due to the nature of the item.

File review

We will undertake an appropriate prior year file review now that the previous auditors have completed the 2022/23 audit. Depending on their results, this may have an impact on the percentage used to calculate our performance materiality.

Group Materiality



Parent Materiality (T&W Council only) £10.5m
2% of T&W Council prior year draft accounts expenditure £514.4m
Performance materiality: £6.82m
Misstatement reporting threshold: £525k

Overview of planned scope including materiality (cont.)

Timing of our audit and communications

We will maintain communication led by the engagement partner and senior manager throughout the audit. We set out below the form, timing and general content of our planned communications:

- Kick-off meeting with management in March 2024 where we outline our audit approach to planning and risk assessment and discuss management's progress in key areas;
- Due to the work of previous auditors only recently being completed, we will be communicating dates for audit completion at a future Committee.;
- Audit Committee meeting where we present our final audit plan;
- Status meetings with management in between July and September 2024 where we communicate progress on the audit plan, any misstatements, control deficiencies and significant issues;
- Closing meeting with management in September 2024 where we discuss the auditor's report and any outstanding deliverables;
- Audit Committee meeting in the Autumn where we communicate audit misstatements and significant control deficiencies; and
- Biannual private meetings can also be arranged with the Committee chair if there is interest.

Given the large amount of consultation happening in regard to the scope and timing of local government audit this audit schedule may be subject to change.

Using the work of others and areas requiring specialised skill

We outline below where, in our planned audit response to audit risks, we expect to use the work of others such as Internal Audit or require specialised skill/knowledge to perform planned audit procedures and evaluate results.

Others	Extent of planned involvement or use of work
Internal Audit	We will review the work of internal audit as part of our risk assessment procedures but will not place reliance on their work.
KPMG IT Audit	We will use our IT Audit team to understand how the Council uses IT in financial reporting, and the key processes and governance in place over those IT systems.
KPMG Real Estate Valuation Expert	We will consider the need to involve the KPMG real estate valuation team to assess the assumptions underpinning particular balances in the Council's year end land & buildings and investment property valuation.
KPMG Pensions Centre of Excellence	The pensions audit team will perform all planning, risk assessment and substantive procedures over the LGPS account balances. KPMG actuary will review and assess the underlying assumptions within the entity's year-end actuarial report.

Significant risks and Other audit risks

Our risk assessment draws upon our understanding of the applicable financial reporting framework, knowledge of the business, the sector and the wider economic environment in which Telford and Wrekin operates.

We also use our regular meetings with senior management to update our understanding and take input from sector and internal audit reports.

There may be instances where risks may change or new risks may emerge and we will therefore keep our risk assessment under review as the audit progresses. Where such items are identified we will amend our audit approach accordingly and communicate this to the Audit Committee.

Value for money

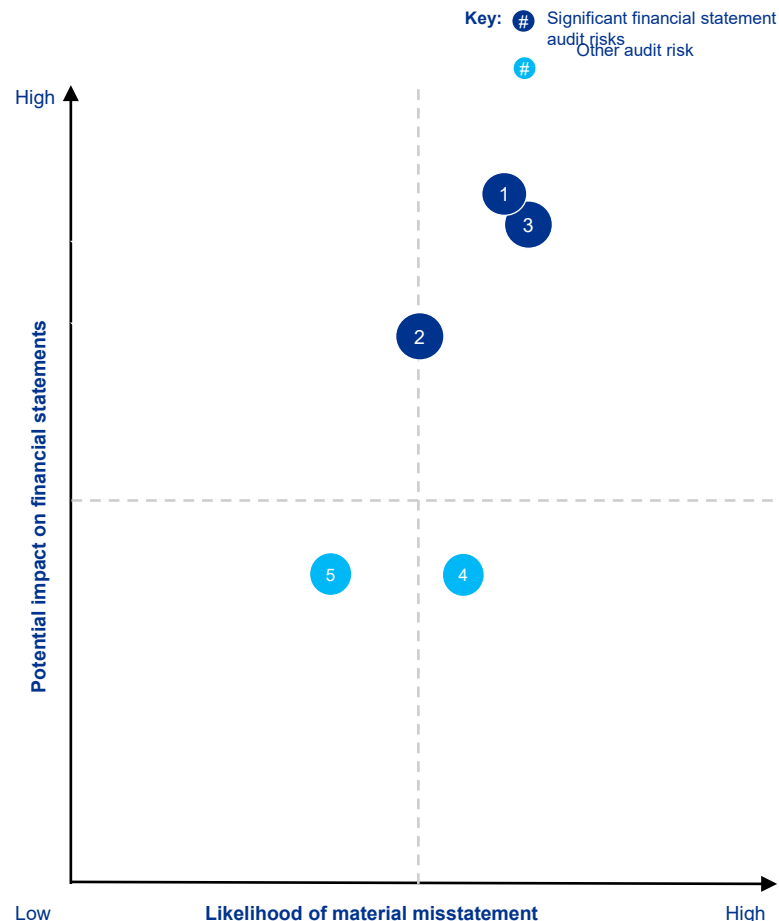
We are required to provide commentary on the arrangements in place for ensuring Value for Money is achieved at the Council and report on this via our Auditor's Annual Report. This will be published on the Council's website and include a commentary on our view of the appropriateness of the Council's arrangements against each of the three specified domains of Value for Money: financial sustainability; governance; and improving economy, efficiency and effectiveness.

Significant risks

1. Valuation of land and buildings
2. Management override of controls
3. Valuation of post retirement benefit obligations

Other audit risks

4. Expenditure recognition
5. Revenue Recognition - rebutted



Subsidiary audit

Page 18

Entity	Reporting framework	Component Materiality	Significant risks
<p>Nuplace Limited</p>	<p>This subsidiary is prepared in accordance with FRS102 under Companies Act 2006 and is audited by Dyke Yaxley.</p>	<p>TBC</p>	<p>Although Nuplace Limited is not a financially significant component for the Group, given the size of the Investment Property balance in the company, and the fact that Valuation of Land and Building (including Nuplace Investment property) is a significant risk for the Group, Nuplace Limited is significant due to risk.</p> <p>We will therefore send Group Instructions to Dyke Yaxley asking them to complete specified audit procedures on the Investment Property balance.</p> <p>We are still working through our scoping decisions and will update the audit committee if there are any significant changes.</p>

Audit risks and our audit approach (cont.)

1

Valuation of land and buildings

The carrying amount of revalued Land & Buildings differs materially from the fair value



Significant audit risk

- The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate current value at that date. The Authority has adopted a rolling revaluation model which sees all land and buildings revalued over a five year cycle. As a result of this, however, individual assets may not be revalued.
- This creates a risk that the carrying value of assets not revalued in year differs materially from the year end current value.
- A further risk is presented for those assets that are revalued in the year, which involves significant judgement and estimation on behalf of the engaged valuer.



Planned response

We will perform the following procedures designed to specifically address the significant risk associated with the valuation:

- We will critically assess the independence, objectivity and expertise of the Council's internal valuers used in developing the valuation of the Council's properties at 31 March 2024;
- We will inspect the instructions issued to the valuers for the valuation of land and buildings to verify they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code.
- We will compare the accuracy of the data provided to the valuers for the development of the valuation to underlying information;
- We will evaluate the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used;
- We will challenge the appropriateness of the valuation of land and buildings; including any material movements from the previous revaluations. We will challenge key assumptions within the valuation as part of our judgement;
- We will agree the calculations performed of the movements in value of land and buildings and verify that these have been accurately accounted for in line with the requirements of the CIPFA Code;
- We will consider the need to use our own valuation specialists to review the valuation report prepared by the Council's valuers to confirm the appropriateness of the methodology utilised, including the reclassification of investment property in 2022/23;
- We will consider if any impairment is required in relation to the assets not revalued in year, and assess if their valuation remains appropriate for 2023/24;
- We will evaluate management's assessment of the fair value of the non-revalued assets in the year; and
- Disclosures: We will consider the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

Audit risks and our audit approach (cont.)

2

Management override of controls (a)

Fraud risk related to unpredictable way management override of controls may occur



Significant audit risk

- Professional standards require us to communicate the fraud risk from management override of controls as significant.
- Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
- We have not identified any specific additional risks of management override relating to this audit.

Note: (a) Significant risk that professional standards require us to assess in all cases.



Planned response

Our audit methodology incorporates the risk of management override as a default significant risk.

- Assess accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias.
- Evaluate the selection and application of accounting policies.
- In line with our methodology, evaluate the design and implementation of controls over journal entries and post closing adjustments.
- Assess the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.
- Assess the business rationale and the appropriateness of the accounting for significant transactions that are outside the component's normal course of business, or are otherwise unusual.
- We will analyse all journals through the year using data and analytics and focus our testing on those with a higher risk, such as unusual combinations.
- We will evaluate the controls in place for the identification of related party relationships and test the completeness of the related parties identified. We will verify that these have been appropriately disclosed within the financial statements.

Audit risks and our audit approach (cont.)

3

Valuation of post retirement benefit obligations

An inappropriate amount is estimated and recorded for the defined benefit obligation



Significant audit risk

- The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates could have a significant impact on the Council's pension liability.
- The effect of these matters is that, as part of our risk assessment, we determined that post retirement benefits obligation has a high degree of estimation uncertainty. The financial statements disclose the assumptions used by the Council in completing the year end valuation of the pension deficit and the year on year movements.
- We have identified this in relation to the Local Government Pension Scheme participation.



Planned response

We will perform the following procedures:

- Understand the processes the Council has in place to set the assumptions used in the valuation;
- Evaluate the competency, objectivity of the actuaries to confirm their qualifications and the basis for their calculations;
- Perform inquiries of the accounting actuaries to assess the methodology and key assumptions made, including actual figures where estimates have been used by the actuaries, such as the rate of return on pension fund assets;
- Agree the data provided by the audited entity to the Scheme Administrator for use within the calculation of the scheme valuation;
- Evaluate the design and implementation of controls in place for the Council to determine the appropriateness of the assumptions used by the actuaries in valuing the liability;
- Challenge, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data;
- Confirm that the accounting treatment and entries applied by the Council are in line with IFRS and the CIPFA Code of Practice;
- Consider the adequacy of the Council's disclosures in respect of the sensitivity of the deficit to these assumptions; and
- Assess the impact of special events, if any.

Audit risks and our audit approach (cont.)

4

Expenditure recognition

An inappropriate amount is recorded for expenditure



Other audit risk

- Practice Note 10 states that the risk of material misstatement due to fraudulent financial reporting may arise from the manipulation of expenditure recognition is required to be considered.
- Having considered the risk factors relevant to the Council and the nature of expenditure within the Council, we have determined that there is a potential significant risk relating to expenditure recognition, in relation to manual accruals.
- Our risk assessment work on this area is progressed but still to be finalised before we conclude if there is a significant risk in relation to expenditure. We will update the Audit Committee when we have reached a conclusion.



Planned response

We will perform the following procedures:

- Complete our risk assessment to determine whether there is a significant risk over specific expenditure streams, likely in relation to completeness and accuracy;
- The conclusion of our risk assessment will impact the level of inherent risk we associate with expenditure balance, and therefore the level of work and sampling that we undertake on the following procedures:
 - We will inspect a sample of expenditure invoices posted in the period after 31 March 2024 to determine whether expenditure has been recognised in the correct accounting period and whether accruals are complete;
 - We will inspect a sample of cash payments made in the period after 31 March 2024 to determine whether expenditure has been recognised in the correct accounting period and whether accruals are complete;
 - We will select a sample of year end accruals which meet our risk criteria and inspect supporting evidence in order to assess whether the accruals are accurately recorded.

Audit risks and our audit approach

5. Revenue – Rebuttal of Significant Risk

Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk. Due to the nature of the revenue within the sector we have rebutted this significant risk but we do still consider a low risk of material misstatement and test accordingly. We have set out the rationale for the rebuttal of key types of income in the table below.

Description of Income	Nature of Income	Rationale for Rebuttal
Council tax	This is the income received from local residents paid in accordance with an annual bill based on the banding of the property concerned.	The income is highly predictable and is broadly known at the beginning of the year, due to the number of properties in the area and the fixed price that is approved annually based on a band D property: there is limited opportunity for management to be able to manipulate the balance for there to be a material error in the population.
Business rates	Revenue received from local businesses paid in accordance with an annual demand based on the rateable value of the business concerned.	The income is highly predictable and is broadly known at the beginning of the year, due to the number of businesses in the area and the fixed amount that is approved annually: there is limited opportunity for management to be able to manipulate the balance for there to be a material error in the population.
Fees and charges	Revenue recognised from receipt of fixed fee services, in line with the fees and charges schedules agreed and approved annually.	The income stream represents high volume, low value sales, with simple recognition. Fees and charges values are agreed annually. We do not deem there to be any incentive or opportunity to manipulate the income. Additionally, it would take a large proportion of the transactions to have an error for there to be a material misstatement.
Grant income	Predictable income receipted primarily from central government, including for housing benefits.	Grant income at a local authority typically involves a small number of high value items and an immaterial residual population. These high value items frequently have simple recognition criteria and can be traced easily to third party documentation, most often from central government source data. There is limited incentive or opportunity to manipulate these figures. Additionally, it would take a large proportion of the transactions to have an error for there to be a material misstatement.

Mandatory communications - additional reporting

Going concern


Under NAO guidance, including Practice Note 10 - A local authority's financial statements shall be prepared on a going concern basis; this is, the accounts should be prepared on the assumption that the functions of the authority will continue in operational existence for the foreseeable future. Transfers of services under combinations of public sector bodies (such as local government reorganization) do not negate the presumption of going concern.

However, financial sustainability is a core area of focus for our Value for Money opinion.






Additional reporting

Your audit is undertaken to comply with the Local Audit and Accountability Act 2014 which gives the NAO the responsibility to prepare an Audit Code (the Code), which places responsibilities in addition to those derived from audit standards on us. We also have responsibilities which come specifically from acting as a component auditor to the NAO. In considering these matters at the planning stage we indicate whether:

Page 24

Work is completed throughout our audit and we can confirm the matters are progressing satisfactorily 	We have identified issues that we may need to report 	Work is completed at a later stage of our audit so we have nothing to report 
--	--	--

We have summarised the status of all these various requirements at the time of planning our audit below and will update you as our work progresses:

Type	Status	Response
Our declaration of independence		No matters to report. The engagement team and others in the firm, as appropriate, have complied with relevant ethical requirements regarding independence.
Issue a report in the public interest		We are required to consider if we should issue a public interest report on any matters which come to our attention during the audit. We have not identified any such matters to date.
Provide a statement to the NAO on your consolidation schedule		This "Whole of Government Accounts" requirement is fulfilled when we complete any work required of us by the NAO to assist their audit of the consolidated accounts of DLUHC.
Provide a summary of risks of significant weakness in arrangements to provide value for money		We are required to report significant weaknesses in arrangements. Work to be completed at a later stage.
Certify the audit as complete		We are required to certify the audit as complete when we have fulfilled all of our responsibilities relating to the accounts and use of resources as well as those other matters highlighted above.

Mandatory communications

Type	Statements
Management’s responsibilities (and, where appropriate, those charged with governance)	<p>Prepare financial statements in accordance with the applicable financial reporting framework that are free from material misstatement, whether due to fraud or error.</p> <p>Provide the auditor with access to all information relevant to the preparation of the financial statements, additional information requested and unrestricted access to persons within the entity.</p>
Auditor’s responsibilities	<p>Our responsibilities set out through the NAO Code (communicated to you by the PSAA) and can be also found on their website, which include our responsibilities to form and express an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.</p>
Auditor’s responsibilities – Fraud	<p>This report communicates how we plan to identify, assess and obtain sufficient appropriate evidence regarding the risks of material misstatement of the financial statements due to fraud and to implement appropriate responses to fraud or suspected fraud identified during the audit.</p>
Auditor’s responsibilities – Other information	<p>Our responsibilities are communicated to you by the PSAA and can be also found on their website, which communicates our responsibilities with respect to other information in documents containing audited financial statements. We will report to you on material inconsistencies and misstatements in other information.</p>
Independence	<p>Our independence confirmation at page 21 discloses matters relating to our independence and objectivity including any relationships that may bear on the firm’s independence and the integrity and objectivity of the audit engagement partner and audit staff.</p>

Telford and Wrekin Council

Value for money risk assessment - **DRAFT**

Our approach

Year ended 31 March 2024

March 2024

Value for money

For 2023/24 our value for money reporting requirements have been designed to follow the guidance in the Audit Code of Practice.

Our responsibility is to conclude on significant weaknesses in value for money arrangements.

The main output is a narrative on each of the three domains, summarising the work performed, any significant weaknesses and any recommendations for improvement.

We have set out the key methodology and reporting requirements on this slide and provided an overview of the process and reporting on the following page.

Risk assessment processes

Our responsibility is to assess whether there are any significant weaknesses in the Council's arrangements to secure value for money. Our risk assessment will consider whether there are any significant risks that the Council does not have appropriate arrangements in place.

In undertaking our risk assessment we will be required to obtain an understanding of the key processes the Council has in place to ensure this, including financial management, risk management and partnership working arrangements. We will complete this through review of the Council's documentation in these areas and performing inquiries of management as well as reviewing reports, such as internal audit assessments.

Reporting

Our approach to value for money reporting aligns to the NAO guidance and includes:

- A summary of our commentary on the arrangements in place against each of the three value for money criteria, setting out our view of the arrangements in place compared to industry standards;
- A summary of any further work undertaken against identified significant risks and the findings from this work; and
- Recommendations raised as a result of any significant weaknesses identified and follow up of your previous auditor's recommendations.

The Council will be required to publish the commentary on its website at the same time as publishing its annual report online.

Financial sustainability

How the body manages its resources to ensure it can continue to deliver its services.

Governance

How the body ensures that it makes informed decisions and properly manages its risks.

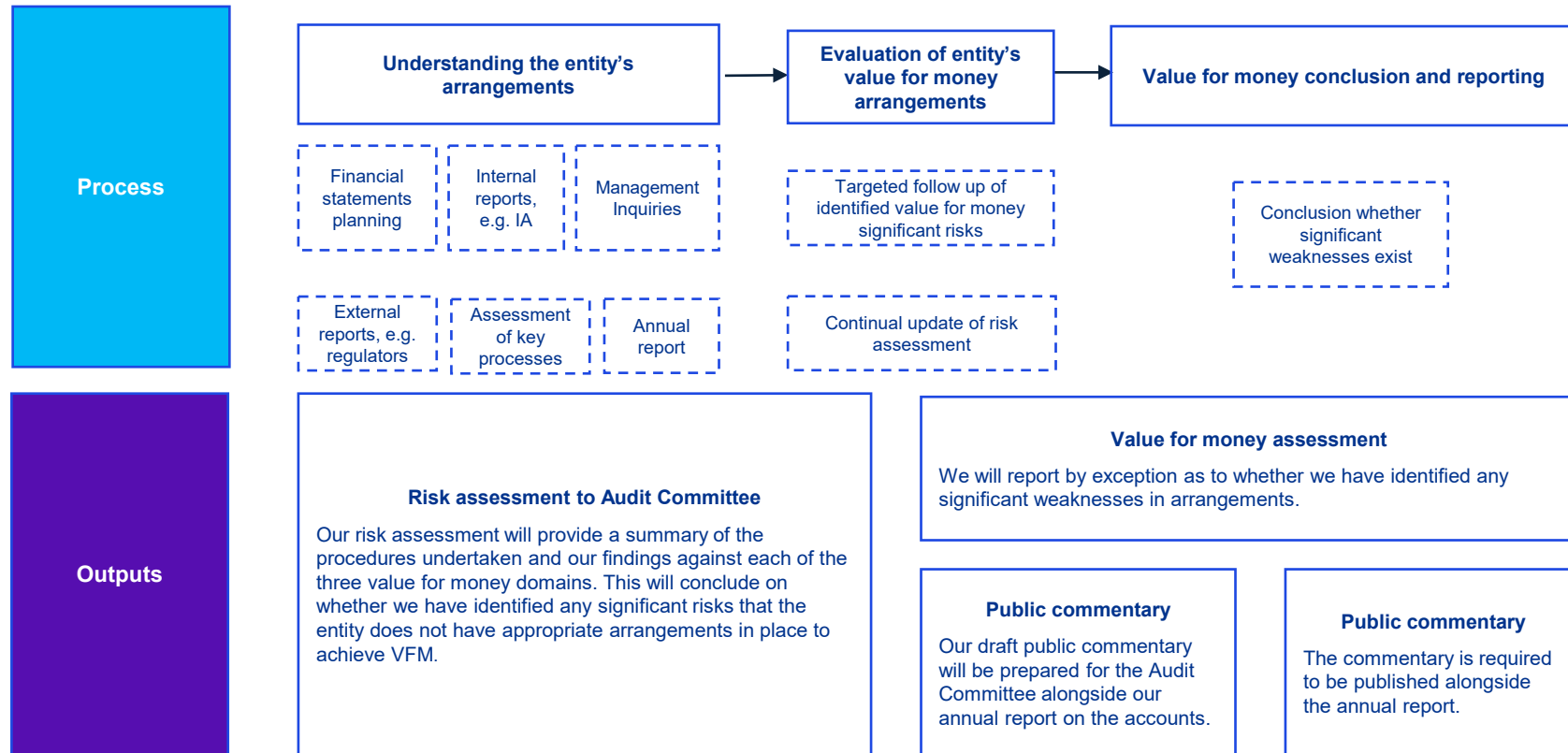
Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.

