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## Borough of Telford and Wrekin

### Audit Committee

Wednesday 20 November 2024

6.00 pm

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

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**Democratic Services:** Jayne Clarke 01952 383205

**Media Enquiries:** Corporate Communications 01952 382406

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

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## AUDIT COMMITTEE

### Minutes of a meeting of the Audit Committee held on Wednesday 17 July 2024 at 6.00 pm in Council Chamber, Third Floor, Southwater One, Telford, TF3 4JG

**Present:** Councillors H Morgan (Chair), S J Reynolds (Vice-Chair) and P Davis

**In Attendance:** M Brockway (Director: Finance, People & IDT), J Clarke (Senior Democracy Officer (Democracy)), T Drummond (Principal Auditor), P Harris (Finance Manager - Corporate & Capital Finance), L Higgins (Customer Relationships & Welfare Services Service Delivery Manager), R Montgomery (Audit, Governance & Procurement Lead Manager), R Phillips (Registrars, Public Protection, Legal & Democracy Service Delivery Manager) and E Rushton (Group Accountant)

**Apologies:** Councillors A D McClements, L Parker, T J Nelson and W L Tomlinson

#### **AU12      Declarations of Interest**

None.

#### **AU13      Minutes of the Previous Meeting**

**RESOLVED** – that the minutes of the meeting held on 29 May 2024 be confirmed and signed by the Chair.

#### **AU14      Customer Feedback Reports 2023/24**

The Service Delivery Manager: Customer Relationships and Welfare Services presented the Customer Feedback Reports for 2023-24 which gave an update on the feedback received during the period 1 April 2023 to 31 March 2024. This provided assurance that the Council's response to complaints was effective and that lessons were being learnt and continuous improvements being made.

To demonstrate an effective approach to responding to customer feedback and complaint handling, the Council produced an annual report on complaint handling for Children's Statutory Complaints, Adult's Statutory Complaints and Corporate Feedback.

The Corporate Feedback Report showed that there has been a sustained increase in compliments which had continued to increase year on year, with an increase of 13% from the previous year and a 120% increase in compliments over the last 5 years.

The Customer Insight Programme now had 214 registered Mystery Customers, an increase of 15% in 2023/24, who were undertaking assignments to help us shape and improve services.

Feedback in relation to the Corporate Contact Centre indicated that performance was excellent with a 93% satisfaction rate in relation to telephone calls and 99% of customers being satisfied with the automated assistant, Ask Tom.

During the year, 72 Customer Insight assignments had been completed with an 87% satisfaction rate. There had been 277 member enquiries, an increase of 95 on previous year with 92% being responded to within timescale. MP enquiries had totalled 159 with 83% being responded in the relevant timescale.

A total of 721 complaints were received across the Council, including statutory complaints, in 2023/24 and although this was a marginal increase, it represented a very small percentage of customers. In 2023/24 659 corporate complaints had been received, an increase from the 601 that were received in 2022/23, although this figure was lower than in 2021/22. Some 42% of complaints were upheld and this figure was in line with previous years. No complaints had been received in relation to tenancies and the Housing Ombudsman or specifically on the handling of complaints on CSE.

Despite the challenges, the number of days taking to respond to complaints had reduced from 11 working days to 10 working days, which was in line with the new timescale of 10 working days introduced from May 2024.

During 2023/24, 39 Adult Statutory complaints were received, an increase on the 35 received in 2022/23. In relation to Children's statutory complaints, 23 were received in 2023/24, a marginal increase on the 20 received in 2022/23. In 2023/24 the average number of days to respond to an Adult Statutory complaint across all portfolios was 29 days, this was an increase on the average response time of 25 working days achieved in 2022/23 but remained lower than the two previous years. The average number of days taken to respond to Children's Statutory Complaints during the year was 14 working days, which was an improvement on the 16 working days achieved in 2022/23.

Prior to the meeting, a letter had been received from the Local Government Ombudsman (LGO) and based on their data 3 complaints had been investigated, two were not upheld and one being upheld.

During the debate, it was asked that where complex enquiries were received what could be learnt in relation to bringing them to a resolution within timescale and what measures would be put in place to reflect and improve the situations. It was noted that the public were more likely to give negative feedback but the receipt of 639 compliments was testament to the work undertaken by the team.