Value for money

Approach we take to completing our work to form and report our conclusion:

Page 28



We will report the outcome of our VFM risk assessment in due course.

Appendix

	Page
A Audit team	18
B Audit cycle & timetable	19
C Fees	20
D Confirmation of independence	21-22
E KPMG's Audit quality framework	23
F ISA (UK) 315 Revised: Overview	24
G ISA (UK) 240 Revised: Summary of key changes	25
H FRC's Areas of Focus	26

Audit team and rotation

Your audit team has been drawn from our specialist local government audit department and is led by key members of staff who will be supported by auditors and specialists as necessary to complete our work. We also ensure that we consider rotation of your audit partner and firm.

Page 30

	<p>Andrew Cardoza is the director responsible for our audit. They will lead our audit work, attend the Audit Committee and be responsible for the opinions that we issue.</p>		<p>Liz Gardiner is the senior manager responsible for our audit. They will manage the audit, attend the Audit Committee and ensure we are co-ordinated across our accounts and Value for Money work.</p>		<p>Alison Teppin is the in-charge responsible for our. They will be responsible for our on-site fieldwork. She will complete work on more complex sections of the audit and oversee the work of our audit assistants.</p>
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In addition our KPMG team in the UK is supported by colleagues from India – namely: Arpit Sarraf – Manager

To comply with professional standard we need to ensure that you appropriately rotate your external audit partner. There are no other members of your team which we will need to consider this requirement for:



This will be director's first year as your engagement lead. They are required to rotate every five years, extendable to seven with PSAA approval.

Audit cycle & timetable

Our schedule 2023 – 2024

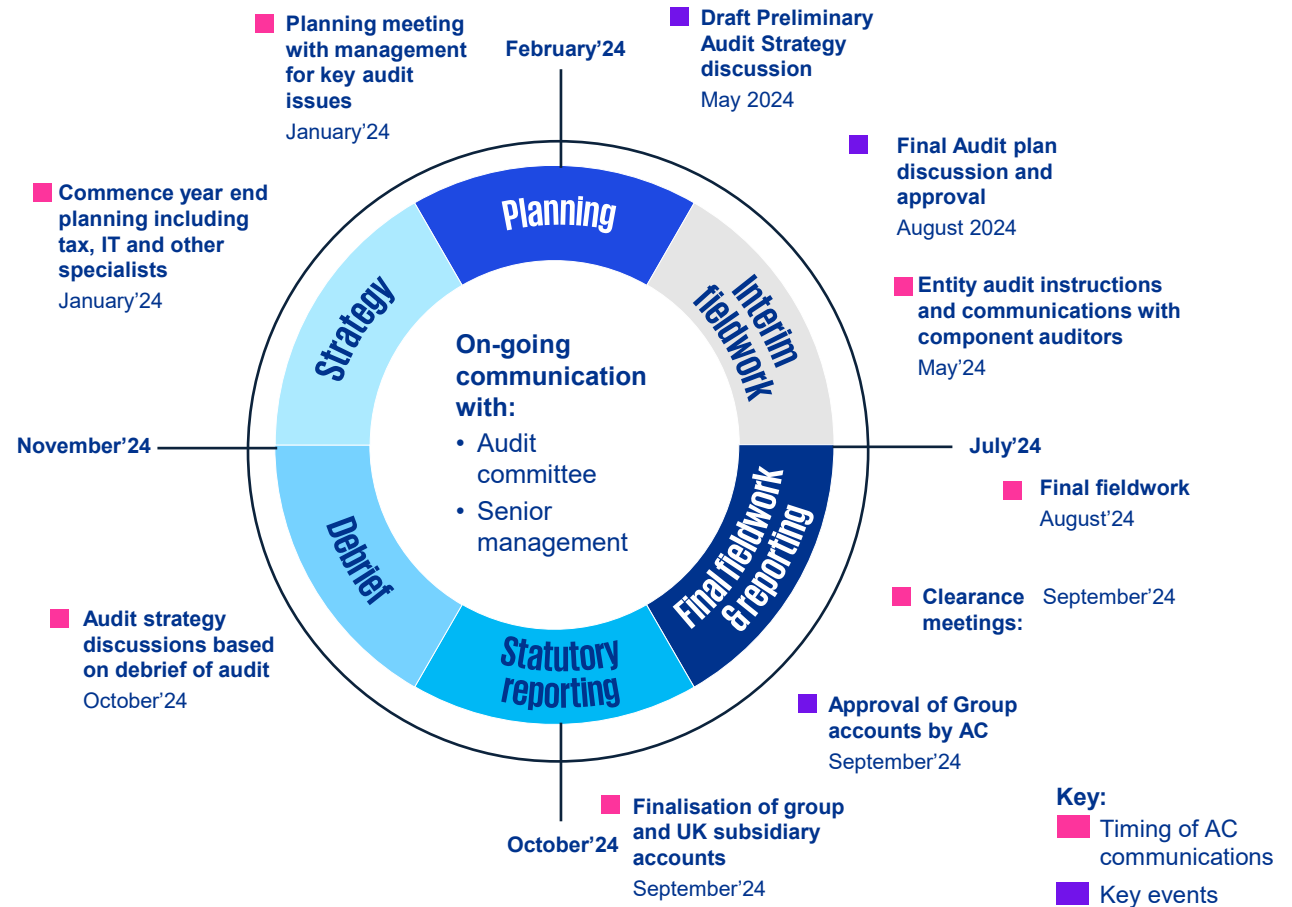
We have worked with management to generate our understanding of the processes and controls in place at the Council in its preparation of the Statement of Accounts.

We have agreed with management an audit cycle and timetable that reflects our aim to sign our audit report by December 2024.

This being the first year of KPMG as auditor we have undertaken greater activities to understand the Council at the planning stage. This level of input may not be required in future years and may change our audit timings.

Given the large amount of consultation happening in regard to the scope and timing of local government this audit **schedule may be subject to change**.

Page 31



Fees

Audit fee

Our fees for the year ending 31 March 2024 are set out in the PSAA Scale Fees communication and are shown below.

Entity	2023/24 (£'000)	2022/23 (£000)
Statutory audit	311	104
ISA315r	TBC	-
ISA240	TBC	-
TOTAL	311	104

As per PSAA's Scale Fees Consultation, the fees do not include new requirements of ISA315 revised (risk of material misstatement); or ISA 240 (auditor's responsibilities relating to fraud. The fees also assume no significant risks are identified as part of the Value for Money risk assessment. Additional fees in relation to these areas will be subject to the fees variation process as outlined by the PSAA.

Billing arrangements

Fees will be billed in accordance with the milestone completion phasing that has been communicated by the PSAA.

Basis of fee information

Our fees are subject to the following assumptions:

- The entity's audit evidence files are completed to an appropriate standard (we will liaise with you separately on this);
- Draft statutory accounts are presented to us for audit;
- Supporting schedules to figures in the accounts are supplied;
- The entity's audit evidence files are completed to an appropriate standard (we will liaise with management separately on this);
- A trial balance together with reconciled control accounts are presented to us;
- All deadlines agreed with us are met;
- We find no weaknesses in controls that cause us to significantly extend procedures beyond those planned;
- Management will be available to us as necessary throughout the audit process; and
- There will be no changes in deadlines or reporting requirements.

We will provide a list of schedules to be prepared by management stating the due dates together with pro-formas as necessary.

Our ability to deliver the services outlined to the agreed timetable and fee will depend on these schedules being available on the due dates in the agreed form and content.

Any variations to the above plan will be subject to the PSAA fee variation process.

Confirmation of Independence

We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the Partner and audit staff is not impaired.

To the Audit and Risk Committee members

Assessment of our objectivity and independence as auditor of Telford and Wrekin Council

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners/directors and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings.

Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values.
- Communications.
- Internal accountability.
- Risk management.
- Independent reviews.

We are satisfied that our general procedures support our independence and objectivity except for those detailed below where additional safeguards are in place.

Independence and objectivity considerations relating to the provision of non-audit services

Summary of non-audit services

There are no non-audit services applicable.

Confirmation of Independence (cont.)

Summary of fees

We have considered the fees charged by us to the Group and its affiliates for professional services provided by us during the reporting period.

Fee ratio

The ratio of non-audit fees to audit fees for the year is anticipated to be 0: 1. We do not consider that the total non-audit fees create a self-interest threat since the absolute level of fees is not significant to our firm as a whole.

	2023/24
	£'000
Statutory audit	311
Non Audit	-
Other Assurance Services	-
Total Fees	311

Application of the FRC Ethical Standard 2019

Your previous auditors will have communicated to you previously the effect of the application of the FRC Ethical Standard 2019. That standard became effective for the first period commencing on or after 15 March 2020, except for the restrictions on non-audit and additional services that became effective immediately at that date, subject to grandfathering provisions.

AGN 01 states that when the auditor provides non-audit services, the total fees for such services to the audited entity and its controlled entities in any one year should not exceed 70% of the total fee for all audit work carried out in respect of the audited entity and its controlled entities for that year.

We confirm that as for the year 2023/24 we were not providing any non-audit or additional services that required to be grandfathered.

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit and Risk Committee.

Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the partner and audit staff is not impaired.

This report is intended solely for the information of the Audit and Risk Committee of the Group and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully



KPMG LLP

KPMG's Audit quality framework

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.

To ensure that every partner and employee concentrates on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework.

Responsibility for quality starts at the top through our governance structures as the UK Board is supported by the Audit Oversight Committee, and accountability is reinforced through the complete chain of command in all our teams.

Page 35

■ Commitment to continuous improvement

- Comprehensive effective monitoring processes
- Significant investment in technology to achieve consistency and enhance audits
- Obtain feedback from key stakeholders
- Evaluate and appropriately respond to feedback and findings

■ Performance of effective & efficient audits

- Professional judgement and scepticism
- Direction, supervision and review
- Ongoing mentoring and on the job coaching, including the second line of defence model
- Critical assessment of audit evidence
- Appropriately supported and documented conclusions
- Insightful, open and honest two way communications

■ Commitment to technical excellence & quality service delivery

- Technical training and support
- Accreditation and licensing
- Access to specialist networks
- Consultation processes
- Business understanding and industry knowledge
- Capacity to deliver valued insights



■ Association with the right entities

- Select entities within risk tolerance
- Manage audit responses to risk
- Robust client and engagement acceptance and continuance processes
- Client portfolio management

■ Clear standards & robust audit tools

- KPMG Audit and Risk Management Manuals
- Audit technology tools, templates and guidance
- KPMG Clara incorporating monitoring capabilities at engagement level
- Independence policies

■ Recruitment, development & assignment of appropriately qualified personnel

- Recruitment, promotion, retention
- Development of core competencies, skills and personal qualities
- Recognition and reward for quality work
- Capacity and resource management
- Assignment of team members and specialists

ISA (UK) 315 Revised: Overview



Summary

In the prior period, ISA (UK) 315 Revised “Identifying and assessing the risks of material misstatement” was introduced and incorporated significant changes from the previous version of the ISA.

These were introduced to achieve a more rigorous risk identification and assessment process and thereby promote more specificity in the response to the identified risks. The revised ISA was effective for periods commencing on or after **15 December 2021**.

The revised standard expanded on concepts in the existing standards but also introduced new risk assessment process requirements – the changes had a significant impact on our audit methodology and therefore audit approach.

What impact did the revision have on audited entities?

With the changes in the environment, including financial reporting frameworks becoming more complex, technology being used to a greater extent and entities (and their governance structures) becoming more complicated, standard setters recognised that audits need to have a more robust and comprehensive risk identification and assessment mechanism.

The changes result in additional audit awareness and therefore clear and impactful communication to those charged with governance in relation to (i) promoting consistency in effective risk identification and assessment, (ii) modernising the standard by increasing the focus on IT, (iii) enhancing the standard’s scalability through a principle based approach, and (iv) focusing auditor attention on exercising professional scepticism throughout risk assessment procedures.

What will this mean for our on-going audits?

To meet the on-going requirements of the standard, auditors will each year continue to focus on risk assessment process, including the detailed consideration of the IT environment.

Each year the impact of the on-going standard on your audit will be dependent on a combination of prior period observations, changes in the entity control environment and developments during the period. This on-going focus is likely to result in the continuation of enhanced risk assessment procedures and appropriate involvement of technical specialists (particularly IT Audit professionals) in our audits which will, in turn, influence auditor remuneration.

ISA (UK) 240 Revised: changes embedded in our practices

Ongoing impact of the revisions to ISA (UK) 240

ISA (UK) 240 (revised May 2021, effective for periods commencing on or after 15 December 2021) The auditor’s responsibilities relating to fraud in an audit of financial statements included revisions introduced to clarify the auditor’s obligations with respect to fraud and enhance the quality of audit work performed in this area. These changes are embedded into our practices and we will continue to maintain an increased focus on applying professional scepticism in our audit approach and to plan and perform the audit in a manner that is not biased towards obtaining evidence that may be corroborative, or towards excluding evidence that may be contradictory.

We will communicate, unless prohibited by law or regulation, with those charged with governance any matters related to fraud that are, in our judgment, relevant to their responsibilities. In doing so, we will consider the matters, if any, to communicate regarding management’s process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud.

Area	Our approach following the revisions
Risk assessment procedures and related activities	<ol style="list-style-type: none"> 1) Increased focus on applying professional scepticism – the key areas affected are: <ul style="list-style-type: none"> • the need for auditors not to bias their approach towards obtaining evidence that is corroborative in nature or excluding contradictory evidence; • remaining alert for indications of inauthenticity in documents and records, and • investigating inconsistent or implausible responses to inquiries performed. 2) Requirements to perform inquiries with individuals at the entity are expanded to include, amongst others, those who deal with allegations of fraud. 3) We will determine whether to involve technical specialists (including forensics) to aid in identifying and responding to risks of material misstatement due to fraud.
Internal discussions and challenge	<p>We will have internal discussions among the audit team to identify and assess the risk of fraud in the audit, including determining the need for additional meetings to consider the findings from earlier stages of the audit and their impact on our assessment of the risk of fraud.</p>

FRC's areas of focus



The FRC released their [Annual Review of Corporate Reporting 2021/22](#) in **October 2022**, along with a [summary of key matters for the coming year](#), primarily targeted at CEOs, CFOs and Audit Committee chairs. In addition, they released six thematic reviews during the year which should be considered when preparing financial reports.

The reports identify where the FRC believes companies should be improving their reporting. Below is a high level summary of the key topics. We encourage management and those charged with governance to read further on those areas which are significant to the group.



Reporting in uncertain times

Last year's Annual Review of Corporate Reporting from the FRC was prepared in the context of the current heightened economic and geopolitical uncertainty. The challenges of the Covid-19 pandemic, Russia's invasion of Ukraine and slowing of global economies has led to inflationary pressure worldwide and rising interest rates.

This makes meaningful disclosure more important than ever, and the FRC has stressed the need for companies to move beyond simply complying with the minimum requirements of the relevant accounting and reporting frameworks. They expect companies to provide high-quality, decision-useful information for investors, with companies continually assessing evolving risks and ensuring these are clearly explained in annual reports.

The potential effects of uncertainty on recognition, measurement and disclosure are numerous, and companies will need to think carefully about the impacts of uncertainty, in particular inflation, on their reporting. The Annual Review gives a number of examples including:

Strategic report: the impact of inflation on the business model, changes to principal risks and uncertainties, and the impact of inflation on stakeholders.

Discount rates: inputs need to follow a consistent approach in incorporating the effects of inflation.

Material assumptions: where inflation assumptions represent a source of significant estimation uncertainty, the FRC expects companies to provide explanation of how these have been calculated and sensitivity disclosures if appropriate.

Pension schemes: explain the effect of uncertainty on investment strategy and associated risks.



Climate-related reporting

Climate-related reporting has advanced significantly this year as premium listed entities are required by the Listing Rules to provide disclosures consistent with the Taskforce on Climate-Related Disclosures (TCFD) recommendations. This follows the expansion of the Streamlined Energy and Carbon Reporting (SECR) rules last year, which require quoted companies and large unquoted companies and LLPs to provide emissions reporting.

Climate has therefore been an area of ongoing focus for the FRC, with a thematic reviews in both 2021 and 2022 on aspects of climate reporting. From reviews of TCFD disclosures in the year, the FRC has highlighted five areas of improvement for companies to consider going forwards:

Granularity and specificity: disclosures should be granular and specific both to the company and the individual disclosure requirement, including a clear link to financial planning.

Balance: discussion of climate-related risks and opportunities should be balanced, and companies should consider any technological dependencies.

Interlinkage with other narrative disclosures: companies should ensure clear links between TCFD disclosures with other narrative disclosures in the annual report.

Materiality: companies should clearly articulate how they have considered materiality in the context of their TCFD disclosures.

Connectivity between TCFD and financial statements disclosures: the FRC may challenge those that disclose significant climate risks or net zero transition plans in narrative reporting, but do not explain how this is taken into account in the financial statements.

FRC's areas of focus (cont.)

Cash flow statements

This continues to be a particular area of concern as it is a recurring source of errors identified by the FRC, with 15 companies restating their cash flow statements in the review period as a result of the FRC's enquiries.

Companies are encouraged to consider the guidance in the 2020 thematic review on this topic, and to ensure that robust pre-issuance reviews of the financial statements have been undertaken.

Cash flows must be classified as operating, investing or reporting in line with the requirements of the standard, and amounts reported should be consistent with disclosures elsewhere in the report and accounts including the elimination of non-cash transactions.

Several errors identified by the FRC related to the parent company cash flow statement, and it should be ensured that this statement also complies with the requirements of the standard.

Financial Instruments

Companies should ensure that disclosure is sufficient to enable users to evaluate the nature and extent of risks arising from financial instruments and the approach taken to risk management.

These disclosures should include the approach and assumptions used in the measurement of expected credit losses, and details of concentrations of risk. In times of economic uncertainty, disclosure of methods used to measure exposure to risks, and details of hedging arrangements put in place for interest rates or inflation are all the more important.

In addition, accounting policies should be provided for all material financing and hedging arrangements and any changes in these arrangements. Where companies have banking covenants, information about these should be provided (unless the likelihood of a breach is considered remote).

Revenue

Accounting policies should be provided for all significant performance obligations and should address the timing of revenue recognition, the basis for over-time recognition, and the methodology applied.

Inflationary features in contracts with customers and suppliers and the accounting for such clauses are under increased focus this year.

Alternative performance measures ('APMs')

APMs should not be presented with more prominence, emphasis or authority than measures stemming directly from the financial statements, and should be reconciled to the relevant financial statements line item.

Judgements and estimates

Economic uncertainty increases the likelihood of companies needing to make significant judgements when preparing financial statements. The FRC highlights two specific examples – going concern assessments and accounting for inflationary features in contracts – where disclosure is key.

More generally, the FRC highlights the need for disclosures to clearly distinguish between estimates with a significant risk of a material adjustment to the carrying amounts of assets/liabilities within the next year, and other sources of estimation uncertainty.

Significant estimates, and the associated disclosures should be updated at the balance sheet date. Sensitivity disclosures should be meaningful for readers, for example by sensitising the most relevant assumptions, and explaining any changes in assumption since the previous year.

Provisions and contingencies

Companies should give clear and specific descriptions of the nature and uncertainties for material provisions or contingent liabilities, the expected timeframe and the basis for estimating the probable or possible outflow.

Inputs used in measuring provisions should be consistent in the approach to incorporating the effects of inflation, and details of related assumptions should be provided if material.