The Service Delivery Manager: Customer Relationships and Welfare Services felt that although it was disappointed when LGO complaints were upheld, areas for improvement were identified and this was acknowledged.

**RESOLVED** – that:

- a) **the Customer Feedback Reports for 2023-24 in respect of Adult Statutory Complaints, Children’s Statutory Complaints and Corporate Customer Feedback be reviewed; and**
- b) **the improvement in complaint handling performance and the increase in positive feedback be noted.**

**AU15**     **Treasury Management 2023/24 Annual Report and 2024/25 Update**

The Finance Manager - Corporate & Capital Finance and the Group Accountant presented the Treasury Management 2023/24 Annual Report and 2024/25 Update which gave details of the outcome of Treasury Management activities for 2023/24 and detailed the position for 2024/25 to 31 May 2024.

The requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code) had been met.

At 31 March 2024 borrowing was £371.3m, which reflected the approved Capital Programme, and investments were £17.9m. The borrowing strategy was to undertake temporary borrowing when required and review opportunities for longer-term borrowing when interest rates and opportunities were favourable. The report showed that the level of borrowing was below the capital financing requirement at year end which demonstrated the council had not borrowed more than was required for capital purposes.

The investment strategy for 2023/24 was primarily to ensure security of capital and liquidity balanced whilst delivering a commensurate rate of return. The investments made in 2023/24 were set out in the report and were placed with low risk counterparties to safeguard funds. The net benefit against the budget in 2023/24 was £1.3m which was a sound overall position.

The strategy for 2024/25 remained consistent with that outlined in the 2024/25 Treasury Strategy, which was agreed for approval at Full Council on 29 February 2024.

A summary of key points in relation to Treasury Management and how this compared to the previous year’s outturn position was set out in the report. It also gave details of the interest rate, new borrowing to support the capital budget, the valuation of non-current assets, compliance with indicators, treasury management debt and the treasury management portfolio.

The Bank of England Base Rate had continued to increase during 2023/24, due to the battle to bring down inflation, reaching 5.25% in August then remained constant through the remainder of the year. Inflation was on a downward trajectory, but this had not been as swift as had been projected but had reached 2% in May 2024.

Six PWLB loans had been entered into with a variety of amounts and durations. The average borrowing rate rose from 2.65% to 3.39% due to the cost of temporary loans increasing. The average return rate for investments was 4.89% against an average benchmark of 4.96%.

An overall net benefit of £1.336m was made against the budget for the year and had resulted from a mix of cash flow benefits plus the reprofiling of capital spend into future years.

The Council made an annual contribution towards Shropshire Council costs on pre disaggregation debt. The contribution in 2023/24 was £1.143m and interest paid averaged 4.1%.

No new leases were entered into during the 2023/4 financial year.

An update for 2024/25 was provided, covering the period 1 April to 31 May. This included a summary of the borrowing and investment positions and confirmation that the Council had operated within Prudential Indicators and limits set.

During the debate, some Members thanked the team for their reassurance that the council had tight controls in relation to council debt and income. This was a testament to their hard work.

#### **RESOLVED –**

- a) the report be RECOMMENDED TO FULL COUNCIL;**
- b) the report be noted; and**
- c) the performance against Prudential Indicators be noted.**

#### **AU16      External Auditor Update Report**

The Interim Director: Finance, People & IDT presented the External Auditor's Update Report on behalf of KPMG who were unable to attend at the meeting.

KPMG had made progress on the audit since the draft accounts were presented to Audit Committee on 29 May 2024, although it was still early days. Work had begun on the Audit Risk Assessment and questionnaires had been sent out to relevant Managers. The draft financial statements were being reviewed by KPMG and regular catch up meetings were being held with the Finance Team to discuss how the audit was progressing. Handover meetings were being held between KPMG and Grant Thornton, the council's

previous External Auditors. Value for Money work had started with questionnaires being sent out to Directors and meetings taking place.

In summary, the Audit was progressing well and KPMG were currently on track to meet their deadlines and they would report back to Audit Committee in the autumn.

Members felt reassured that the audit was progressing and were looking forward to seeing the final presentation.

#### **AU17      Publication of information on Councillors who traded with the Council during 2023/24**

The Audit, Governance and Procurement Lead Manager presented the Publication of Information on Councillors who traded with the Council during 2023/24.