Presentation of financial statements and related disclosures

Material accounting policy information should be clearly disclosed, and additional company-specific disclosures should be provided when compliance with IFRS requirements is insufficient to adequately explain transactions.



kpmg.com/uk

Some or all of the services described herein may not be permissible for KPMG audited entities and their affiliates or related entities.

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Borough of Telford and Wrekin

Audit Committee

Wednesday 29 May 2024

Annual Governance Statement

Cabinet Member:	Cllr Nathan England - Cabinet Member: Finance, Customer Services & Governance	
Lead Director:	Anthea Lowe - Director: Policy & Governance	
Service Area:	Policy & Governance	
Report Author:	Rob Montgomery (Audit & Governance Lead Manager), Tracey Drummond (Principal Auditor)	
Officer Contact Details:	Tel:	Email:
	01952 383105	tracey.drummond@telford.gov.uk,
	01952 383103	robert.montgomery@telford.gov.uk
Wards Affected:	All Wards	
Key Decision:	Key Decision / Not Key Decision [delete as relevant]	
Forward Plan:	Not applicable	
Report considered by:	SMT – 14 May 2024 Audit Committee – 29 May 2024 Cabinet – 16 May 2024	

1.0 Recommendations for decision/noting:

It is recommended that the Audit Committee:

- 1.1 Approve the Annual Governance Statement 2023/24, attached as Appendix A (including Annex 1), and notes the information in the report

2.0 Purpose of Report

- 2.1 For the Audit Committee to review and approve the 2023/24 Annual Governance Statement to accompany the annual accounts.

3.0 Background

- 3.1 Under the Accounts and Audit Regulations 2015, the Council is required to produce an Annual Governance Statement and it is best practice that the statement is signed by the Leader and Chief Executive of the Council. This statement should accompany the Annual Accounts.
- 3.2 The Annual Governance Statement for 2023/24 is attached at **Appendix A** and has been developed based on the requirements of the regulations and CIPFA/Solace guidance. The statement includes an action plan (Annex 1) to ensure that we continue to improve our existing governance arrangements.
- 3.3 The action plan attached to the 2022/23 statement (implemented during 2023/24) has been reviewed and updated to reflect current progress. Any actions still in progress from the 2022/23 plan have been incorporated into the 2023/24 action plan, see Annex 1 at **Appendix A**.
- 3.4 The Annual Governance Statement and the Local Code of Good Governance outlines that the Council has a robust governance framework in place but that it is continually reviewing procedures to maintain and demonstrate good corporate governance. It is supported by risk management and sound systems of internal control which are paramount in these continuing times of financial constraint. The Council can be assured that during 2023/24, including during organisational and personnel changes, that the existing or revised governance arrangements have continued to support proper governance. Where required changes to procedures have been agreed by SMT and changes to the Constitution have been agreed by the Council, through the Council's Constitution Committee.
- 3.5 Assurance for the Annual Governance Statement is provided by all areas of the Council and externally by the following:
- a) Leader and Chief Executive – who sign the statement to acknowledge their responsibilities;
 - b) Senior management – Chief Executive, Executive Directors, Directors;
 - c) Chief Financial Officer;
 - d) The Monitoring Officer;
 - e) Members – Scrutiny arrangements, Standards Committee, Audit Committee and other Regulatory Committees;
 - f) Internal Audit;
 - g) Partners;
 - h) External Audit; and
 - i) Other external inspection agencies.
- 3.6 The 2023/24 Annual Governance Statement sets out adherence to the Council's governance arrangements that operated during the period – 1st April 2023 to 31st March 2024 and measures the effectiveness of them.
- 3.7 The Council's current Local Code of Good Governance was previously approved by the Audit Committee to reflect the CIPFA/SOLACE framework including revised

principles and guidance. The Code continues to reflect the Council's culture and values.

4.0 Summary of main proposals

4.1 Members of the Audit Committee approve the Annual Governance Statement 2023/24, attached as Appendix A (including Annex 1), and note the information in the report.

5.0 Alternative Options

5.1 There are no alternative options.

6.0 Key Risks

6.1 There are no key risks associated with this report.

7.0 Council Priorities

7.1 The report and its recommendations will ensure a community-focussed, innovative council providing efficient, effective and quality services.

8.0 Financial Implications

8.1 The governance framework includes several financial elements, including the Council's financial regulations, the Medium Term Financial Strategy and the Treasury Management Strategy. These provide the financial parameters, systems, processes and guidelines within which the Council must operate and, as such, assist in the delivery of good governance. Strong financial management also supports the delivery of value for money in ensuring economy, efficiency and effectiveness in the Council's decision making and processes.

The Council's external auditors give an opinion on the financial statements of the authority and a value for money conclusion in their opinion on the accounts and in their Annual Audit Findings Report each year which provides further assurance.

9.0 Legal and HR Implications

9.1 The Council is required to comply with the requirements of the Audit and Accounts Regulations 2015. Regulation 6 of these Regulations sets out that the authority must conduct a review of the effectiveness of its internal control systems each financial year and prepare an annual governance statement. The annual governance statement must be approved in advance of the annual statement of accounts.

10.0 Ward Implications

10.1 Borough-wide impact.

11.0 Health, Social and Economic Implications

11.1 There are no health, social or economic implications directly arising from this report.

12.0 Equality and Diversity Implications

12.1 All members of the Internal Audit Team have attended equal opportunities/ diversity training. If any such issues arose during any work the appropriate manager would be notified.

13.0 Climate Change and Environmental Implications

13.1 All members of the Internal Audit Team are environmentally aware and if any issues were identified they would be notified to the appropriate manager.

14.0 Background Papers

- 1 CIPFA/SOLACE – Delivering Good Governance in Local Government: Framework (2016 Edition)

15.0 Appendices

- A Annual Governance Statement

16.0 Report Sign Off

Signed off by	Date sent	Date signed off	Initials
Finance	03/05/2024	08/05/2024	AEM
Legal	03/05/2024	16/05/2024	SH



Telford & Wrekin
Co-operative Council

Protect, care and invest
to create a better borough

Annual Governance Statement

2023/24

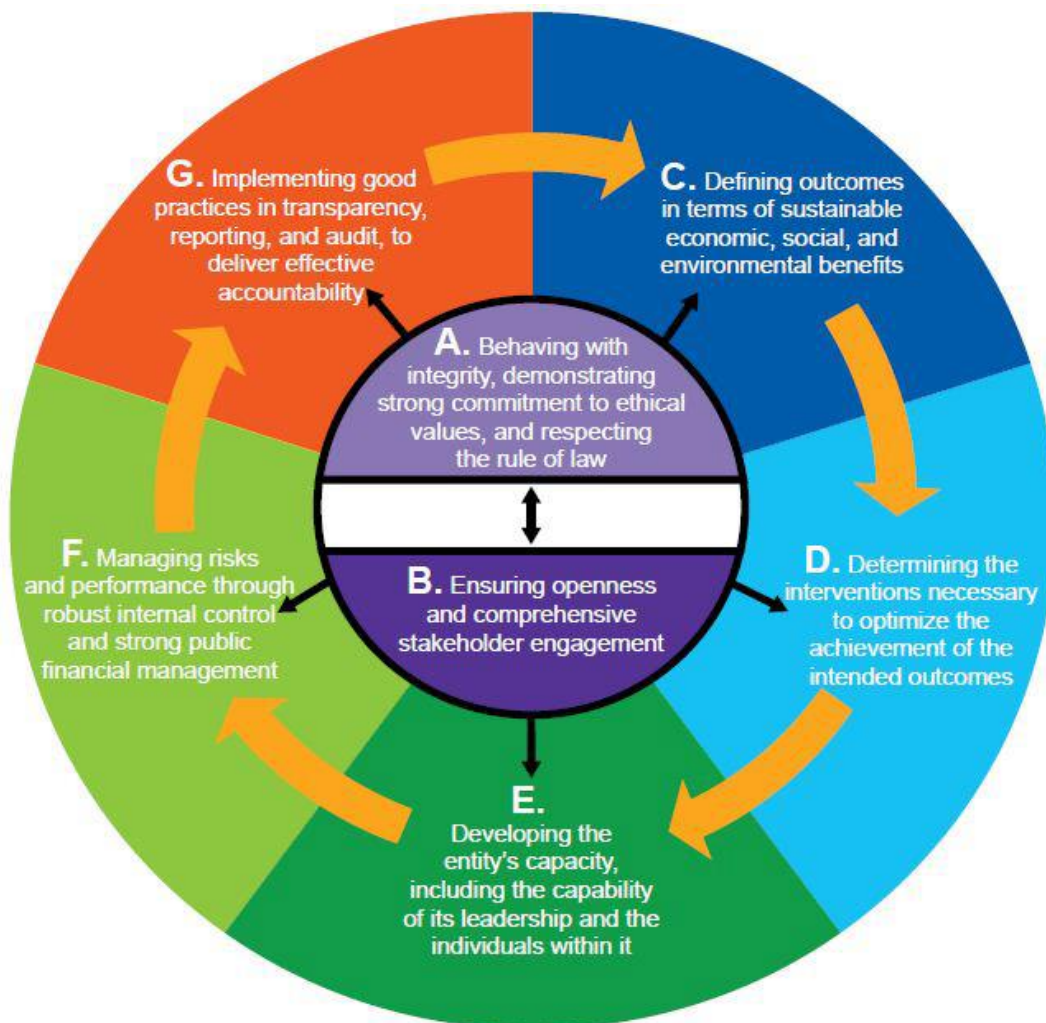


1. Introduction

1.1 Under the Accounts and Audit Regulations 2015 the Council is required to produce an Annual Governance Statement to accompany the Statement of Accounts which is approved by the Audit Committee.

The Annual Governance Statement outlines that the Council has been adhering to the Local Code of Corporate Governance, continually reviewing policies and procedures to maintain and demonstrate good corporate governance and that it has in place robust systems of internal control.

The Council has adopted the Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE Framework – Delivering Good Governance in Local Government.



CIPFA's Principles of Good Governance

2. Standards of Governance

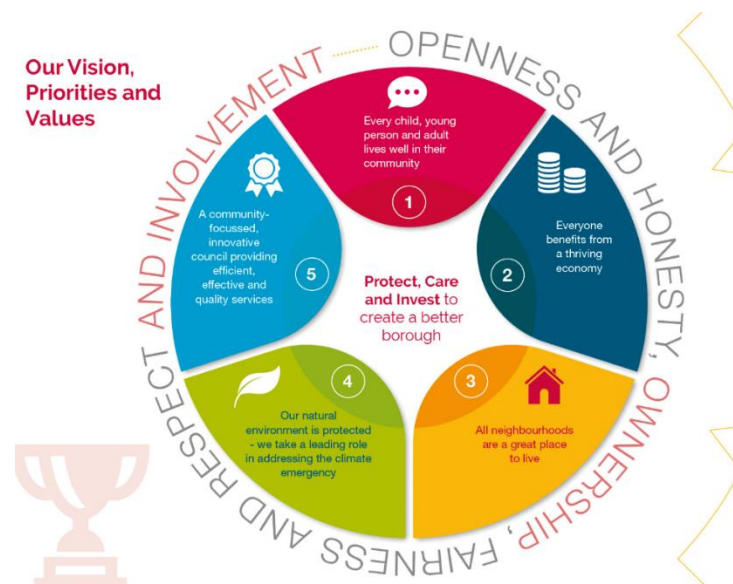
2.1 The Council expects all of its members, officers, partners and contractors to adhere to the highest standards of public service with particular reference to the employee and Members' Code of Conduct, Constitution, Corporate Vision, Priorities and Vision as well as applicable statutory requirements.

3. Scope of Responsibility

- 3.1 Telford & Wrekin Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. The Council needs to demonstrate that public money is safeguarded and properly accounted for and used economically, efficiently and effectively to secure continuous improvement.
- 3.2 To meet this responsibility, the Council puts in place proper governance arrangements for overseeing what it does including putting in place proper arrangements for the governance of its affairs including risk management, the requirements of regulations and ensuring the effective exercise of its functions. These arrangements are intended to make sure that the Council does the right things, in the right way, for the right people, in a timely, open and accountable manner. The Council takes into consideration all systems, processes, policies, cultures and values that direct and control the way in which we work and through which we account, engage and lead our communities.

4. The Governance Framework

- 4.1 The governance framework allows the Council to monitor how they are achieving their strategic aims and ambitions and how this contributes to the delivery of its vision, priorities and values:



- 4.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve priorities and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to appropriately identify, quantify and manage the risks to the achievement of the Council's priorities, objectives and policies.

5. Review of Effectiveness

- 5.1 Telford & Wrekin Council has responsibility for conducting, at least annually, a review of the effectiveness of the governance arrangements including the system of internal control. The review of the effectiveness is informed by:-



5.2 The Council has faced continued challenges during 2023/24 particularly in respect to the ongoing financial constraints it is working within coupled with rising costs that has been experienced nationally. The Council has met this challenge and continues to deliver services against the backdrop of realising considerable savings.

5.3 The Council recognises the ongoing importance of information governance and formalised its Information Governance Framework. The main focus of the Information Governance Team in 2023/24 has been to:

- Ensure the Council’s continued compliance with the requirements of the UK Data Protection Act/UK General Data Protection Regulations (GDPR) 2018
- Updating relevant training, policies and procedures
- Managing risks associated with the implementation of new systems
- Facilitating appropriate and secure information sharing where there is a legal basis to do so
- Support on the prevention and investigation of data breaches

In addition, the Information Governance Team supported the implementation of a new secure email system called Zivver. This system will help reduce data incidents relating to email use.

The Information Governance Team has continued to report to the Audit Committee and Senior Management Team during the year including information on responses to information rights requests and data security breaches. During 2023/24 no enforcement action has been taken by the Information Commissioner’s Office (ICO) against the Council in respect to data breaches.

5.4 The Chief Executive, Executive Directors, Directors and Service Delivery Managers have signed annual assurance certificates confirming that the governance framework has been operating within their areas of responsibility, subject to the actions outlined in Annex 1.

Internal Audit plan to undertake sample testing of completed certificates to provide additional assurance that adequate controls/risk management measures have been operating in 2023/24.

- 5.5 The Accounts and Audit Regulations 2015 require a review of the effectiveness of the system of internal control. This review is informed by the work of Internal Audit, management, other internal assurance services and the External Auditors' review. The Internal Audit Annual Report 2023/2024 will set out the Internal Audit opinion.
- 5.6 The Council has been advised on the implications of the review of the effectiveness of the governance framework by Cabinet, Standards Committee, Audit Committee, Scrutiny, Senior Managers, Internal Audit and external review. The Chief Internal Auditor concludes that the review of the governance arrangements **provides a reasonable level of assurance** that these arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Internal Audit Work

One of Internal Audits key objectives, as detailed in the Internal Audit Charter is *'To review the effectiveness of the governance, risk management and control processes of the Council to aid improvement, provide a level of assurance and an opinion on them to the Council.'*

The work of Internal Audit is based on risk and the scope of each audit assignment, as a minimum, includes assessment of the governance, risk management and control arrangements put in place by management.

Despite some resource challenges, Internal Audit work have completed 90% (22/23 - 82%) of the revised risk based Annual Internal Audit Plan.

Internal Audit have ensured the Chair/Audit Committee and Senior Management Team have been kept informed of audit resource/work throughout the year.

Other Sources of Assurance

As stated above, reliance has been placed on other sources of assurance in 2023/24 with respect to the Chief Internal Auditors opinion. Other sources of assurance have been obtained from in year activity but also by reflecting on past opinions and the basis of these.

2023/24 has seen the Council consistently recognised as a well performing Council by a number of external bodies. Below is a summary of the recognition received.

- CQC inspection of special educational needs and/or disabilities (SEND) services – the outcome stated that Telford & Wrekin Council's services typically lead to positive experiences and outcomes for children and young people with SEND and that the local area partnership is taking action where improvements are needed. This was the highest possible outcome.
- Customer Contact Centre won the Best Efficiency and Transformation APSE national award.
- Telford was awarded Tree City of the World status by the United Nations for forestry practices.

- The Council were awarded a record six Green Flags for its borough's parks and green spaces.
- The Council are ranked in the top 10 of the Green Cities of England index

In addition, assurance has been provided by the following:

- Telford & Wrekin Council has a sound track record in respect to how it is run. This is important to note and is reflected in the 2021/22 audit opinion given and expected 2022/23 audit opinion as briefed by the External Auditors.

It is noted that there has been a delay in signing off the 2021/22 and 2022/23 accounts due to the External Auditor's resourcing challenges. This is a national issue and is no reflection on the standard and/or accuracy of the Council's financial statements for these years.

- General risk management identifies 'likelihood' as a key determinant of the level of risk associated with an action/entity. Given that the Councils track record demonstrates strong governance arrangements and sound financial management, the likelihood of this changing considerably in the space of 12 months is relatively low.
- Other examples of assurance obtained in year include:
 - Regular internal quality monitoring activity across many services
 - Family model peer review
 - Regular benchmarking undertaken in Adult Social Care
 - Legal Services Lexcel accreditation
 - Completion of statutory returns, VAT returns, and grant claims, etc.
 - Regular IT penetration testing and security auditing
 - Completion of performance development discussions with staff
 - Regular performance, contract and financial monitoring
 - Completion of required learning mandatory training
 - Inspection by the Investigatory Powers Commissioner's Office
 - Scrutiny reviews
 - Performance dashboards and OFLOG analysis of Council performance
 - IITCSE recommendation implementation and further assessment by independent chair
 - Regular financial reporting to SMT and Cabinet

Assurance obtained by reflecting on the past 3 years includes:

- The Chief Internal Auditors opinion has been that there a reasonable level of assurance that the governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework.
- The External Auditor has stated that:
 - Final accounts have been produced on time and in line with best practice
 - An unqualified opinion has been given in the financial statements audited
 - Financial statements comply with statutory requirements
 - Financial statements give a true and fair view of the Councils financial position

- Proper arrangements are in place for securing economy, efficiency and effectiveness in its use of resources

In the Chief Internal Auditors opinion, the above assurance activity reflects that sound governance arrangements are in place as a number of the points above would not have been possible without adequate governance foundations being in place and embedded.

There has been no significant instances of fraud, poor risk management, poor financial management, etc. that would lead the Chief Internal Auditor to believe poor governance practices have been in place.

However, as part of the AGS certification process, there have been areas identified that do require development. Attached as Annex 1 is an agreed action plan to address these areas for development and ensure continuous improvement.

- 5.7 Issues from the previous action plan (2022/23) that have been addressed or mainstreamed have been deleted and those that continue to be addressed are included in 2023/24 action plan.
- 5.8 The Senior Management Team has monitored implementation of the 2022/23 actions and reported back to the Audit Committee in January 2024.
- 5.9 Detailed below is a statement explaining how the Council has complied with the Code of Corporate Governance and meets the requirements of the Accounts and Audit Regulations 2015 and CIPFA Code on the Principles of Good Governance.
- 5.10 Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of the law.**
- 5.10.1 Members and officers, in the main, recognise the importance of compliance with the Constitution, specifically Financial and Contract Rules; Procurement Regulations, Scheme of Delegation, Codes of Conduct and Gifts & Hospitality Policy. However, some improvements are needed in this area and recommendations have been included in the 2023/24 AGS action plan.
- 5.10.2 There is ongoing training, both classroom based and via the on-line learning platform (OLLIE) for Codes of Conduct, Equality Awareness, Leadership & Governance and Contract Procedure Rules/Procurement.
- 5.10.3 The Council has an Anti-Fraud & Corruption Policy, supported by the Whistleblowing (Speak Up) Policy, encouraging internal referrals. The Council has a zero-tolerance policy in relation to fraud and corruption and it is service management's responsibility to ensure there are adequate controls in their areas to ensure the opportunities for fraud are minimised. It is everyone's responsibility to report suspicions and the Whistleblowing (Speak Up) Policy supports this internally. Internal Audit along with the Investigations Team undertakes proactive fraud work based on a fraud risk register and/or other intelligence. Other specific anti-fraud and corruption activities are undertaken by Trading Standards. An annual report on anti-fraud and corruption activities and an update to the Anti-Fraud & Corruption Policy and Whistleblowing (Speak Up) Policy is presented to the Audit Committee.
- 5.10.4 Officers comply with their professional organisations' codes of conduct when delivering services.
- 5.10.5 All Internal Audit reviews consist of an ethics questionnaire that is sent to a sample of staff in specific teams to demonstrate their understanding of key corporate policies.