As part of the annual account process, Councillors disclose whether they have had an interest in a company/companies that received payment from the council. In order to provide better transparency, additional details of any Councillors who have an interest in companies that benefit from trading with the council would be taken to Full Council via the Audit Committee as a separate report each year and published on the council's website.

During the reporting period, two councillors were associated with companies who had received payments from the Council in 2023/24 being, Councillor S Burrell in relation to Peace of Mind Home Care and Councillor Carolyn Healy in respect of Red Kite Ltd.

Members noted the report.

#### **AU18      Internal Audit Activity Report**

The Principal Auditor presented the Internal Audit Activity Report which updated Members on progress against the 2024/25 Audit Plan and recent work undertaken during the period 1 April 2024 and 30 June 2024.

There had been ten reports issued within the reporting period, three limited, two reasonable and five good. The report also set out details of follow up visits in relation to the status of reports previously brought before committee. Since publication of the Audit Committee report, Direct Payments (Children) and Muxton Primary School, follow ups were both now in progress.

The 2024/25 Audit Plan, which was approved at the May 2024 meeting, was only 2% complete as resources had been spent completing audits from the 2023/24 plan. The team would now be moving into the second quarter and resources would focus on the 24/25 plan.

Work continued on commercial contracts held with nine academies and two town councils. The team had recently been asked to provide audit services

for the Local Serious Violence Board, to identify how the council and its partners were managing it serious violence duty.

During the debate, some Members were pleased to see improvements, particularly in relation to direct payments. They thanked the team for their hard work.

Members noted the report.

#### **AU19      Corporate Risk Register**

The Audit, Governance & Procurement Lead Manager presented the Corporate Risk Register. This was a key building block of good governance and included those risks that could impact on the council's abilities to deliver services and objectives.

The Corporate Risk Register set out each risk together with its rationale, how the risks were scored and the likelihood of the risk occurring. The Risk Register also detailed each strategic risk, how this was scored/ the residual score and what the local authority were doing to manage risks after taking into account any actions required to manage it.

Audit Committee were presented with the Corporate Risk Register a minimum of three times per year and it was also presented to the Senior Management Team and all risks identified in the Risk Register were current and up to date.

Members thanked officers for the informative document that made them aware of all the risks across the council. It was asked if the Corporate Risk Register was a live document and if a risk or a changes to national security was identified that could impact the council, would the register be reviewed immediately.

The Audit, Governance & Procurement Lead Manager assured Members that although there continued to be a changing landscape around risks, that the council was doing all it could to ensure risks were being managed and any future risks taken into account. The Risk Register was a live document and it was presented to Senior Management Team on a regular basis and any specific risks were allocated as appropriate.

Members noted the report.

The meeting ended at 6.39 pm

**Chairman:** .....

**Date:**            Wednesday 20 November 2024



# Telford & Wrekin Council

## Report to the Audit Committee

Updates to Audit Plan and VFM risk assessment  
for the year ending 31 March 2024

November 2024

# Introduction

## To the Audit Committee of Telford & Wrekin Council

We are pleased to have the opportunity to meet with you on 20 November 2024 to discuss our audit of Telford & Wrekin Council for the year ending 31 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 risk assessment will remain draft until the finalisation of that Code.

This report outlines updates made to our audit strategy presented in May 2024, and our risk assessment for our VFM responsibilities.

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## The engagement team

Andy Cardoza is the engagement director on the audit. He has over 25 years experience in public sector audit.

Andy shall lead the engagement and is responsible for the audit opinion.

Other key members of the engagement team include engagement managers Liz Gardiner and Duncan Laird, plus in-charge Alison Teppin with 8, 23 years and 5 years of experience respectively.

Yours sincerely,



**Andrew Cardoza**

**Director - KPMG LLP**

**November 2024**

*Restrictions on distribution - This report is intended solely for the information of those charged with governance of Telford & 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.*

## 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. 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.

# Changes to financial statements audit plan

Since presenting our draft audit strategy for the 2023-24 audit to the Audit Committee in May 2024, we have continued our risk assessment procedures to further define and focus where our significant risks lie. This has resulted in the following changes to our planned approach:

Significant risk area	Change in approach
<p><b>Expenditure recognition</b> – an inappropriate amount is recorded for expenditure (consideration required by Practice Note 10)</p>	<p>After completion of our detailed risk assessment procedure, we do not deem there to be a significant risk of fraud, nor error, in relation to the Council's expenditure.</p> <p>Given the size and volume of the expenditure streams, we have assigned an 'elevated' inherent risk to the balance which will result in larger samples for our post year-end cut-off testing over expenditure transactions and cash payments, and accruals sample testing. However, this is relative to <b>an 'elevated' risk and not a significant risk.</b></p>
<p><b>Valuation of land and buildings</b></p>	<p>Our draft audit strategy proposed a significant risk over the valuation of all council land and buildings. After completion of further risk assessment procedures, and understanding of the balances and processes used to value Council land and buildings, we have concluded that the significant risk lies with the property investment portfolio only (which is included in the other land and buildings balance), and not the specialised buildings that are valued using the Depreciation Replacement Cost (DRC) or EUV (existing use value) methodology.</p> <p>Specifically, we have linked the significant risk to the yield rate assumption in the calculation of the property investment portfolio valuations, and also the accounting treatment of the property investment portfolio to be classified as Other Land and Buildings.</p> <p>We will still complete testing over the remaining 'Other Land and Buildings' balance, but <b>we do not deem it to be a significant risk area.</b></p>

# 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 to conclude on significant weaknesses in value for money arrangements is unchanged.

The main output remains 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 remains to assess whether there are any significant weaknesses in the Council's arrangements to secure value for money. Our risk assessment will continue to 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

As with the prior year 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 previous 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

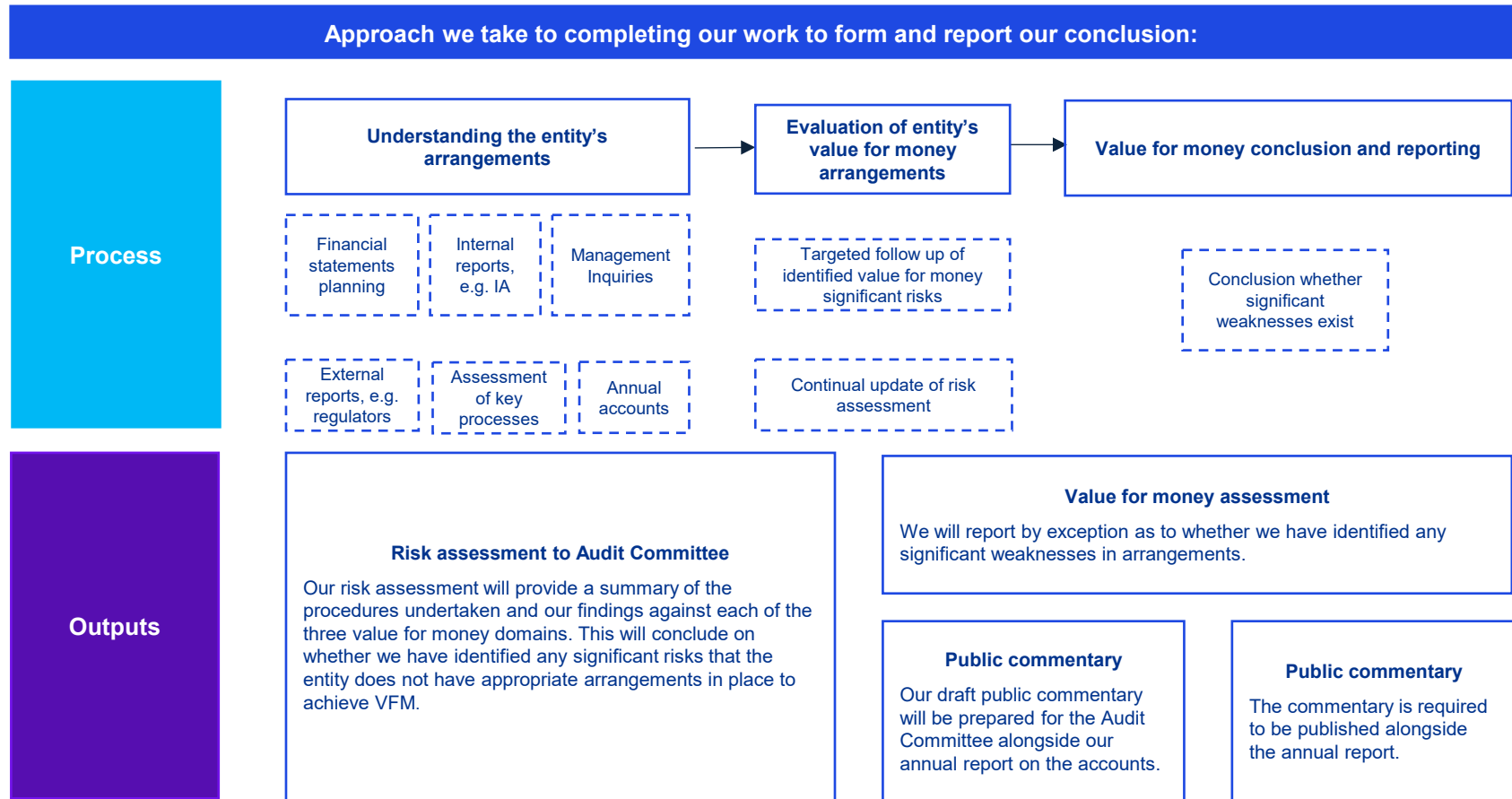
*How the body ensures that it makes informed decisions and properly manages its risks.*