Ethic questionnaire findings have been shared when discussing individual audits with relevant Service Delivery Managers and Directors and taken to SMT as part of reporting corporate recommendations. Identified improvements required highlighted from findings from the ethics work have been included in the 2023/24 AGS action plan.

- 5.10.6 There are both internal and external reviews in social care to monitor compliance with the law, e.g. the Care Act, Deprivation of Liberties, Safeguarding and the Mental Health Act.
- 5.10.7 Human Resource and recruitment policies and processes ensure the Council is fully compliant with employment law. Annual audits are undertaken in these areas and ongoing checks take place to ensure compliance with IR35 legislation.
- 5.10.8 Senior officers meet regularly and work closely with Members to ensure that they understand and can undertake their respective roles effectively and legally.
- 5.10.9 The Cabinet monitors the effectiveness of the governance framework through the consideration of regular service and financial management information reports from senior management. Individual Cabinet Members receive regular feedback from senior officers in respect to their areas of responsibility on the progress of priorities and objectives. Issues of strategic and corporate importance are referred to Cabinet.
- 5.10.10 Statutory responsibilities across the Council are discharged openly and proactively, examples include having key statutory officers in place, i.e. Head of Paid Service, Data Protection Officer, Section 151 Officer, Monitoring Officer, Director of Children Services, Director of Adult Social Services, Director of Public Health and Scrutiny Officer.

5.11 Ensuring openness and comprehensive stakeholder engagement

- 5.11.1 The Executive Director for Housing, Communities & Customer Services is leading on the development of a new 10 year vision for the Borough that is being developed with key strategic partners. Development work is progressing including resident and partner engagement.
- 5.11.2 The Council actively contributes to, and collaborates with, partners to promote good governance and achieve the delivery of outcomes through increased joint working. The Council is a member of a number of sub regional partnerships and groups. Many of our services are delivered in partnership with other organisations such as West Mercia Energy, Town and Parish Councils, voluntary groups, etc.
- 5.11.3 Regular meetings take place between Children Safeguarding and key partner agencies such as the police, Telford & Wrekin CCG, Education and Health.
- 5.11.4 All Council services feed into transparent reporting processes through council committee meetings and this is further supported by the transparency agenda.
- 5.11.5 Annually the public is consulted on the budget for the forthcoming year.
- 5.11.6 There is regular engagement between Public Health, Telford & Wrekin Clinical Commissioning Group (CCG) and Social Care for the future provision of services.
- 5.11.7 The Scrutiny provision has looked at the development of policy, the decision-making process and areas of concern. The subject areas for review will be informed by community engagement, direct feedback to members from within the community, the results of review and inspection (both external and internal) and areas of policy being developed by the Council.

5.12 Defining outcomes in terms of sustainable economic, social and environmental benefits.

- 5.12.1 The Council Plan was refreshed in 2022. The plan identifies 5 priorities to deliver the Council's organisational vision to 'Protect, Care and Invest to Create a Better Borough'. The Council continues to develop commercial projects to generate income to invest in front line services to mitigate the impact of Government cuts and uncertainty over Government funding.
- 5.12.2 Digital transformation and changes in the way we work are intrinsic to the Council's service delivery model.
- 5.12.3 The Telford & Wrekin Local Plan sets out the Council's vision and strategy for the physical planning of the borough up to 2031. The Council are currently undertaking a review of the Local Plan and have recently completed the Draft Plan consultation exercise. A further period of engagement will be undertaken prior to the plan being submitted to the Government's Planning Inspectorate for independent examination.
- 5.12.4 All service areas have their own service plans which details how they intend to deliver their service for the coming year and the risks they face. These plans encompass identifying barriers to service objectives being met.
- 5.12.5 The Council has a commercial strategy / investment strategy that demonstrates clear visions, objectives and outcomes. This includes financial, economic, social and environmental issues.
- 5.12.6 The Council's economic growth strategy supports and drives increased economic productivity.
- 5.12.7 The financial strategy sets out the short and long-term implications for service delivery across the Council. The Service & Financial Planning reports include various papers to Cabinet regarding the budget and sets out short/ medium and long-term implications, including the capital strategy and saving strategy.
- 5.12.8 Adult Social Services, in respect of financial management and the implementation of the cost improvement plan, have continued to provide updates during the year to SMT and Members.
- 5.12.9 All Council reports to Members show relevant financial implications and risk.
- 5.12.10 Implementation of the ICT Strategy has continued, including infrastructure upgrades, the ongoing roll-out of Office 365/applications and further security improvements particularly in response to spam, phishing/ whaling and ransomware threats.
- 5.12.11 The Council has implemented a number of climate actions which contribute to its aim of becoming carbon neutral by 2030 and its commitment to remove single use plastics from the Council's operations and activities by 2023.

Tackling climate change is one of the five priorities set out in the current Council Plan. Throughout its partnerships, the Council is also playing its part in helping the wider borough to achieve the same targets the Council has set for itself.

Key actions have included:

- The Council has achieved an overall reduction of 60% in CO2 emissions from a baseline of 2018/19
- Reduction of 14% in gas usage across the Council's operational estate

- The Office of Zero Emission Vehicles (OZEV) awarded the Council £683,370 from the On-Street Residential Charge Point fund for the installation of 70 EV charge points across 21 Council car parks
- OZEV award of £1,020,000 to increase the number of on-street EV charge points
- An additional 6 electric vehicles have been purchased
- Publication of the Council's Climate Change Supplementary Planning Document

5.13 Determining the interventions necessary to optimise the achievement of the intended outcome.

5.13.1 The 2022/23 Service & Financial Strategy including the Treasury Management Plan are aligned to the refreshed Council Plan – setting out how our financial resources will deliver the Council vision and priorities.

5.13.2 Budget plans are produced for all service areas for planning purposes. Budget consultation is undertaken annually with Council Members and members of the public.

5.14 Developing the Council's capacity, including the capability of its leadership and the individuals within it.

5.14.1 The Workforce Strategy was approved in 2021 and is available to all employees on our intranet. The strategy has 5 priorities which were informed by the results of the employee survey and consists of the following priorities:

- Our workforce will have the skills and abilities to deliver our priorities and will have the opportunity to further develop
- Our managers will be leaders and will empower staff to deliver our priorities
- Our organisation will be more diverse and inclusive offering a voice and fair treatment for all
- Our workplace will be healthy and we will support our employee's wellbeing
- Our employment package will be attractive that offers (and will offer) fair terms and conditions

Work is underway to review and refresh the current workforce strategy to be launched in 2024. An employee survey will also be undertaken in Autumn 2024.

5.14.2 Officers understand their respective roles and these are set out in job descriptions. The Constitution, Scheme of Delegation and Contract Procedure Rules clearly shows roles and responsibilities, specifically with regard to delegation and authorisation.

5.14.3 There are various training methods available to staff such as mentoring, Ollie (On-line learning platform) and virtual face to face. A new leadership and management programme launched in January 2022 for the SMT cohort. The SDM cohort launched in May 2022 and in the autumn for Team Leaders. Work is also underway to work with Directors to look at opportunities for apprenticeships in their areas to meet service needs, this includes upskill as well as new recruits.

5.14.4 Other support includes CPD sessions, team meetings and ongoing 1:2:1s, however results of the ethics questionnaires have demonstrated that a small number of staff still do not have regular 1:2:1 supervision meetings.

5.14.5 Members receive an induction session and annual training with regard to the Treasury Management Strategy and other training relevant to their position. All Members and staff have had the opportunity to undertake training on General Data Protection Regulations

(GDPR) / Data Protection Act (DPA) 2018 legislation. There is also online training available to all staff on GDPR/DPA 18 Requirements.

5.14.6 The action plan at Appendix A of this statement detail issues highlighted from the results of the annual governance certification process

5.15 The Council continues to manage risks and performance through robust internal control and strong public financial management.

5.15.1 Risk management is an integral part of good management and corporate governance and is therefore at the heart of what we do. Our approach to managing risk is explained in our Risk Management Strategy. The Strategic Risk Register is reviewed by SMT and considered by Audit Committee, as a minimum, 4 times a year.

5.15.2 Updated governance on risk management was agreed and introduced in 2023/24. This included a new Risk Management Framework, Risk Management Strategy (approved by the Audit Committee) and Risk Management Policy.

5.15.2 The Internal Audit plan is informed by the Council's service and financial planning processes, strategic risk register, external inspection reports, external networking intelligence, comments from Senior Management and their opinion of the current state of the governance risk and internal control arrangements.

5.15.3 During 2023/24 the Internal Audit team achieved 90% of their revised planned work and this has been used, in part, with the relevant output from unplanned work to help form their opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control framework.

All recommendations made in audit reports show a risk category which is used to inform the overall grading of the report.

5.15.4 The Chief Internal Auditor has undertaken checks on the work of Internal Audit as part of the Quality Assurance Improvement Program. A small number of minor issues have been identified through these checks and have been fed back to the Internal Audit Team to assist in their continuous improvement.

5.15.5 Internal Audit report to the Audit Committee 4 times a year. The Audit Committee has asked for additional information during the year to provide assurance on the management of risks and implementation of recommendations. The Audit Committee have also approved the Internal Audit Charter for 2023/24.

5.15.6 Large projects include the maintenance of a project risk register; this is an ongoing working document that is amended throughout the project. Where personal data is processed, projects also include the completion of Data Protection Impact Assessments.

5.15.7 The Council has adopted the CIPFA code of practice for managing the risk of fraud and corruption and this has been reflected in our updated Anti-Fraud & Corruption Policy and Whistleblowing (Speak Up) Policy.

5.15.8 Services report regularly to Council committees such as Audit Committee, Planning, Licensing, Cabinet etc. These reports detail any impact assessment, including risk and opportunity. Financial decisions are reported to Cabinet, full Council and Audit Committee, who often challenge to ensure appropriate financial management and to demonstrate transparency.

- 5.15.9 Financial Regulations set out our financial management framework for ensuring we make the best use of the money we have available. Financial roles and responsibilities are clearly shown in the Financial Regulations and it provides a framework for financial decision-making.
- 5.15.10 The Treasury Management Strategy and regular updates on treasury matters are provided to Audit Committee. This information clearly show investments, loans, and the financial position of the Council. The Council's Treasury Management advisors are Link Treasury Services.
- 5.15.11 The Council's financial strategy identifies the short term budget plan and long term aspirational plan linked to the corporate plan to be a self-sustaining council.
- 5.15.12 The Council complies with the Principles and Standards set out in the CIPFA Financial Management Code appropriately and proportionately demonstrating sound financial management and providing the expected assurance.
- 5.15.13 The Council's External Auditors have not completed their report for 2022/23. However, the S151 Officer and Audit & Governance Lead Manager (Chief Internal Auditor) have met with External Auditors periodically throughout 2023/24 and the External Auditors have commented that they do not expect to report any problems with the final accounts.

Therefore, the expectation is that the External Auditors opinion will mirror the opinion for 2020/21 which stated:

“Value for Money conclusion - Based on the work we performed to address the significant risk we identified, we are satisfied that the Council has proper arrangements for securing economy, efficiency, and effectiveness in its use of resources”

An unqualified audit opinion was, once again, received by the Council in respect of 2021/22.

- 5.15.14 The Council has continued to make savings in the light of ongoing financial pressures. £156.9m of ongoing savings will have been delivered by the end of 2023/24 with a further £15.8m to be delivered by the end of 2024/25. Forecasts of the level of savings that will be required from April 2025 onwards are very difficult to make in the absence of any Government funding settlement information beyond the 31 March 2025.

The Government have stated that there will be no changes to the local government finance system until after the next general election which means it is likely that local government will yet again receive a one year funding settlement for 2025/26. The Council will continue to face a very challenging financial outlook for the foreseeable future.

5.16 Implement good practices in transparency, reporting and audit to deliver effective accountability

- 5.16.1 As a public body we endeavour to be open and transparent in our activities and reporting. Council and committee agendas, reports and minutes are published on our corporate website to demonstrate decisions made. The Council undertake public consultation on areas such as the budget. We publish expenditure over £100 on our website, as part of the transparency agenda.
- 5.16.2 The Audit Committee has responsibility for internal and external audit matters, the Council's arrangements for corporate governance and risk management.

- 5.16.3 In 2023/24, Telford and Wrekin Council continued to be the lead authority for the West Midlands Audit Committee Chairs Forum (WMACCF). The Council's Chairperson of the Audit Committee is also the Chairperson of the WMACCF. The WMACCF is sponsored by the Local Government Association and is a forum where Audit Committee Chair's from across the West Midlands meet to share good practice.
- 5.16.4 The Audit Committee terms of reference also incorporate the review and monitoring of the Council's Treasury Management arrangements. Members of the Committee are kept up to date through awareness training on factors that influence/affect delivery of the strategy and during the year were provided with an update on these matters by Link Treasury Services, the Council's Treasury Management advisors.
- 5.16.5 There are various committees, all with their own terms of reference and areas of responsibility, i.e. Licensing Committee, Planning Committee, and there are elected members who are responsible for service areas within the Council.
- 5.16.6 Arrangements are in place to ensure Internal Audit fully complies with the Public Sector Internal Audit Standards (PSIAS). A self-assessment of the Internal Audit function against the requirements of the PSIAS was undertaken in 2021/22 and is due to be repeated in 2024/25.
- 5.16.7 The Internal Audit plan is developed using a risk-based approach taking into consideration the Strategic Risk Register, Service Plans and other audit intelligence. Audit recommendations made are communicated to relevant Service Delivery Managers and relevant Senior Management representatives for consideration and implementation of recommendations. Internal Audit will share best practice in the duty of their work. The Audit plan is reviewed regularly to ensure it is still relevant and any changes made are reported to the Audit Committee.
- 5.16.8 The Council's Communication Team works with Officers and Members to ensure key messages are easy to understand and in accessible formats to meet the diverse needs of our borough.
- 5.16.9 The Council's performance management framework is monitored by the Senior Management Team and has procedures in place that drive continuous improvement in performance. More robust reporting has taken place during 2023/24.
- 5.16.10 The Council has identified lessons learnt from corporate complaints and complaints made to the Local Government Ombudsman and implemented measures accordingly.

David Sidaway
Chief Executive

Cllr Shaun Davies
Leader of the Council

	Signed	Dated

Cllr Angela McClements
Chair of Audit Committee

AGS ACTION PLAN FOR 2023/24 FOR IMPLEMENTATION DURING 2024/25

No	Findings	Actions	Lead Officers	Additional comments
1.	<p>Ongoing savings proposals, budget constraints and continued strategic management of organisational changes.</p> <p><i>Ongoing from previous AGS</i></p>	<p>Continued management/reduction of budgets, revised structures and commercial/business approach which links to the continued development and implementation of revised governance framework.</p> <p>Further consultations on future savings where necessary.</p>	<ul style="list-style-type: none"> • Chief Executive • SMT 	
2.	<p>All internal audits consist of an ethics questionnaire that is sent to a sample of staff in the team/areas being audited to demonstrate their understanding of corporate policies and whether staff feel supported.</p> <p>In a small number of responses returned it was noted that:</p> <ul style="list-style-type: none"> • <u>Some</u> staff had not completed their essential learning • <u>Some</u> staff could have a better awareness of some corporate policies. 	<p>Reports to SMT detailing levels of essential learning completion to continue.</p> <p>Investigation Team to re-publicise fraud related training on Ollie and will monitor levels of completion.</p>	<ul style="list-style-type: none"> • SMT/SDM • Policy & Development Manager • Audit & Governance Lead Manager 	

Page 59

No	Findings	Actions	Lead Officers	Additional comments
	<p>These findings have been shared when discussing individual audit reports with relevant SDM's and Directors and taken to SMT as part of reporting corporate recommendations.</p>			
3.	<p>The results of the annual governance certification process highlighted that there had been some reduction in the numbers of appropriately skilled staff in some service areas although some areas had identified ways to address and overcome this. Recruitment of staff in local government, particularly in some professions, has proven challenging for some years and this has resulted in potential single points of failure or the use of temporary staff.</p> <p>It was clear, however, that Service Deliver Managers are aware of these challenges and, largely, were putting measures in place to address any capacity challenges utilising the workforce planning process to do so. In addition, some areas were looking to utilise the apprenticeship scheme to</p>	<p>The Council has a number of initiatives in place including service and workforce planning, apprenticeship scheme, etc to support managers in addressing any areas of concern. These measures have been in place for some years as a response to the recruitment challenges facing the local government sector with particular success in use of the apprenticeship scheme to upskill existing staff to fill critical roles.</p> <p>The Organisational Development Team have introduced new Leadership & Management training and learning programme for all staff (from Team Leaders to Senior Management Team) who have any management responsibility to further support their development and to enable some resilience planning within the Council. This course commenced in 2023 and is continuing throughout 2024.</p>	<ul style="list-style-type: none"> • Chief Executive • Director of Finance & Human Resources • Policy & Development Manager 	

No	Findings	Actions	Lead Officers	Additional comments
	<p>upskill existing staff in order to address the reduction of skilled staff.</p> <p><i>Ongoing from previous AGS</i></p>	<p>Additional recruiting measures being used via social media platforms with more straightforward application processes being adopted in areas of high volume.</p> <p>The Skills and Apprenticeship Show was also utilised to support recruitment into roles with high staff numbers such as catering and cleaning.</p> <p>Continued improvements to recruitment materials and recruitment processes to remove any barriers to potential applicants.</p>		

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Telford & Wrekin
Co-operative Council

Protect, care and invest
to create a better borough

Borough of Telford and Wrekin

Audit Committee

Wednesday 29 May 2024

Joint Report on Internal Audit Annual Report 2023/24 & The Audit Committee Annual Report 2023/24 & The 2024/25 Annual Audit Plan

Cabinet Member:	Cllr Nathan England - Cabinet Member: Finance, Customer Services & Governance	
Lead Director:	Anthea Lowe - Director: Policy & Governance	
Service Area:	Policy & Governance	
Report Author:	Tracey Drummond - Principal Auditor Rob Montgomery - Audit & Governance Lead Manager	
Officer Contact Details:	Tel:	Email:
	01952 383105	tracey.drummond@telford.gov.uk,
	01952 383103	robert.montgomery@telford.gov.uk
Wards Affected:	All Wards	
Key Decision:	Not Key Decision	
Forward Plan:	Not Applicable	
Report considered by:	Senior Management Team – 14 May 2024 Audit Committee – 29 May 2024	

1.0 Recommendations for decision/noting:

It is recommended that the Audit Committee:

- 1.1 Note the Internal Audit Annual Report for 2023/24.
- 1.2 Approve the Internal Audit Plan 2024/25, attached as **Appendix B**.
- 1.3 Note the operations of the Audit Committee for 2023/24 attached at **Appendix C**.

2.0 Purpose of Report

The purpose of this report is to present to members:

- 2.1 The 2023/24 Internal Audit Annual Report.
- 2.2 The operations of the Audit Committee for 2023/24.
- 2.3 The 2024/25 Annual Audit Plan.

3.0 Background

3.1 The terms of reference of the Audit Committee include:

1. *“The approval (but not direction) of and monitoring of progress against, the Internal Audit Charter and Plan.....”*
9. *‘Consider the effectiveness of the Council’s governance processes and their compliance with legislation and best practice.....’*

This report presents information to meet the requirements of these sections of the terms of reference and to continue to demonstrate good governance and support the Annual Governance Statement (AGS).

The Public Sector Internal Audit Standards are deemed as proper practice under the Accounts and Audit Regulations 2015 for Local Government in England. The standards state:

2450 Overall Opinions

When an overall opinion is issued, it must take into account the expectations of senior management, the board and other stakeholders and must be supported by sufficient, reliable, relevant and useful information.

Public sector requirement

The Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.

The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control.

The annual report must incorporate:

- the opinion;
- a summary of the work that supports the opinion; and
- a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

This report meets these requirements.

3.2 The Audit Committee is part of the Council's governance and assurance arrangements. The key benefits of the Audit Committee are:

- ✓ raising awareness on the need for and benefits arising from good governance (including risk management) and internal control including the implementation of both internal and external audit recommendations.
- ✓ demonstrating the objectivity and fairness of financial and other reporting.
- ✓ reinforcing the importance and independence of internal and external audit.
- ✓ providing additional assurance through a process of independent and objective review by a cross party group of elected Members who can, and do, challenge Cabinet Members and Senior Officers.