### 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

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# Summary of risk assessment

## Summary of risk assessment

As set out in our methodology we have evaluated the design of controls in place for a number of the Council's systems, reviewed reports from external organisations and internal audit and performed inquiries of management.

Based on these procedures the table below summarises our assessment of whether there is a significant risk that appropriate arrangements are not in place to achieve value for money at the Council for each of the relevant domains:

Domain	Significant VFM risk identified?
Financial sustainability	No significant risk identified
Governance	No significant risk identified
Improving economy, efficiency and effectiveness	No significant risk identified

As a result of our risk assessment to date, **we have not identified any significant risks at this stage of our audit** that appropriate arrangements are not in place to achieve value for money at the Council.

# Value for money arrangements

## Financial sustainability

In assessing whether there was a significant risk of financial sustainability we reviewed:

- The processes for setting the 2023/24 financial plan to ensure that it is achievable and based on realistic assumptions;
- How the 2023/24 efficiency plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the financial plan set for 2023/24 and the workforce and operational plans;
- The process for assessing risks to financial sustainability;
- Processes in place for managing identified financial sustainability risks; and;
- Performance for the year to date against the financial plan

## Summary of risk assessment

- The Section 151 Officer leads on budget setting (Medium Term Financial Strategy (MTFS)), and carries responsibility for the process and timelines. At a strategic level, from an officer perspective the process is managed through the Service & Financial Planning Group (CEX, Executive Directors, S151 Officer and Finance Managers), with regular updates to Senior Management Team. A corporate budget model is maintained for budget projections. This is updated to reflect decisions made by the Service & Financial Planning Group together with pressures identified and funding projections for each Directorate. In parallel, detailed budget work is undertaken at Service level (Finance officers and Service Delivery Managers/budget holders) which also informs the corporate model.
- Budget holders are involved in the process through their consideration of revenue costs and pressures, capital cost and time limited costs, one off costs and saving for their respective service areas.
- Specific budget assumptions are clearly set out in Appendix 15 of the MTFS, which also sets out that adult and children's social cost pressures will be funded from reserves if the final outturn is over budget. The clear list of assumptions allows for challenge by committees, which was evidenced in Business and Finance Scrutiny committee minutes; particularly around robustness of the budget, interest rate assumptions and increasing costs in contracts.
- The MTFS was presented to Business and Finance Scrutiny Committee in January 2024 and there was clear challenge on assumptions. Further, the MTFS was approved by Cabinet in February 2024 for debate at Full Council, which approved the MTFS (including 4.99% increase in Council Tax).
- Budget monitoring is produced inline with the corporate monitoring timetable. Monitoring is based on information held in the Councils Financial Management Systems. Should significant variations from budget be identified then Directors are asked to take mitigating action to offset areas of pressure. In 2023/24, an in year savings exercise was undertaken to address additional investment required in Social Care.
- Budget holders are actively engaged throughout the year when their monitoring is produced. Members of the Finance Team will meet with budget holders, Service Delivery Managers and Directors. For 2024/25, per the latest financial monitoring report presented to Cabinet in July 2024, there were a number of amendments to the MTFS (approved in February 2024) including virements to be approved, some slippages in budget but also some new allocations in relation to Capital, as well as detailed Revenue budget variations. Financial monitoring reports are received regularly throughout the year by Cabinet.