As the key assurance Committee of the Council, it is best practice that an Annual Report is presented to the Council at the May meeting, on the operations of the Committee during the preceding year, in this case 2023-24. The structure of the report is based on the terms of reference and includes a summary of the business conducted by the Committee during this period (attached as **Appendix C**).

4.0 **2023/24 INTERNAL AUDIT ANNUAL REPORT**

4.1 **Assurance and Opinion**

4.1.1 The Council's Section 151 Officer's statutory obligation under the Accounts and Audit Regulations 2015 is to review the effectiveness of the system of internal control is informed by the work of Internal Audit. The assurance derived from this work forms part of the Council's assurance framework.

4.1.2 The system of internal control helps the Council to manage and control the risks which could affect the achievement of its priorities and objectives rather than eliminate them completely. Internal Audit and the other assurance processes therefore provide reasonable and not absolute assurance of the adequacy and effectiveness of the Council's framework of governance, risk management and internal control which is included within the Annual Governance Statement.

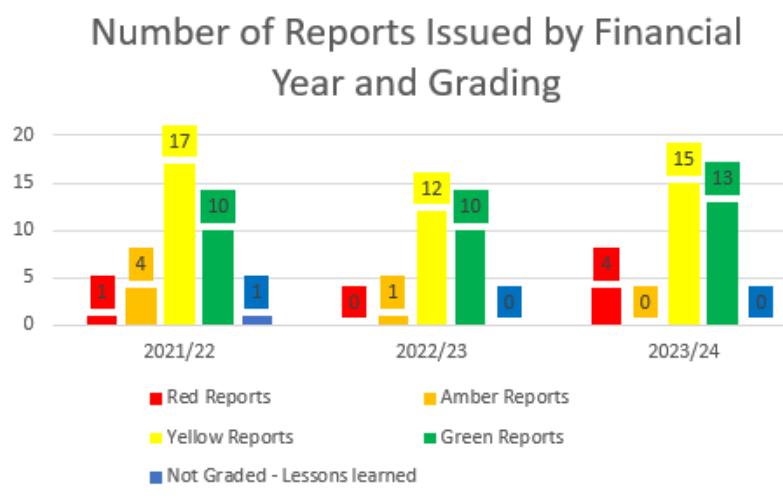
4.1.3 The planned Internal Audit resources for 2023/24 was initially 671 days which included 49 days specialist ICT audit provision provided by Lighthouse Consultancy. During 2023/24 there have been a number of unplanned audit assignments which resulted in some planned audits being removed and replaced with the unplanned work. Deferred audits and resource challenges within the Audit Team, resulted in the plan being reduced to 432 days, Audit Committee have been kept informed throughout the year of changes to the plan

The team achieved 90% of the planned work, see 4.1.8, with some items being rescheduled and included in the 2024/2025 plan.

Based on internal audit work undertaken during the year (areas attached as **Appendix A**), the implementation by management of the agreed

recommendations and assurance obtained from other work/sources, **Internal Audit’s annual opinion provides reasonable assurance in respect to the adequacy and effectiveness of the Council’s framework of governance, risk management and internal control** within the areas of the Council reviewed during the year. See paragraph 5.6 in the Annual Governance Statement for reasoning for giving this opinion.

- 4.1.4 As in previous years senior management have provided information or updates to the Audit Committee where requested to provide explanations as to why progress on the implementation of recommendations was not as agreed.
- 4.1.5 As in previous years this Annual Report includes information in respect to the number of reports issued and their grading. This information is shown below for 2023/24 with comparisons with 2022/23 and 2021/22

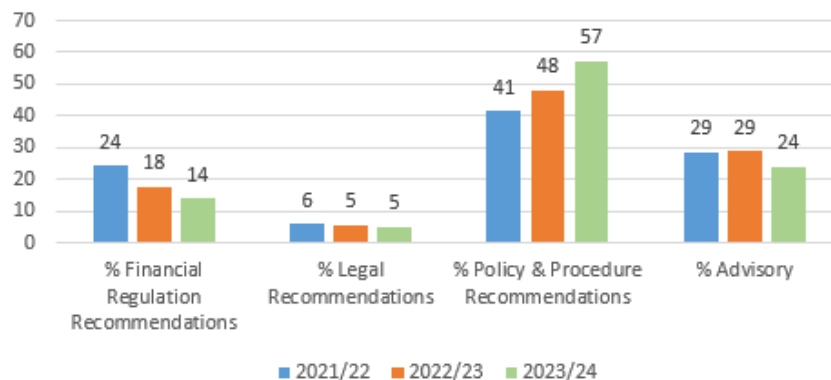


(Grading’s - Green = good; Yellow = reasonable; Amber = limited; Red = poor)

The above graph shows that the number of green, yellow and red reports issued this year has increased from 2022/23, yet the number of amber reports have decreased. However, all gradings remain comparable over the 3 year period. This information is broken down further in paragraph 4.1.6.

- 4.1.6 Further analysis shows the types and percentage of recommendations made in audit reports, and this is detailed in the graph below:

% of Recommendations made by Category and Financial Year



In 2023/24 there were 244 recommendations made in total compared to 146 in 2022/23 and 256 in 2021/22.

- 4.1.7 Internal Audit reports show advisory points, these are low risk findings which managers may find useful to consider but are not of any significant risk to necessitate making a recommendation.
- 4.1.8 The Internal Audit Team has faced resource challenges during the year but has still managed to complete 90% of the annual audit plan. The Internal Audit Team continue to work with services to ensure risks are appropriately managed and adequate systems of internal control are in place.
- 4.1.9 It can be confirmed that in 2023/24, there has been no impairment to the independence and objectivity of the Audit & Governance Lead Manager and/or the Internal Audit Service.

4.2 Public Sector Internal Audit Standards (PSIAS) and External Assessment

- 4.2.1 The Public Sector Internal Audit Standards (defined proper practice under the Accounts and Audit Regulations 2015) were effective from 1st April 2013. It is a requirement that Internal Audit are assessed against these standards every 5 years. The last external assessment, completed by CIPFA in 2022, reported that the Council's Internal Audit Team fully met the requirement of the standards. The findings of the assessment have previously been reported to the Audit Committee.
- 4.2.2 The Quality Assurance & Improvement Programme (QA&IP) was followed during the year. The Audit & Governance Lead Manager undertakes monthly spot checks of completed internal audit work against PSIAS requirements. Any actions/areas for development have been fed back to the Internal Audit team in year lessons learnt from the QAIP are fed into regular reviews of Internal Audit processes and procedures.
- 4.2.3 Improvements to audit processes and procedures are continually being reviewed and updated to ensure compliance with the standards.

4.3 Performance reviewed by External Audit

- 4.3.1 Grant Thornton (UK) LLP were appointed as the Council’s External Auditor for the period 2018-19 to 2022-23 to undertake their own external reviews.
- 4.3.2 The PSAA confirmed in December 2022, that from 2023-24 the Council has new External Auditors, KPMG, who have been appointed for a 5 year period.

4.4 Improvement Activity

- 4.4.1 During the year, to improve the team’s efficiency, effectiveness and productivity, team meetings and development sessions have taken place. Internal Audit have looked to make changes to improve their adherence to the PSIAS and have investigated and implemented new/alternative ways of service delivery. Audit share best practice with other local authorities and regularly attend local network groups.
- 4.4.2 The Audit & Governance Lead Manager and Principal Auditor regularly attend the Local Authority Chief Auditors Network (LACAN). Other members of the team also attend the regional West Midlands Fraud Group (when relevant) which assists in identifying best practice and different approaches to audit work and information exchange.
- 4.4.3 The Internal Audit Team monitor their performance using key performance indicators detailed in the table below. Results for 2023/24 demonstrate that team performance met or exceed targets set, see table below.

KPI Definition	Proposed Target	2023/24 Results
% completion of the annual audit plan.	90%	90%
% of draft audit reports issued within 15 working days from completion of audit fieldwork	90%	94.74%
% of auditees either satisfied or very satisfied with audit work undertaken	90%	100%
% of recommendations accepted at draft stage	95%	96.44%

4.5 Customer Feedback

4.5.1 Internal Audit receives customer feedback in several ways:-

- a) Informal feedback from auditees during the audit
- b) Seeking feedback from auditees at draft report discussion meetings
- c) Completion of a post audit electronic questionnaire

4.5.2 Customer surveys are issued electronically with every completed audit report.

The survey is broken down into different categories (parts of the audit process) and has a number of questions in each section. These sections ask for comments in the following areas: Pre-audit arrangements, audit visit, communication, the reporting process and whether the auditee thinks Internal Audit adds value to their service area.

4.5.3 The table below shows the % of customers who responded to the question in each category as 'excellent' or 'very good'. Responses were comparted to 2022/23 results:

2022/23	2023/24
Pre-audit arrangements	
80%	93%
Audit Visit	
100%	100%
Communication	
50%	93%
Reporting	
65%	95%
Added Value	
100%	100%

Results show that 100% of our customer continue to think we are a positive support and add value to their service. As a comparison to 2022/23 the team's customer performance has remained extremely high within all areas included in the customer feedback form.

However, improvements have been made regarding pre-audit arrangements, communication during the audit process and reporting and this is demonstrated in the results shown above.

Improvements continue to be made by staff training and also reviewing audit processes and procedures.

5.0 Conclusion for 2023/24

- 5.1 Internal Audit have performed well and have made a positive contribution to the governance arrangements within the Council. During 2023/24, completion of the audit plan increased from the previous year despite the Council experiencing resource challenges.
- 5.2 The statutory responsibilities of the Council's Chief Financial Officer (Section 151 Officer) in respect to internal audit and internal control have been met and the work of the Internal Audit Team and other assurance activity has provided reasonable assurance to the Council on the adequacy of operation of the Council's internal controls, governance and risk management processes.
- 5.3 The Internal Audit Team have also continued to provide adhoc advice and guidance on governance, procedures, controls, information security and risk management.
- 5.4 However, there are changes occurring both within and outside the Council during 2024/25 and beyond which could affect the team's future activities including:
- a) The continued pressure on the Council's budget strategy
 - b) Further service restructures and re-engineering across the Council, revised governance arrangements and reduced supervisory levels;

6.0 AUDIT COMMITTEE ANNUAL REPORT

6.1 Internal Audit

- 6.1.1 The Internal Audit team has continued to provide the Committee with reports on work undertaken as outlined in the Public Sector Internal Audit Standards (PSIAS - effective from April 2013) and Constitution, highlighting any areas requiring attention by Members.
- 6.1.2 The Internal Audit Plan for 2023/24 was approved by the Committee at the May 2023 meeting and the Internal Audit Charter for 2024/25 was approved by the Committee at the January 2024 meeting.
- 6.1.3 The Audit Annual Update Report was provided to the Committee in May 2023.

6.2 External Audit

- 6.2.1 The External Auditors, Grant Thornton have produced/presented their reports to the Committee as required by legislation, accounting standards and the external audit code of practice. In addition, KPMG have commenced their work but are yet to formally report to Audit Committee.

6.3 Governance

- 6.3.1 The Annual Governance Statement 2022/23 was approved at the May 2023 Audit Committee meeting. An update on the Annual Governance Statement action plan was presented to the committee in January 2024.
- 6.3.2 The July 2023 and January 2024 meeting reviewed the Council's Strategic Risk Register.
- 6.3.3 The 2022/23 Information Governance Annual Report was presented to the Committee in May 2023.

6.4 Treasury Management

- 6.4.1 The Committee received the 2022/23 outturn and in year updates for 2023/24. The Treasury Management Strategy 2023/24 was reviewed prior to approval by Cabinet.

6.5 Statement of Accounts 2022/23

- 6.5.1 The Statement of Accounts was approved by the Committee following external audit at the November 2023 meeting. As in previous years the approval meeting was preceded by a training session with key Finance staff who explained the statements and the changes that had occurred.

6.6 Anti-Fraud & Corruption

- 6.6.1 The 2022/23 Anti-Fraud & Corruption Annual Report and 2022/23 updated policy was received in May 2023.

6.7 General

- 6.7.1 The Committee reviewed its Terms of Reference at its first meeting of the municipal year as set out in the Constitution.

6.8 Conclusions for 2023/24 and the future 2024/25

- 6.8.1 The Committee has considered comprehensive agendas in order to provide assurance for Members and the community on the audit, governance (including information governance), risk management, financial statements, treasury management, complaints and anti-fraud and corruption arrangements of the Council.
- 6.8.2 The Committee recognises that the Council is continuing to experience some significant challenges and that it must continue to seek and provide appropriate assurance during 2024/25. Most notable are the impact of organisational changes, continued significant reductions in resources and the more commercial approach being adopted by the Council.

7.0 Internal Audit Plan 2024/25

- 7.1 Internal Audit has a statutory obligation under legislation to provide assurance to the Council as part of the Council's corporate governance framework and the effective management of risks. It also strives to provide a quality, added value and up to date service for the Council.
- 7.2 Internal Audit work, in addition to obtaining assurance on key areas, risk management and controls for the Council, aims to challenge where controls are not required, question value for money and make suggestions for adjustments to existing controls to make processes more efficient. This will assist managers and their teams to achieve their objectives, identify further savings and contribute to the achievement of the Council's priorities.
- 7.3 Internal Audit resources are limited. To ensure Internal Audit can provide reasonable assurance to managers, Members and the Council an annual audit plan is developed. Professional Internal Audit standards¹ and good practice set out that Internal Audit planning should be directly linked to the Council's objectives and priorities and be directed by the Audit Charter, agreed by the Audit Committee in January 2024. The plan is informed and influenced by previous Internal Audit work, areas highlighted during previous audits, areas identified by management teams, External Audit requirements, the strategic and ICT risk registers, external assessments and local, regional and national networking intelligence.
- 7.4 The plan is attached as **Appendix B**, it has, has been drawn up based on the internal and external resources available for 2024/25 (see 7.5 below), the factors in paragraph 7.3 above and discussions with the SMT and management. The resultant plan should provide a reasonable level of assurance for 2024/25 but limited to the areas reviewed.
- 7.5 The planned available audit resource for 2024/25 is 610 days. The audit plan is dynamic/scalable as it is based on risk and can change where new risks are identified. Audit therefore intend to continually review the plan and meet with Managers to discuss the audits required to be completed in order to provide a reasonable level of assurance at the end of 2024/25. Audit Committee members will be updated throughout the year with any changes to the 2024/25 plan.
- 7.6 The plan includes approximate 2% contingency to meet any unexpected work requirements, any changes identified during the year or changes to resources during the year. Due to the nature of the plan and its link to risks, during delivery there will be regular dialogue with the Chief Executive, SMT and Managers to ensure that the appropriate risks and controls are being reviewed by the resources available. Any significant changes will be agreed with the Chief Executive and the appropriate Director/Executive Director and will be reported for information to the Senior Management Team and this Committee.

¹ Public Sector Internal Audit Standards

7.7 The External Auditor undertakes their own planning process and presents their plan to the Audit Committee. Internal Audit and Senior Management liaise with them to ensure that duplication is avoided, that the key risks are reviewed and that the external audit fee is minimised. Similar liaison takes place with Scrutiny to avoid duplication or to ensure work is complementary.

8.0 Key Risks

All aspects of the Audit Team's work supports managers and the Council to identify and manage their risks and opportunities.

9.0 Council Priorities

9.1 A community-focussed, innovative council providing efficient, effective and quality services.

10.0 Financial Implications

10.1 There are no direct financial implications arising from the recommendations within this report.

11.0 Legal and HR Implications

11.1 The Accounts and Audit Regulations 2015 sets out the detailed requirements for local authorities in relation to keeping adequate accounting records and control systems, preparing, approving and publishing a statement of accounts, and making various documents available for public inspection and objection and questioning by local electors (note The Local Audit (Public Access to Documents) Act 2017 extends public inspection rights to journalists). Under Regulation 3, the authority "must ensure" that it has (and reviews) a "sound system of internal control" whilst Regulation 5 states that it "must undertake an effective internal audit". There is a new requirement to prepare and publish a "narrative statement", commenting on the authority's financial performance and economy, efficiency and effectiveness in the use of resources over the year.

The information set out in this report illustrates the work that has been undertaken to meet the appropriate statutory requirements.

The Public Sector Internal Audit Standards (PSIAS) is mandatory across the whole of the public sector. The purpose of the PSIAS is defined as follows:

- define the nature of internal auditing within the UK Public Sector;
- set basic principles for carrying out Internal Audit in the UK Public Sector;
- establish a framework for providing internal audit services in respect of organisational processes and operations;
- facilitate the development of an effective Quality Assurance and Improvement Programme and;
- define a mandatory Code of Ethics.

Undertaking the audits as set out in the report, and providing updates and an Annual Report to this Committee contributes towards meeting these requirements.

Further reference to legal requirements and the implementation of those legal requirements in accordance with CIPFA guidance are contained within the main body of the report. In the event that an audit reveals an issue which requires a recommendation concerning a legal matter this can also be referred to the Council's Legal Services Team for further advice and assistance.

12.0 Ward Implications

12.1 The work of the Audit team encompasses all the Council's activities across the Borough and therefore it operates within all Council Wards detailed in the Parish Charter.

13.0 Health, Social and Economic Implications

13.1 There are no health, social or economic implications directly arising from this report.

14.0 Equality and Diversity Implications

14.1 Transparency supports equalities and demonstrates the Council's commitment to be open and fair.

15.0 Climate Change and Environmental Implications

15.1 There are no direct climate change and environmental implications arising from this report.

16.0 Background Papers

Annual Audit Plan 2023/24 and Charter
Public Sector Internal Audit Standards – Applying the IIA Internal Standards to the UK Public Sector 2013 and External Assessment January 2017
Accounts and Audit Regulations 2015

17.0 Appendices

- A Work of internal audit during 2023/24
- B 2024/25 Internal Audit Work Plan
- C Audit Committee Activity during 2023/24

18.0 Report Sign Off

Signed off by	Date sent	Date signed off	Initials
Finance	03/05/2024	08/05/2024	AEM
Legal	10/05/2024	16/05/2024	SH

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APPENDIX A

Work undertaken during 2023/24 of more than 1 day (Excluding Academy Contracts)

Audit Area	No days
ASC Imprests	5.00
Advice & Consultancy including org change	18.83
Annual Governance Statement	4.49
Annual Governance Statement 2022-23	1.18
Bar - Ice Rink	10.17
Bar - Theatre	2.70
Benefits 2022-23	4.65
Bus Subsidy Grant	2.21
COMF Grant	2.56
Cash Office	9.03
Child Arrangement Orders	9.64
Council Tax NNDR 2023-24	20.08
DWP Compliance Checks	3.22
Direct Payments & Discretionary Enablement Grant (Adults)	33.74
Direct Payments (Childrens)	20.51
Donnington Wood Infants	7.47
Dothill Primary School	5.82
Follow ups	8.55
General Ledger 2022-23	2.16
Hub on the Hill	29.26
HR / Payroll 2023-24	7.49
HUG1	3.46
High Ercall Primary School	6.84
Holiday Activity & Food Programme Grant (2022)	2.49
Hollinswood Primary School	5.08
Housing Support Fund	9.16
IITCSE Review	25.53
Insurance	10.33
LAD3	4.10
Local Transport Capital Funding Grant	2.29
Moorfield Primary School	5.93
Multiply Grant	2.87
Muxton Primary	15.24
Ombudsman Complaints	34.85
One Health & Care - Integrated Care	6.18
Preparing Disabled Children for Adulthood	14.26
Prevent	15.34
Purchase Ledger 2023-24	24.47
Red Follow Up Direct Payments (Childrens)	2.30

Registrars	4.18
Review of Academies Audit Programme	16.50
Review of Audit Processes & Procedures	17.63
Sales Ledger 2023-24	4.02
Selling Audit Services	7.24
Strengthening Families Grant	8.54
Tibberton Primary School	8.99
Together4Children	1.06
William Reynolds Primary School	2.26

Audit Area	Service Area	Days	Priority	Risk rating	Status
General ledger, assets & capital accounting - fixed asset module	Finance & Human Resources	15	ALL	H	
Payroll/HR	Finance & Human Resources	15	ALL	H	
Treasury	Finance & Human Resources	8	ALL		
Section17 spend	Children's Safeguarding and Family Support	10	1,2 & 5	H	
Placements/ High cost support packages	Children's Safeguarding and Family Support	12	1,2 & 5	H	
No Recourse to public funds	Children's Safeguarding and Family Support	10	1,2 & 6	M	
Audit areas to be confirmed - Only confirmed audit is Lakewood Court Adult Social care		40			
Money Laundering	Policy & Governance	8	2 & 5	H	
Risk Management	Policy & Governance	8	all	M	
Legal system	Policy & Governance	10	all	M	
Members Subsistence	Policy & Governance	8	2 & 5	M	
Troubled families grant	Policy & Governance	12	all	L	
Future Focus (NEET)	Education & Skills	10	1,2,5	M	
Multiply	Education & Skills	5	1& 5	L	
Home to school transport	Education & Skills	15	all	M	
Schools (9 schools)	Education & Skills	45	1,3,5	M	
Benefits	Community Customer & Commercial Serv	12	1,2,3,5	H	
Town Park	Community Customer & Commercial Serv	12	all	H	
Ski Slope	Community Customer & Commercial Serv	10	all	M	
Oakengates Leisure Centre	Community Customer & Commercial Serv	10	all	M	

Audit Area	Service Area	Days	Priority	Risk rating	Status
Cyber Security	Community Customer & Commercial Serv	8	5	H/M	
Capita One Housing	Community Customer & Commercial Serv	10	all	M	
Gladstone Management System	Community Customer & Commercial Serv	10	all	M	
MIS Headway (Planning)	Community Customer & Commercial Serv	10	all	M	
Homlessness reduction act	Housing & Communities	15	1,3,5	H	
Monitoring sale of discount market housing	Housing & Communities	5	all	M	
Capita One Housing	Housing & Communities	as above	all	M	
Housing Management	Housing & Communities	12	all	M	
Home to school transport	Neighbourhood & Enforcement	as above	all	M	
Licensing	Neighbourhood & Enforcement	12	2,3 & 5	M	
PIP Properties	Property & Investment	8	2,3,4,5	M	
MIS Headway (Planning)	Property & Investment	as above	all	M	
BIT (H&S Management)	Property & Investment	10	2,3,4,5	M	
Housing Management	Property & Investment	as above	all	M	
BIT (H&S Management)	Health & Wellbeing	as above	2,3,4,5	M	
PSP Register	Health & Wellbeing	8	all	M	
Grants					
Local Transport Capital block funding	Finance & HR and Neighbourhood & Enforcement	2	2,3,4 & 5	M	
Bus subsidy grant	Finance & HR and Neighbourhood & Enforcement	2	2,3,4 & 5	M	
Universal Drug Grant	Finance & HR and Health & Wellbeing	2	ALL	M	
Family Hub	Finance & HR and Childrens Safeguarding	2	All	M	
HUG 2 grant (home Upgrade Grant)	Finance& HR and Housing & Communities	2	2,3,4 & 5	M	
UKSPF Grant	Finance& HR and Housing & Communities	2	2,3,4 & 6	M	
Holiday Activity & Food Programme	Finance & HR and Educ/Skills	2	ALL	M	
Corporate audits					
Procurement/Contract Monitoring	All service areas	12	All	H	

Total for new audits	409
external commercial work	119
Advice & guidance	19
Local Government Ombudsman	35
Annual Governance Statement	8
Follow ups	10
Contingency	10
Sub total	610
Available days (12 months)	610

1 -Every child, young person and adult lives well in their community
2 -Everyone benefits from a thriving economy
3 -All neighbourhoods are a great place to live
4-our natural environment is protected - we take a leading role in addressing the climate emergency
5- A community focused, innovative council providing efficient, effective and quality services

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AUDIT COMMITTEE ACTIVITY 2023/24

Area	Activity
Internal Audit	Internal Audit Annual Report 2022/23 Internal update reports of work undertaken throughout the year. Internal Audit Plan 2023/24 Internal Audit Charter for 2024/25
External Audit	External audit update reports throughout the year KPMG introductions.
Governance	Annual Governance Statement (AGS) 2022/23 Half yearly progress on the 2022/23 AGS Action Plan Review of the Strategic Risk Register Information Governance Annual Report 2022/23 Caldicott Guardian Annual Report 2022/23 Information Governance work programme 2023/24 Publication of Information on Councillors who Traded with the Council during 2022/23 Audit Committee Annual Report 2022/23
Treasury Management	Treasury Management Outturn report 2022/23 update 2023/24 Draft 2023/24 Treasury Management Strategy Treasury Management update 2022/23 Verbal presentation from Councils Treasury Advisors
Statement of Accounts	Draft Statement of Accounts 2022/23 Audited Annual Statement of Accounts 2022/23
Fraud & Corruption	2022/23 Annual Report on Corporate Anti-Fraud & Corruption Policy and Policy update 2022/23.
General	Audit Committee terms of Reference reviewed. Annual customer feedback report and assurance on lessons learnt 2022/23. Climate change management – becoming carbon neutral and plastic free update. Assurance on the Council's partnership arrangements

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Telford & Wrekin
Co-operative Council

Protect, care and invest
to create a better borough

Borough of Telford and Wrekin

Audit Committee

Wednesday 29 May 2024

Internal Audit Activity Report

Cabinet Member:	Cllr Nathan England - Cabinet Member: Finance, Customer Services & Governance	
Lead Director:	Anthea Lowe - Director: Policy & Governance	
Service Area:	Policy & Governance	
Report Author:	Tracey Drummond - Principal Auditor Rob Montgomery - Audit & Governance Lead Manager	
Officer Contact Details:	Tel:	Email:
	01952 383105	tracey.drummond@telford.gov.uk,
	01952 383103	robert.montgomery@telford.gov.uk
Wards Affected:	All Wards	
Key Decision:	Not Key Decision	
Forward Plan:	Not Applicable	
Report considered by:	Senior Management Team – 14 May 2024 Audit Committee – 29 May 2024	

1.0 Recommendations for decision/noting:

It is recommended that the Audit Committee:

- 1.1 Note the information contained in this report in respect to the Internal Audit planned work undertaken between 1 January 2024 and 31 March 2024 and unplanned work to date

2.0 Purpose of Report

2.1 The purpose of this report is to update members on the progress made against the 2023/24 Internal Audit Plan and to provide information on the recent work of Internal Audit.

3.0 Background

3.1 This report provides information on the work of Internal Audit from 1 January 2024 to 31 March 2024 and provides an update on the progress of previous audit reports issued.

3.2 The key focus for the team during this period was the completion of audits on the annual audit plan and fulfilling commercial contracts.

3.3 The information included in this progress report will feed into and inform our overall opinion in our Internal Audit Annual Report. All audit reports issued during the year are given an overall audit opinion based on the following criteria:

Level of Assurance/Audit Opinion & Definition	
<p>Good (Green)</p> <p>There is a sound system of control designed to address relevant risks with controls being consistently applied.</p>	<p>Reasonable (Yellow)</p> <p>There is a sound system of control but there is evidence of non-compliance with some of the controls.</p>
<p>Limited (Amber)</p> <p>Whilst there is a sound system of control, there are weaknesses in the system that leaves some risks not addressed and there is evidence of non-compliance with some key controls.</p>	<p>Poor (Red)</p> <p>The system of control is weak and there is evidence of non-compliance with the controls that do exist.</p>

Internal Audit Activity Report

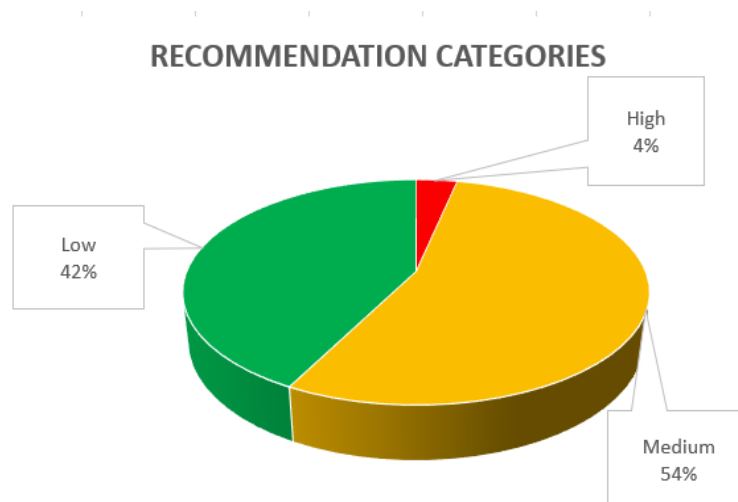
3.4 To determine the overall grading of the Internal Audit report each recommendation is risk rated (high, medium or low). The recommendation risk rating is based on the following criteria:

High risk = A fundamental weakness which presents material risk to the system objectives and requires immediate attention by management.

Medium risk = A recommendation to address a control weakness where there are some controls in place but there are issues with parts of the control that could have a significant impact.

Low risk = A recommendation aimed at improving the existing control environment or improving efficiency, these are normally best practice recommendations.

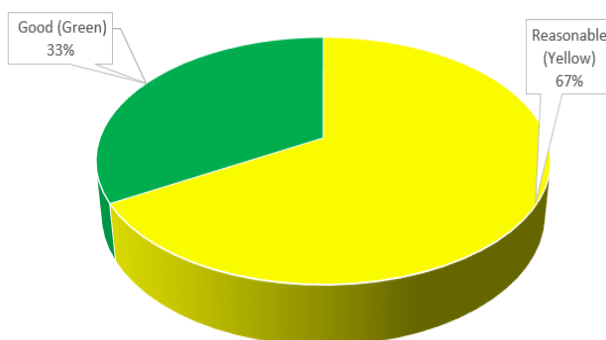
3.5 The chart below shows the percentage of high (red segment), medium (yellow segment) and low (green segment) risk recommendations made in the reports issued during this period.



3.6 The level of assurance (based on the table above) for audit reports issued in this period is detailed below.

Internal Audit Activity Report

AUDIT REPORT ASSURANCES FOR THE PERIOD



3.7 The information in the above pie charts is broken down in the summary table below.

AUDIT REPORTS ISSUED BETWEEN 01/01/24– 31/03/2024 AND CURRENT STATUS						
Area	Date of Report	Level of risk on plan	Original Audit Grade	Follow up Due	Revised Grade	Comments
LAD3 Grant	02/01/2024	M	Good	N/A		
Hollinswood Primary School	08/01/2024	M	Reasonable	June 2024		
Council Tax & NNDR	24/01/2024	H	Good	N/A		
Bar Stock – Telford Theatre	01/02/2024	Unplanned	Reasonable	January 2026		
High Ercall Primary School	19/02/2024	M	Reasonable	September 2024		
Dothill Primary School	11/03/2024	M	Good	N/A		
Preparing Disabled Children for Adulthood	15/03/2024	H	Reasonable	September 2024		
IDT Incident & Problem Management	22/03/2024	M	Reasonable	June 2024		
Telford Ice Rink Bar	22/03/2024	H	Reasonable	September 2024		

Internal Audit Activity Report

3.8 Detailed below is the status of any reports previously issued and reported to Audit Committee. Members should note that once reports have reached a green status and have been reported to members they are excluded from future Audit Committee reports.

PREVIOUSLY ISSUED REPORTS & CURRENT STATUS					
Area	Date of Report	Original Audit Grade	Status previously reported to Audit Committee	Current Grade	Current status / Comments
Donnington Wood Infants School	19/09/23	Reasonable	Follow up due March 24	Good	Follow up complete and grading changed
Tibberton Primary School	22/09/23	Reasonable	Follow up due March 24	Good	Follow up complete and grading changed
Direct Payments Childrens	18/09/23	Poor	1 st follow up undertaken. 2 nd follow up to be carried out July 24	Reasonable	2 nd Follow up due July 2024
Child Arrangement Orders	18/10/23	Poor	1 st follow up undertaken. 2 nd follow up to be carried out April 24	Limited	2 nd Follow up in progress. Extension agreed.
Direct Payments Adults	28/11/23	Poor	Follow up due Feb 2024	Limited	1 st follow up completed. 2 nd follow up due August
Muxton Primary School	21/12/23	Poor	Follow up due Mar 2024	Reasonable	1 st follow up completed. 2 nd follow up due July
Registrars Income Reconciliation Process	7/11/23	Reasonable	Follow up due May 2024	Reasonable	In progress
Cloud Hosting	16/11/23	Reasonable	Follow up due May 2024	Reasonable	

Internal Audit Activity Report

Purchase Ledger	27/11/23	Reasonable	Follow up due May 2024	Reasonable	
Cash Office	19/12/23	Reasonable	Follow up due Jun 2024	Reasonable	
DWP Compliance	19/12/23	Reasonable	Follow up due Jun 2024	Reasonable	
Household Support Fund	20/12/23	Reasonable	Follow up due Jun 2024	Reasonable	

Internal Audit is confident and has been assured by management that controls have and will continue to improve in all areas where recommendations have been made. There are no other issues to bring to the attention of the Committee at this time.

4.0 Progress on completion of the 2023/24 Annual Audit Plan

4.1 Audit Committee members approved the 2023/24 Internal Audit Plan at the May 2023 committee meeting. Appendix A of this report shows the progress made against this plan. From a total of 73 audits, 27 audits have been completed (37%), 11 are in progress (15%) and 31 have been deferred or removed (42%) due to requests from the service area, resources within the Audit Team and/or replacements with unplanned audits

5.0 Unplanned work

5.1 Work continues on the commercial contracts with Academies and Town Councils, we have recently been successfully in winning two new contracts with Manor Multi Academy Trust and Lykos Academy. We now provide audit services to a total of 11 Academy Trusts and 2 Town Councils. Internal Audit continues to look for opportunities to expand their commercial offering.

6.0 Quality Assurance and Improvement Programme

6.1 Internal Audit maintains a Quality Assurance and Improvement Programme that complies with the Public Sector Internal Audit Standards (PSIAS) alongside the normal quality review process applied to all audit assignments. The Audit & Governance Lead Manager undertakes an independent monthly check of randomly selected (number dependent on number of completed audits that month) completed audit files to ensure they comply with:-

Internal Audit Activity Report

- Requirements of the PSIAS
- Rules of the Code of Ethics
- Agreed Internal Audit process and procedures
- Approved Internal Audit Charter

Only minor Internal Audit procedural issues have been found from these checks and they have been fed back to the Internal Auditors during this time to aid continuous improvement in the service.

7.0 Council Priorities

- 7.1 A community-focussed, innovative council providing efficient, effective and quality services.

8.0 Financial Implications

- 8.1 The planned work undertaken by the Internal Audit Team as outlined in this report is funded through the Council's base budget and approved as part of the Medium Term Financial Strategy. Income generated by Internal Audit from commercial contracts is used to offset the overall costs of the Internal Audit Team therefore reducing the amount of base budget required.
- 8.2 In circumstances where Audit findings result in changes to service delivery or controls etc. the financial consequences are managed as part of the implementation of such changes. There are no financial implications as a result of accepting the recommendations of this report.

9.0 Legal and HR Implications

- 9.1 The Accounts and Audit Regulations 2015 (Part 2, Regulation 5) state 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 information set out in this report illustrates the work that has been undertaken to meet the appropriate statutory requirements and demonstrate the Council is operating transparently and in accordance with good governance. There are no direct legal or HR implications arising from this report.

10.0 Ward Implications

- 10.1 The work of the Audit team encompasses all the Council's activities across the Borough and therefore it operates within all Council Wards detailed in the Parish Charter.

11.0 Health, Social and Economic Implications

11.1 There are no health, social or economic implications directly arising from this report.

12.0 Equality and Diversity Implications

12.1 Transparency supports equalities and demonstrates the Council's commitment to be open and fair.

13.0 Climate Change and Environmental Implications

13.1 There are no direct climate change and environmental implications arising from this report.

14.0 Background Papers:

- 1 Annual Audit Plan 2023/24
- 2 Public Sector Internal Audit Standards – Applying the IIA International Standards to the UK Public Sector 2013 and updated January 2017

15.0 Appendices

- A 2023/24 Annual Audit Plan

16.0 Report Sign Off

Signed off by	Date sent	Date signed off	Initials
Finance	03/05/2024	08/05/2024	AEM
Legal	03/05/2024	16/05/2024	SH

Audit Area	Service Area	Days	Priority	Risk rating	status
General ledger, assets & capital accounting - fixed asset module	Finance & Human Resources	20	ALL	H	
Payroll/HR	Finance & Human Resources	20	ALL	H	In Progress
Sales ledger	Finance & Human Resources	20	ALL	H	In Progress
Council Tax/NNDR	Finance & Human Resources	20	ALL	H	Complete
Purchase Ledger	Finance & Human Resources	20	ALL	H	Complete
Agresso	Finance & Human Resources	10	ALL	M	Deferred
Cash Office	Finance & Human Resources	10	ALL	M	Complete
Resourcelink - including Myview	Finance & Human Resources	10	ALL	M	In Progress
Local Transport Capital block funding	Finance & Human Resources	2	2,3,4 & 5	M	Complete
Bus subsidy grant	Finance & Human Resources	2	2,3,4 & 5	M	Complete
Comf grant	Finance & Human Resources	2	2,3,4 & 5	M	Complete
HUG1 (home Upgrade Grant)	Finance & Human Resources	2	2,3,4 & 5	M	Complete
HUG 2 grant (home Upgrade Grant)	Finance & Human Resources	2	2,3,4 & 5	M	Complete
LAD3 Grant	Finance & Human Resources	2	2,3,4 & 6	M	complete
Multiply Grant	Finance & Human Resources	2	ALL	M	In Progress
UKSPF Grant	Finance & Human Resources	2	2,3,4 & 6	M	Deferred
Happy healthy active Holiday grant	Finance & Human Resources	2	ALL	M	Complete
Payments regarding looked after children	Children's Safeguarding and Family Support	0	1,2 & 5	H	Deferred-replaced with Preparing Disabled Children for adulthood
Preparing Disabled children for adulthoos	Children's Safeguarding and Family Support	12	1,2 & 5	H	complete
Section17 spend	Children's Safeguarding and Family Support	10	1,2 & 5	H	
Placements/ High cost support packages	Children's Safeguarding and Family Support	12	1,2 & 5	H	deferred
Commissioned Services	Children's Safeguarding and Family Support	12	1,2 & 5	M	deferred
No Recourse to public funds	Children's Safeguarding and Family Support	10	1,2 & 6	M	
Transition - leaving care	Children's Safeguarding and Family Support	10	1,2 & 5	M	deferred
controc	Children's Safeguarding and Family Support	20	1 & 5	M	deferred

Financial Case Management	Adult social care	20	1,2& 5	H	deferred
Quality assurance framework	Adult social care	10	1 & 5	M	deferred
Co Production framework	Adult social care	10	1 & 5	M	In Progress
Children & YP Services / RAMP - Practice Decision Forum & Peer review	Adult social care	12	1,2,5	M	deferred
Market Sustainability Plan	Adult social care	8	1 & 5	M	deferred
Integrated Care Record	Adult social care	10	1,2,5	M	In Progress
Fair cost of care	Adult social care	8	1 & 5	L	deferred
Money Laundering	Policy & Governance	8	2 & 5	H	deferred
Risk Management	Policy & Governance	10	all	M	deferred
Insurance	Policy & Governance	8	all	M	Complete
Legal system	Policy & Governance	10	all	M	deferred
Members Subsistence	Policy & Governance	8	2 & 5	M	deferred
Troubled families grant	Policy & Governance	12	all	L	Complete
Happy healthy active Holiday grant	Education & Skills	as above	all	M	as above - complete
Home to school transport	Education & Skills	15	all	M	deferred
Multiply Grant	Education & Skills	as above	all	M	as above - in progress
Schools (18 schools)	Education & Skills	90	1,3,5	M	3 In Progress 6 complete, 8 deferred, 1 outstanding
Bars (The Place/ Ice Rink/Horsehay/ski centre)	Community Customer & Commercial Serv	25	2,3,5	H	Complete
Agresso	Community Customer & Commercial Serv	as above	all	H	as above - deferred
Leisure Centres (2)	Community Customer & Commercial Serv	20	all	M	In Progress x2
Resourcelink (My View)	Community Customer & Commercial Serv	as above	all	M	as above - in progress
IT audits (4 audits)	Community Customer & Commercial Serv	21	5	H/M	4 complete
Registrar	Community Customer & Commercial Serv	10	2,3,5	M	Complete
DWP Data Sharing Compliance	Community Customer & Commercial Serv	5	all	M	Complete
Household Support Fund	Community Customer & Commercial Serv	5	all	M	Complete

Homlessness reduction act	Housing & Communities	25	1,3,5	H	deferred
Monitoring sale of discount market housing	Housing & Communities	5	all	M	deferred
UKSPF Grant	Housing & Communities	as above	all	M	as above - deferred
LAD3 Grant	Housing & Communities	as above	all	M	as above - complete
HUG1 (home Upgrade Grant)	Housing & Communities	as above	all	M	as above - complete
HUG 2 grant (home Upgrade Grant)	Housing & Communities	as above	all	M	as above - complete
Ideverde contract	Neighbourhood & Enforcement	4	all	M	deferred
Transport Overview	Neighbourhood & Enforcement	20	all	M	deferred
Licensing	Neighbourhood & Enforcement	12	2,3 & 5	M	deferred
Bus subsidy grant	Neighbourhood & Enforcement	as above	all	L	as above - complete
Telford Land deal	Property & Investment	8	2,3,4,5	M	deferred
BIT	Property & Investment	10	2,3,4,5	M	deferred

643

The above colour coded reflect audits which span across more than one service area:
Agresso
Resourcelink
Bus subsidy
Home Upgrade Grant 1
Home Upgrade Grant 2
LAD3 Grant
Multiply Grant
UKSPF Grant
Holiday Activity grant

KEY	
H	high
M	Medium
L	Low

Total for new audits	643
external commercial work	57
Advice & guidance	20
Follow ups	20
Contingency	5
Sub total	745
Available days (12 months)	773

1 -Every child, young person and adult lives well in their community

2 -Everyone benefits from a thriving economy

3 -All neighbourhoods are a great place to live

4-our natural environment is protected - we take a leading role in addressing the climate emergency

5- A community focused, innovative council providing efficient, effective and quality services



Telford & Wrekin
Co-operative Council

Protect, care and invest
to create a better borough

Borough of Telford and Wrekin

Audit Committee

Wednesday 29 May 2024

2023/24 Information Governance & Caldicott Guardian Annual Report

Cabinet Member:	Cllr Nathan England - Cabinet Member: Finance, Customer Services & Governance	
Lead Director:	Anthea Lowe - Director: Policy & Governance	
Service Area:	Policy & Governance	
Report Author:	Tracey Drummond, Rob Montgomery - Principal Auditor, Audit & Governance Lead Manager	
Officer Contact Details:	Tel:	Email:
	01952 383105	tracey.drummond@telford.gov.uk,
	01952 383103	robert.montgomery@telford.gov.uk
Wards Affected:	All Wards	
Key Decision:	Not Key Decision	
Forward Plan:	Not Applicable	
Report considered by:	Senior Management Team – 14 May 2024 Audit Committee – 29 May 2024	

1.0 Recommendations for decision/noting:

It is recommended that the Audit Committee:

- 1.1 Note the Information Governance & Caldicott Guardian Annual Report for 2023/2024.
- 1.2 Agrees the IG Work Programme for 2024/25.

2.0 Purpose of Report

- 2.1 To present the 2023/2024 Information Governance (IG) & Caldicott Guardian Annual Report to the Members of the Audit Committee.

3.0 Background

3.1 2023/2024 INFORMATION GOVERNANCE ANNUAL REPORT

- 3.2 There are a number of pieces of legislation and good practice standards that govern the IG arrangements of the Council and these are listed in the background information at the end of this report. The Information Commissioners Office (ICO) is the regulatory body responsible for ensuring Councils meet information legislative requirements relating to information governance.
- 3.3 The Local Authority Data Handling Guidelines recommend that each local authority should appoint a Senior Information Risk Owner (SIRO). The SIRO should be a representative at senior management level and has responsibility for ensuring that management of information risks are weighed alongside the management of other risks facing the Council such as financial, legal and operational risk. At Telford & Wrekin Council the nominated SIRO for the period covered by this report was the Director: Policy & Governance.

Information Rights

- 3.4 Information rights is a collective name for 3 main pieces of legislation in respect to public sector information, these are:
- **Freedom of Information Act 2000** – encompasses any information held by the Council
 - **Environmental Information Regulations 2004** – information with an environmental impact
 - **UK Data Protection Act 2018/UK GDPR** – looks at personal information relating to individuals
- 3.5 The IG Team has continued to play a key role in providing assurance that the Council complies with information rights legislation during the year. The IG Team has responsibility for the administration of all information rights requests on behalf of the Council including the application of relevant exemptions in respect to requests received.
- It also co-ordinates and guides service areas when the Council receives a subject access request (someone requesting their personal information) or a request to access social care records, e.g. a parent asking to view the contents of their child's records.
- 3.6 The ICO has set a benchmark of 90% for responding to FOI requests within the 20 working day statutory deadline for responding to requests.
- 3.7 See table below for figures relating to FOI performance for the year 1 April 2022 to end of March 2023 compared with the same period for the previous year:

	22/23	23/24	% Increase / Decrease
Number of FOI requests received	933	1033	11
Average number of FOI requests received per month	78	87	11
% of FOI requests responded to within statutory deadline	87	85	2
Average time taken (days) to respond to each request	17	16	1

As can be seen from the figures in the table above, the Council's performance in responding to FOI requests within statutory deadlines in 2023/24 has decreased slightly compared the previous year.

In addition to the above the Council received 89 requests (45 in 22/23) that were processed under the Environmental Information Regulations (EIR) 2004. 77% (84% in 22/23) of these requests were responded to within the 20 day deadline.

3.8 In this period IG have received 34 appeals from requestors who were not satisfied with the response they received to their FOI request. This compares to a total of 11 appeals in 2022/23.

3.9 During this period, the IG Team received 1 referral from the Information Commissioner (ICO) in respect to a complaint made to them in relation to a freedom of information request.

The ICO decided partly in favour of the Council in respect to the complaint. The Council released additional information to the requester and the ICO were in agreement with this. No further action was taken.

3.10 The UK Data Protection Act 2018 requires the Council to respond to subject access requests (SARs) within one month of receipt unless the request is deemed complex when a further two-month extension can be applied.

In 2023/24 the Council received 104 subject access requests, 34 less than the previous year.

Of the requests that had been responded to in 23/24, 93% were responded to within the legislative timescale set. This compares to 92% responded to within timescales in 22/23.

The processing of SAR's continues to be a challenge due to the volume (in pages) of information being asked for. 4 of the subject access requests received in 23/24 alone encompassed over 10,000 pages of information.

The IG Team continuously review their practices and look at the market for new technological solutions to ensure processes improve where possible.

Data Security Incidents

- 3.11 It is unrealistic to consider, given the amount of personal data Council services handle on a daily basis, that human errors will not occur which may result in a data breach. IG supports the investigation (with service areas) of all instances of alleged data breaches that are identified and referred to them. A data breach can cover a number of different incidents from a member/employee reporting a lost mobile phone to personal data being communicated to an unauthorised and/or incorrect recipient.

For each data breach identified in 2023/2024 a thorough investigation has been undertaken into how the breach occurred, confirmation of any individuals that have been informed in compliance with the UK Data Protection Act 2018 and lessons learnt identified and implemented to reduce the likelihood of similar data breaches occurring in the future.

The IG Team continues to work with service areas to improve the secure processing of personal data to prevent data security incidents.

- 3.12 None of the data breaches in 2023/24 met the threshold for reporting to the Information Commissioners Office (ICO).
- 3.13 In September 2023 the IG Team supported the IDT team in the implementation of a new secure email system called Zivver. It is expected that the use of Zivver will help reduce the number of data incidents that the Council experiences.

Information Governance Related Audits & Work Programme

- 3.13 The 2023/2024 IG work programme was agreed at the May 23 Audit Committee. Progress to date in respect to this programme is shown attached as Appendix A.
- 3.14 Appendix B details the proposed IG work programme for 2024/2025 for approval. This programme mainly incorporates key actions required to facilitate the legal requirements of the UK Data Protection Act/UK GDPR 2018.

4.0 2023/2024 CALDICOTT GUARDIAN ANNUAL REPORT

Caldicott Guardian (CG) Function – Key Responsibilities

- 4.1 Caldicott Guardians were introduced into social care with effect from 1 April 2002, under Local Authority Circular LAC (2002)2 dated 31 January 2002. Caldicott Guardians play a key role in ensuring that the NHS, Councils with Social Service responsibilities and partner organisations satisfy the highest practical standards for handling patient identifiable information under a framework which complies with the requirements of the UK Data Protection Act 2018; they actively support work to enable information sharing where it is appropriate to share; and advise on options for lawful and ethical processing of information
- 4.2 A requirement for the Audit Committee is to consider the Caldicott Guardians (CG) annual report / action plan.

4.3 During the majority of this reporting period, Simon Froud, Director for Adult Social Care (started May 2023) has undertaken the role of Caldicott Guardian (CG).

4.4 In terms of CG activity please see summary below:

4.4.1 **GDPR** – the requirements of this legislation is embedded across the service. Staff are required to undertake mandatory IG training and regular audit and assurance takes place to ensure compliance. Each service continues to have an IG lead and receive and disseminate regular updates. Regular updates are given to staff via the Adult Social Care newsletter and also at Team Meetings.

4.4.2 **Electronic Adult Social Care database and financial systems** - embedded since implementation in October 2018. The Data Protection Officer continues to support the service in monitoring the Data Protection Impact Assessment on the system.

The Adult Social Care electronic record self-service portals are in there test phase and will be fully implemented in the summer of 2024. The Data Protection Officer has supported the completion of a comprehensive Data Privacy Impact Assessment. These portals will mean that citizens with care and support needs will have an online account that they can access and use to manage their care and associated finances. This will also provide the opportunity for secure communications between the service and citizens receiving care and support and their carers. There is also functionality for professionals to directly contribute to a citizen's assessment via the portal.

4.4.3 **Adult Social Care breaches** – a reporting system in place where the IG Team inform the CG of all breaches related to social care data in order that follow up with the member of staff concerned can be completed and all necessary actions taken. The data around IG breaches and subsequent actions is overseen for ASC and Children's Safeguarding by SMT and in addition for ASC the ASC Assurance Board. The Adult Social Care Director keeps na overview of data breaches and also communicates to staff members either individually or to the whole ASC staff workforce when there is a data breach with recommendations / actions.

4.4.4 **Integrated working with key partners** – Information sharing protocols have been agreed and are updated regularly, supported by the Data Protection Officer. A review is being undertaken with partners to ensure all appropriate information sharing agreements are in place and up to date. This will continue to be an important aspect as we further integrate service delivery and records with health partners. Our Telford and Wrekin Integrated Place Partnership (TWIPP) is our key local vehicle for development and delivery and a direct link to the ICS Board. Information sharing is a planned agenda item 23/24 at TWIPP. There are work streams including Digital Information Governance Group which have regular input from the Caldicott Guardian and Data Protection Officer to ensure that all information governance requirements are met as we move towards further integrated pathways and partnerships. The development of the Integrated Health and Care Record is now business as usual. The Data Protection Officer is heavily

involved with regular updates to the Caldicott Guardian and the TWC Senior Management Team.

4.4.5 Quality Assurance – Regular review meetings are in place with the Senior Information Risk Owner, CG and Data Protection Officer to ensure that further development and assurance of our data protection systems continue in relation to our support of those with care and support needs particularly as we integrate records and delivery further with health and care partners.

5.0 CONCLUSIONS FOR 2023/2024

5.1 The Information Governance Team have performed well and made a positive contribution to the governance arrangements within the Council in 2023/2024.

6.0 Summary of main proposals

6.1 It is proposed that members of the Audit Committee:

- 6.1.1 Note the content of the annual report
- 6.1.2 Agree the IG Work Programme for 2024/25

7.0 Alternative Options

7.1 There are no options relating to this report.

8.0 Key Risks

8.1 The risks and opportunities in respect to this report will be appropriately identified and managed.

9.0 Council Priorities

9.1 The report supports the Council's values that are embedded in the delivery of all of the Councils' priorities.

10.0 Financial Implications

10.1 Costs associated with the Information Governance and Caldicott Guardian work outlined in this report are met from the Council's base budget.

11.0 Legal and HR Implications

11.1 Compliance with the Information Rights legislation mentioned in this report is mandatory. When assessing compliance, the ICO will consider approved policies and procedures of the authority.

NHS and Social Care Caldicott Guardians are required to be registered on the publicly available National Register of Caldicott Guardians. The UK Council of Caldicott Guardians, an elected body made up of Caldicott Guardians from health

and social care, meets four times per year and publishes a manual for Caldicott Guardians (currently 2017) which sets out the roles and responsibilities of the Caldicott Guardian. The Health & Social Care Information Centre [HSCIC] publishes guidance and resources for Caldicott Guardians.

12.0 Ward Implications

12.1 The work of the Audit Committee encompasses all the Council's activities across the Borough and therefore it operates within all Council Wards detailed in the Parish Charter.

13.0 Health, Social and Economic Implications

13.1 There are no health, social or economic implications directly arising from this report.

14.0 Equality and Diversity Implications

14.1 Transparency supports equalities and demonstrates the Council's commitment to be open and fair.

15.0 Climate Change and Environmental Implications

15.1 There are no direct climate change and environmental implications arising from this report.

16.0 Background Papers

- 1 Corporate Information Security Policy
- 2 Caldicott Review - <https://www.gov.uk/government/publications/the-information-governance-review>
- 3 Information: To Share or not to Share – Government Response to the Caldicott Review.
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/192572/2900774_InfoGovernance_accv2.pdf

17.0 Appendices

- A Progress on the IG Work Programme 2023/24
- B IG Work Programme 2024/25

18.0 Report Sign Off

Signed off by	Date sent	Date signed off	Initials
Finance	03/05/2024	08/05/2024	AEM
Legal	03/05/2024	16/05/2024	SH

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Update on Information Governance (IG) Work/Compliance Programme 2023/2024

No	Task	Completion Date	Update as at 31/3/24
1	Administer FOI/EIR/DPA requests, appeals and associated correspondence from the ICO.	Ongoing	Performance comparable with 2022/23
2	Continue the provision and promotion of additional services to schools within and outside the area to generate agreed income.	Ongoing	IG Team continues to provide services for a number of parish councils, schools and academy trusts.
3	Investigate instances of possible data breaches and ensure appropriate improvements within services and processes are made.	Ongoing	Ongoing support to services and liaison where necessary with ICO.
4	Support service areas to address any information security risks that arise.	Ongoing	As above.
5	Monitor compliance with GDPR/DPA 2018 and associated Council policies. This includes the assignment of responsibilities, awareness raising, training of staff and associated audits.	Ongoing	Compliance work completed in year contributing to accountability principle.
6	To provide advice where requested on Data Protection Impact Assessments (DPIA) and monitor performance in this area.	Ongoing	DPIA's completed on a number of projects in year that are reviewed and signed off by IG.
7	To co-operate with the Information Commissioners Office (ICO) in any relevant engagement.	Ongoing	The IG Team continue to be the key contact with ICO.
8	Inform and advise the Council and its employees who carry out personal information processing of their obligations under GDPR/DPA 2018.	Ongoing	The IG Team provides various updates to staff throughout the year.
9	Review and update the Corporate Information Security Policy (CISP)	End of March 2023	Policy reviewed and in place.
10	Complete Data Security & Protection (DSP) toolkit assessment for central government.	End of July 2023	Completed.

Information Governance (IG) Work/Compliance Programme 2024/2025

No	Task	Completion date
1	Administer FOI/EIR/DPA requests, appeals and associated correspondence from the ICO.	Ongoing
2	Continue the provision and promotion of additional services to schools within and outside the area to generate agreed income.	Ongoing
3	Investigate instances of possible data breaches and ensure appropriate improvements within services and processes are made. This would include acting as a point of contact for the ICO.	Ongoing
4	Support service areas to address any information security risks that arise. This would include acting as a point of contact for the ICO.	Ongoing
5	Monitor compliance with GDPR/DPA 2018 and associated Council policies. This includes the assignment of responsibilities, awareness raising, training of staff and associated audits.	Ongoing
6	To provide advice where requested on Data Protection Impact Assessments (DPIA) and monitor performance in this area.	Ongoing
7	To co-operate with the Information Commissioners Office (ICO) in any relevant engagement.	Ongoing
8	Inform and advise the Council and its employees who carry out personal information processing of their obligations under GDPR/DPA 2018.	Ongoing
9	Review and update the Corporate Information Security Policy (CISP).	End of March 2025
10	Complete Data Security & Protection (DSP) toolkit assessment for central government.	End of June 2025

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Telford & Wrekin
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to create a better borough

Borough of Telford and Wrekin

Audit Committee

Wednesday 29 May 2024

2023/24 Anti-Fraud & Corruption Annual Report

Cabinet Member:	Cllr Nathan England - Cabinet Member: Finance, Customer Services & Governance	
Lead Director:	Anthea Lowe - Director: Policy & Governance	
Service Area:	Policy & Governance	
Report Author:	Rob Montgomery – Audit & Governance Lead Manager Tracey Drummond – Principal Auditor	
Officer Contact Details:	Tel:	Email:
	01952 383105	tracey.drummond@telford.gov.uk,
	01952 383103	robert.montgomery@telford.gov.uk
Wards Affected:	All Wards	
Key Decision:	Not Key Decision	
Forward Plan:	Not Applicable	
Report considered by:	Senior Management Team – 14 May 2024 Audit Committee – 29 May 2024	

1.0 Recommendations for decision/noting:

It is recommended that the Audit Committee:

- 1.1 Note the 2023/24 Annual Report on Corporate Anti-Fraud and Corruption activity.

2.0 Purpose of Report

- 2.1 The purpose of the report is for the Audit Committee to consider the 2023/24 Annual Report on Corporate Anti-Fraud and Corruption activity.

3.0 Background

3.1 INFORMATION – ANNUAL REPORT 2023/24

- 3.2 The Anti-Fraud and Corruption Report and Policy supports one of the key elements of good corporate governance – Standards of Conduct. The Council aims to ensure that all those associated with it maintain high standards of ethics and conduct in public life.
- 3.3 It is extremely difficult to put a figure on the true cost of fraud. However, the government’s National Fraud Authority recently estimated that fraud costs the public sector approximately £38 billion each year. Between 0.5-5% of public spend is lost to fraud and error. 40% of crime in the UK is believed to be fraud related. However, a recent report in the House of Lords outlined that only 1% of policing is focused on tackling economic crime. In many organisations fraud goes undetected. The potential loss to fraud and error at every local authority can be significant.
- 3.4 Every pound lost to fraud is a pound that cannot be spent on providing services to the community. With the continued pressure on public finances, it is more important than ever that the Council is focused on preventing fraud from occurring and investigating and pursuing any potential fraud identified.
- 3.5 This report contains information for 2023/24 on counter fraud and investigation activities within Telford & Wrekin Council, driven by the Investigation Team along with Internal Audit and IDT and the work that other enforcement teams undertake in tackling certain types of fraud within our communities.
- 3.6 The committee should note that when the Investigation Team refer to the term fraud it also includes associated offences such as theft, bribery, corruption, money laundering and other financial irregularity, which are all matters that the Investigation Team will investigate.
- 3.7 The Council’s procedures and controls are designed to minimise the opportunity for fraud occurring and to highlight areas where there may be a greater risk of possible fraudulent activity. However, these controls need to be continually reviewed and assessed as the fraud landscape changes. Work undertaken by the Council teams in fighting fraud and theft is not just about the savings realised, fraud prevention is equally if not more important.

4.0 TRANSPARENCY CODE REQUIREMENTS

- 4.1 The Local Government Transparency Code requires the Council to publish data regarding its fraud arrangements as shown in the table below.

	Requirement Description	T&W Arrangements
1	Number of occasions the Council have used the powers under the	The Council does not have social housing and therefore

	Prevention of Social Housing Fraud Regulations 2014 or similar powers.	these powers have not been used in the last 12 months.
2	Number (absolute and FTE) of employees undertaking investigations and prosecutions of fraud	<p>Currently there is 1 Senior Investigation Officer and 1 Assistant Investigation Officer working in the Investigation Team. This equates to 2 FTE officers undertaking investigations into fraud, theft and other irregularity along with introducing preventative measures to combat fraud, providing training, writing policies and risk assessments.</p> <p>Other Council services undertake fraud prevention activity for example Internal Audit, Public Protection and IDT. These tasks form an ancillary part of an officer's job role and therefore it would be difficult to identify what proportion of their role would be taken up undertaking fraud related work.</p>
3	Number (absolute and FTE) of professionally accredited counter fraud specialists	Currently 2 Accredited Counter Fraud Specialists work in the Investigation Team.
4	Total amount spent by the authority on the investigation and prosecution of fraud	<p>The cost of the Investigation Team for 2023/24 was £121,017.53 including all investigation costs. Although £36,827 of this cost relates to supplier and support service costs such as contributions to centralised services such as HR and IDT.</p> <p>As stated on point 2 above, other areas of the Council undertake investigations but it is difficult to attribute a cost to this as costs are consumed in overall budgets for each service.</p>

5	Total number of fraud cases investigated	See case investigation data in this report.
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5.0 THE INVESTIGATION TEAM

- 5.1 The Investigation Team, within Audit and Governance, has responsibility for investigating fraud, theft, irregularity, bribery and corruption across the authority. The team are also responsible for introducing measures to help prevent the risk of fraud, irregularity, bribery and corruption. This includes, maintaining the fraud risk register, training staff, providing advice and guidance to service areas on all aspects of fraud prevention, issuing of fraud alerts and producing the relevant policies relating to fraud theft and irregularity. The team works closely with Internal Audit to mitigate fraud risks to the Council.
- 5.2 The Investigation Team also support the Council’s Money Laundering Reporting Officer (MLRO) in their role. Initial Suspicious Activity Reports are screened and interrogated by the team before being passed to the MLRO.
- 5.3 The team also maintain the Speak Up (Whistleblowing) Policy and associated reporting.
- 5.4 Prevention is the most effective way of combating fraud and the team look at ways that each service area can reduce their risk of fraud. However, there will always be instances where fraud occurs and needs to be investigated. A high proportion of the team’s investigation work comes from investigating matters affecting the Revenues Service. However, as a result of the team’s hard work in helping service areas understand their fraud risks, an increasing amount of work comes from a wide range of service areas throughout the Council.
- 5.5 A number of complex investigations have been undertaken in 2023/24. Some of these are continuing into the next financial year.
- 5.6 Each individual investigation that the team have looked into cannot not be reported in detail in this report due to the sheer number of investigations that the team have undertaken, although certain significant activity undertaken by the team is referred to below.
- 5.7 A complex investigation is currently being conducted which cannot be reported on fully at this point as it is a live criminal case and will continue into 2024/25 financial year.
- 5.8 The team have undertaken a significant amount of work with My Options and the Home Office in helping prevent employment fraud using sponsorship visas.
- 5.9 Considerable work has been undertaken in assisting Children’s services with incorrectly used direct payments. This work has assisted in reclaiming funds and supported changes in process which has reduced the opportunity for misuse of direct payments moving forward.

5.10 The Investigation Team have now started joint working with the Department for Work and Pensions (DWP) where there are matters of Council Tax Support fraud and fraud related to other relevant DWP benefits. Historically, there was a close working relationship between the two organisations for nearly two decades but this stopped in 2016 with the advent of the Single Fraud Investigation Service and the jurisdiction for investigating Housing Benefit moving to the DWP. However, this new process will ensure that the totality of fraud will be investigated in more serious Council Tax Support fraud matters. A number of joint investigations have commenced in 2023/24 and are continuing into the next financial year.

5.11 Investigation work undertaken in 2023/24

5.11.1 The Investigation Team concluded 147 investigations in 2023/24 with 83 having a positive outcome. This figure does not include 47 open investigations which have been carried over into the next financial year.

5.11.2 Direct/notional financial outcomes as a result of the Investigation Team’s work is detailed below:

Area	Financial Outcome
Revenues Investigations	£82,744
Housing Benefit as result of Revenues investigation	£8,774
Corporate fraud (covering an area across the council)	£73,115
Managing the National Fraud Initiative	£178,533
Fraud identified in current ongoing investigations (pending)	£56,000
TOTAL	£399,166

5.12 Preventative work undertaken by the Investigation Team in 2023/24

5.12.1 There is no way of accurately measuring the consequential effects and indirect savings that occur due to the team’s prevention work. If this work was not undertaken then the loss to the authority would potentially increase year on year. In addition, if potential fraudsters are aware that the authority have an Investigation Team that undertakes work into all aspects of fraud against the authority, then they will be less likely to attempt to commit acts of fraud than they would if there was no team in place.

5.12.2 The Investigation Team’s proactive work in 2023/24 includes:

- Maintaining and updating the fraud risk register which helps identify risks across all service areas and what preventative measures are in place to guard against these risks.
- Providing face to face induction training for new starters. In 2023/24 the team provided induction training to over 150 new starters.

- Providing regular fraud alerts across the authority and to specific service areas based on current local and national fraud risks and trends. The Investigation Team issued 7 National Fraud Alerts to relevant services areas.
- Providing fraud training to service areas when requested along with updating the online anti-fraud training modules.
- The Investigation Team attended a number of team meetings to offer training to staff, including Children's services to discuss misuse of direct payments.
- Providing recommendations to service areas following fraud investigations
- Working closely with the Internal Audit Team to recognise fraud risks, gaps in processes and understanding in service areas and training needs
- Providing fraud and theft advice to areas when service areas are implementing new policies and procedures
- Offering advice to employees on any aspect of fraud, theft, bribery and corruption.
- Working closely with the Council's Infrastructure Security Specialist on fraud prevention matters relating to cyber-attacks.

5.12.3 These preventative measures that the team have helped put in place across the Council, along with the training, advice and guidance continues to be key in preventing fraud from occurring, reducing the risk to fraud and ultimately saving the Council money.

6.0 INTERNAL AUDIT

- 6.1 Internal Audit has a preventative role in ensuring that adequate systems, controls and procedures are in place to prevent and deter fraud, bribery and corruption. They assist managers in ensuring they have appropriate systems and controls in place that are designed to prevent or reduce the opportunity for fraud. Their annual audit plan includes spot checks and unannounced visits to assist in the detection and prevention of fraud.
- 6.2 All audit assignments have a standard fraud working paper which is used to measure the auditees understanding of fraud in their area, the findings are then forwarded to the Investigation Team to undertake further checks or training.
- 6.3 The Internal Audit Team and the Investigation Team work collaboratively to share information which informs both the audit plan and the work of the Investigation Team.
- 6.4 Internal Audit also provides ongoing advice and guidance to managers to assist them in the prevention of fraudulent activity.
- 6.5 Internal Audit adheres to the Public Sector Internal Audit Standards (PSIAS) which defines their role with regard to fraud prevention, specifically points 1210.A2, 2120.A2 and 2210.A2.

7.0 BENEFITS SERVICE

- 7.1 The Housing Benefit and Council Tax Reduction caseload has decreased over the last 12 months, from 14,839 (live cases) at 31 March 2023 to 14,709 as at 31 March 2024. The government's welfare reforms and the introduction of Full Service Universal Credit since 14 November 2018 are the main factors for this. Nearly all those entitled to Universal Credit are no longer eligible for Housing Benefit resulting in their claims being cancelled. The Council however retains responsibility for Council Tax Reduction and Housing Benefit for pensioners, Council provided temporary accommodation and supported accommodation. The latter is a complex area that has an ever-increasing demand on the service.
- 7.2 Telford & Wrekin Council initially signed up to the Department of Work and Pensions (DWP) new Housing Benefit Award Accuracy Initiative from October 2021. From 2022/23 the initiative became mandatory. The initiative involves completing Housing Benefit Matching Service (HBMS) matches on cases where DWP data does not match local authority data and undertaking full case reviews on customer's circumstances based on a risk list provided by DWP. A total of 1,157 reviews and 177 HBMS data matches were completed in 2023/24.
- 7.3 The Benefits Team continues to review changes in earnings and occupational pensions received from the Department for Work and Pensions via their Verification of Earnings and Pensions (VEP) alerts. These alerts notify us when there may have been a change in the customer's earnings or pension. The Benefits Team have also reviewed cases as part of the government's National Fraud Initiative.
- 7.4 The DWP continue to provide a wealth of data and the Council obtains the majority of change of circumstances via their daily downloads and data matches. However, it still remains the customer's responsibility to notify us of any changes. Below is a table detailing the intervention work undertaken within the Benefits Service.

Number of Verification of Earnings and Pensions Undertaken	926
Number of Reviews Undertaken (including those outside of the Housing Benefit Award Accuracy Initiative)	1,176
Projected Annual Council Tax Reduction Saving	£60,349.12
Overpaid Housing Benefit	£103,101.34

8.0 CYBER FRAUD

- 8.1 As a Council we have numerous technical controls in place to counter or prevent cyber fraud such as email security gateways and antivirus products. These help to prevent or mitigate malicious activity from 'actors' such as crime groups who use techniques such as phishing or ransomware to conduct criminal activity in an attempt to encrypt, disrupt or steal and leak data with the intent of getting a payment.

- 8.2 The Council has not experienced any successful cyber attack in 2023/24. The Council continues to develop its technical defences to help prevent cyber attacks.
- 8.3 During 2023/24 a large number of threats were identified including malicious emails, phishing, malware ,etc and stopped by the Council's IT defences.

9.0 FIGHTING FRAUD IN THE COMMUNITY

9.1 The Investigation Team has a close working relationship with West Mercia Police Intelligence Team. A Service Level Agreement (SLA) exists which facilitates the sharing of data for the prevention and detection of crime. This was updated in 2023/24. The team assist the Police on a regular basis in a variety of matters under this agreement. This is an important partnership in helping the fight against crime in the local community, some of which will include matters of fraud and theft that fall under the Police's jurisdiction. West Mercia Police have stated that this information sharing is invaluable and saves thousands of pounds each year. On occasions, information received from the Police may lead to investigations being conducted by the Investigation Team which otherwise may have not taken place. In 2023/24, the team processed over 300 enquiries to support West Mercia Police under this agreement. This is a great example of a joined-up approach to tackle crime in the local community.

9.2.1 The Public Protection Service (which includes Trading Standards, Licensing, Night-Time Economy) The Health Protection Hub and Private Sector Housing, play a significant role in delivering the Council's response to business and individual fraud in the borough. The majority of the responses are based around statutory responsibilities refined to provide effective detection and countermeasures in respect to fraud. These services are not restricted as to whom its officers may investigate and are constrained only by the limitations of the statute under which an investigation is being conducted. Public Protection Services actively engage in the Multi Agency Targeted Enforcement (MATES) across a wide variety of settings and support the wider serious and organised crime agenda.

9.2.2 All teams, through the course of their routine work, may come across irregularities. Where these irregularities are outside Public Protection's remit these are referred to agencies such as UK Border Force, Driving & Vehicle Licensing Agency, HM Revenues & Customs, Insurance Fraud Bureau, Police and internal service areas such as the Investigation Team and Revenues and Benefits Service.

9.3.1 Health Protection

9.3.1 Fraud can occur in a number of areas that the Health Protection team covers. The prevention and detection of unfit and debased food through inspection, sampling and intelligence is part of the team's role. Members of the public can now use an online portal to report any concerns that they may have.

9.3.2 In 2023/24 the Food Health & Safety Team from Health Protection undertook a project to look at imported foods sold at targeted premises across the borough.

The project included, a multiagency roadside vehicle stop and check that targeted food vehicles, inspection of businesses, sampling of imported rice from India and Pakistan and non UK grown tomatoes to look for pesticides. Additionally the rice samples were also analysed for aflatoxin and ochratoxin. Samples of turmeric were also obtained to look at the lead levels within the food.

- 9.3.3 Fraudulent use of health and identification marks is another area that the team investigate. All approved premises within the borough are checked to ensure they are applying the health mark appropriately when they are inspected. Inspectors will routinely check for health marks on animal products in retail establishments.

9.4 Licensing and Night-time Economy Service

- 9.4.1 Within the Licensing Service there are a number of areas of fraud that are investigated in addition to their other duties. These are listed below:

- Street trader consents - Prevention and detection of the illegal and highly lucrative transfer of street trader consents.
- Taxi licensing - Ensuring the vehicles are correctly insured and licensed and driven by the licensed driver.
- Scrap metal licensing - Joint working with police to detect illegal trading in stolen vehicles, other stolen metal items such as copper cabling, lead and catalytic convertors.
- Street collections, charity collections - Identification, detection and enforcement of fraudulent collections

9.5 Trading Standards Service

- 9.5.1 The Trading Standards Service use specific legislation to help tackle fraud across the borough. This includes:

- Intellectual property crime – covering copyright, trademarks
- Consumer protection from Unfair Trading legislation -. This legislation covers a wide range of goods and services including house purchases, animals, vehicles, food & drink and all personal and professional services.
- Cattle identification legislation - To prevent fraudulent transfer to limit disease spread.
- Weights and Measures - Misrepresentation of quantity or measure of goods supplied.
- Fraudulent trading and money laundering.

- 9.5.2 Trading Standards receives intelligence about rogue trader activities in Telford and Wrekin and deals with complaints about fraudsters that specifically target vulnerable and older people, where the trader carries out unnecessary or misrepresented home improvement work and as a result defrauds an individual out of thousands of pounds.

- 9.5.3 The service continues to educate, inform and protect our residents of the many forms of financial abuse and scams. The service has a dedicated Public Protection Facebook page and twitter feed to ensure we get maximum coverage and allow

information to be shared easily and quickly. It has also piloted a project to assist repeat victims of scams and is working closely with West Mercia Economic Crime Unit to develop a multi-agency approach to fraud.

- 9.5.4 Trading Standards prioritise work around illicit tobacco and nicotine inhaling products and work closely with West Mercia Police, other agencies and local authorities sharing intelligence, carrying out multi agency targeted enforcement operations focussed on the supply of illicit products.

10.0 PUBLICITY

- 10.1 Publicity of fraud cases is important as a deterrent. The Investigation Team and other enforcement teams use Corporate Communications to issue press releases and social media to alert the public and inform businesses about relevant campaigns, interventions and prosecutions. The press releases are also published on the Council's website.
- 10.2 When any significant investigation occurs then the relevant Director and Cabinet Member are briefed accordingly. Any lessons learnt are shared within the relevant members of staff and recommendations put forward to help prevent such matters occurring again.
- 10.3 Where allegations of internal frauds have been investigated and procedures and controls are changed the lessons learnt are shared across the Council through the staff news, bulletins and in management meetings.

11. TRAINING AND AWARENESS

- 11.1 The Council ensures that both members and officers are aware of their responsibilities in respect to the Council's Anti-Fraud and Corruption Policy. This is achieved through a variety of measures including:
- New starters receiving a face to face induction program which includes training from the Investigation Team every quarter.
 - Online training courses being available for all staff on fraud, theft, bribery, cyber security/fraud and corruption along with money laundering
 - The Investigation Team attending service area team meetings when a need is identified or when requested, to discuss prevention and detection of fraud, theft, bribery and corruption.
 - The Investigation Team providing specific training to services areas when the need arises.
 - Regular fraud awareness being provided through corporate communication channels and staff news
 - Regular fraud/theft alerts being sent to affected service areas which helps increase staff awareness.
 - Copies of all relevant policies, such as the Fraud Response Plan the Whistleblowing Policy and any other relevant policy being available on the intranet.

- Guidance being provided by Internal Audit when work is undertaken in a service area.
- Regular cyber threat alerts being issued by IDT.

12.0 CHALLENGES FOR 2024/25

12.1 The threat of fraud against the authority is huge and continues to grow. The Council's response to the threat of fraud cannot just be reactive, steps to prevent fraud risks need to/will continue. Although driven by the Investigation Team, this needs to be built into the culture of the Council. Every £1 lost to fraud is a £1 that cannot be spent on the local community.

12.2 The main challenge for 2024/25 continues to be the financial constraints the authority is facing which challenges resource levels across the Council.

13.0 Summary of main proposals

13.1 It is proposed that the Audit Committee note the contents of this report.

14.0 Alternative Options

14.1 There are no alternative options.

15.0 Key Risks

15.1 All aspects of the Investigation Teams work supports managers and the Council to identify and manage their information risks and opportunities.

16.0 Council Priorities

16.1 The policy supports all corporate priorities and good corporate governance demonstrating the Council's desire to ensure sound conduct and ethical procedures for all those associated with the Council and its service delivery. Monitoring the policy provides the opportunity to identify if there are any changes required or additional areas of activity.

17.0 Financial Implications

17.1 Costs associated with the anti-fraud and corruption work outlined in this report are met from the Council's base budget.

18.0 Legal and HR Implications

18.1 The Accounts and Audit Regulations 2011 require the Council to ensure 'that the financial management of the body is adequate and effective and that the body has a sound system of internal control'. The anti-fraud documents help to fulfil this requirement.

The Council will have full regard to relevant legislative requirements, including without limitation:

- The Fraud Act 2006
- Theft Act 1968
- Bribery Act 2010
- Section 151 Local Government Act 1972
- Section 5 Local Government & Housing Act 1989
- Contracts Regulations 2015
- Accounts and Audit Regulations 2011
- The Council Tax Reduction Schemes (Detection and Enforcement) (England) Regulations 2013
- Local Government Finance Act 1988
- Regulation of Investigatory Powers Act 2000
- Terrorism Act 2006
- Proceeds of Crime Act 2002
- Police and Criminal Evidence Act 1984
- Companies Act 2006
- Localism Act 2011
- The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017

19.0 Ward Implications

19.1 Borough wide implications.

20.0 Health, Social and Economic Implications

20.1 There are no Health, Social and Economic Implications arising from this report.

21.0 Equality and Diversity Implications

21.1 The Anti-Fraud & Corruption policy operates within Equalities legislation and the Council's associated policies. Any investigations follow legal requirements and proper procedures to ensure that equality and diversity requirements are met.

22.0 Climate Change and Environmental Implications

22.1 All members of the Investigation Team are environmentally aware and if any issues were identified they would be notified to the appropriate manager.

23.0 Background Papers

- 1 Corporate Anti-Fraud & Corruption Policy 23/24
- 2 Cabinet Office requirements for the NFI
- 3 Trading Standards and Licensing Legislation

24.0 Appendices

None.

25.0 Report Sign Off

Signed off by	Date sent	Date signed off	Initials
Finance	03/05/2024	08/05/2024	AEM
Legal	03/05/2024	15/05/2024	SH

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Telford & Wrekin
Co-operative Council

**Protect, care and invest
to create a better borough**

Borough of Telford and Wrekin

Audit Committee

29 May 2024

Audit Committee Outline of Business 2024/25

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**TELFORD & WREKIN AUDIT COMMITTEE -
OUTLINE OF BUSINESS FOR FUTURE MEETINGS 2024/25**

DATE OF MEETING	ITEM	RESPONSIBLE OFFICER
29 May 2024	1. Review of Terms of reference for the Committee	RM
	2. External Audit Fee Letter and Plan for 20243/25	KPMG
	3. 2023/24 Annual Governance Statement including a review of the Local Code of Good Governance	RM
	4. Draft Statement of Accounts 2023/24	MB/PH
	5. 2022/23 Internal Audit Annual Update Report including the Audit Committee Annual Report and 2023/24 Internal Audit Plan	RM/TD
	6. Update Report on the work of Internal Audit	RM/TD
	7. 2023/2024 Annual Information Governance and Caldicott Guardian Report & 2023/24 IG Work Programme	RM/TD
	8. 2022/2023 Anti-Fraud & Corruption Annual Report and updated Policy 2022/23	RM
	9. Outline of Audit Committee Business for 2024/25	AL/RM
17 July 2024	1. Treasury Management Outturn 2023/2024 and Update 2024/25	PH
	2. External Auditor update report	KPMG
	3. Informing the Audit Risk Assessment	KPMG
	4. Publication of Information on Councillors who Traded with the Council during 2023/2024	PH/RM
	5. Strategic Risk Register Update	RM
	6. 2024/25 - Internal Audit & IG Activity Update Report	RM/TD
	7. Annual Customer Feedback Report and assurance on lessons learnt 2022/2023 (including LGO investigations)	LH
20 November 2024	1. Report to those Charged with Governance 2023/2024	KPMG
	2. Audited Annual Statement of Accounts 2023/2024	MB/PH
	3. Internal Audit & IG Activity Update Report	RM/TD
	4. Strategic Risk Register	RM
	5. Review of the effectiveness of the Audit Committee	RM
	6. Value for Money	KPMG

29 January 2025	1. Treasury Management – update from Link	Link
	2. Draft Treasury Management Strategy 2024/2025 and update 2023/2024	KC/PH
	3. External Audit Plan 2023/2024	KPMG
	4. External Annual Audit letter	KPMG
	5. Internal Audit Activity Report and Update to Internal Audit Charter 2024/2025	RM/TD
	6. Updated position of the AGS Action Plan 2023/2024	JP/RM
	7. Strategic Risk Register and Risk Strategy Update	RM/TD
	8. Assurance on the Council’s Partnership Arrangements	JP
	9. Climate change management	IW