# Value for money arrangements

## Financial sustainability

In assessing whether there was a significant risk of financial sustainability we reviewed:

- The processes for setting the 2023/24 financial plan to ensure that it is achievable and based on realistic assumptions;
- How the 2023/24 efficiency plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the financial plan set for 2023/24 and the workforce and operational plans;
- The process for assessing risks to financial sustainability;
- Processes in place for managing identified financial sustainability risks; and;
- Performance for the year to date against the financial plan

- Savings proposals are developed as part of the MTFS process; proposals are included in draft MTFS presented to Cabinet in January and approved at Full Council in Feb/March in advance of the financial year starting. The schedule of savings proposals for public consultation included in the MTFS will save an additional £17.6m if delivered for 2024/25. This includes service restructures (staff savings) of £2.8m, income generation of £5.7m, and service redesign of £1.6m.
- For 2023-24, the Council set a net revenue budget of £146.8m, and out turned with a small underspend of £15k. Per the comprehensive income and expenditure statement, there was a small surplus of £234k on provision of services. A small amount of general reserve was utilised in 23/24 (£152k), which was approved as part of the monitoring process for a specific purpose, but the budget strategy reserve of £21.7m was not applied. The general reserve use was planned and approved specifically for footway lighting investment.
- For 2024-25, per the latest financial monitoring report presented to Cabinet in July 2024, there were a number of amendments to the MTFS including virements to be approved, some slippages in budget but also some new allocations in relation to Capital, as well as detailed Revenue budget variations. Specifically, there is need for £4.3m more investment in adult social care provision. At time of writing, there is a forecast to be £3.6m overspent at year-end, to be funded from a one off contingency earmarked for social care, and general budget contingency. It is planned that the 2024/25 budget will continue to be refined as the year goes on. The budget strategy reserve remains at £21.7m.

### Risk assessment conclusion

**Based on the risk assessment procedures performed to date, we have not identified a significant risk associated with financial sustainability.**



# Value for money arrangements

## Governance

In assessing whether there was a significant risk relating to governance we reviewed:

- Processes for the identification, monitoring and management of risk;
- Controls in place to prevent and detect fraud;
- The review and approval of the 2023/24 financial plan by the Authority, including how financial risks were communicated;
- Processes for monitoring performance against budgets and taking actions in response to adverse variances;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Authority ensures decisions receive appropriate scrutiny.

### Summary of risk assessment

- The Council have introduced a new Risk Management Framework, Strategy and Policy in 2023/24 which has been reviewed by the CFO and Director of Policy and Governance, and approved by the Audit Committee. The Council maintains a strategic risk register which is used to identify the substantive issues which may impact negatively on the delivery of the Council's priorities and may also have a financial impact. This is reviewed by the Senior Management Team to manage risks and mitigate potential exposures to be as part of everyday business and as part of decision-making processes.
- The Strategic Risk Register current contains 8 risks, which are assessed based on likelihood and impact, with and without controls. The risks are mapped on a heat map; the highest scoring risks are staff retention and climate risk. Risks are generally high impact but low likelihood with controls in place. There is also a named lead Executive Director and Director who are responsible for managing each risk. The Strategic Risk Register was reported to Audit Committee three times in the year, which is in line with the risk management policy. It is also reviewed quarterly by SMT. Going forwards, there will also be service area risk registers with specific service area risks which are monitored by Service Delivery Managers. These will be reported to Service Directors twice per year.
- The Council undertake a number of measures to prevent and detect fraud. The Council has an Anti-Fraud & Corruption Policy, supported by the Whistleblowing (Speak Up) Policy, encouraging internal referrals. 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 every year.
- We have referred to review and approval of the MTFs, and budget setting and monitoring processes on the previous two slides in reference to the financial sustainability risk.

*(Continued)*

# Value for money arrangements

## Governance

In assessing whether there was a significant risk relating to governance we reviewed:

- Processes for the identification, monitoring and management of risk;
- Controls in place to prevent and detect fraud;
- The review and approval of the 2023/24 financial plan by the Authority, including how financial risks were communicated;
- Processes for monitoring performance against budgets and taking actions in response to adverse variances;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Authority ensures decisions receive appropriate scrutiny.

- The Council has a comprehensive in-house legal team which advise on the full extent of its statutory powers and responsibilities. The Monitoring Officer and Deputy Monitoring Officer are regularly updated with matters considered to be high risk. The Service Delivery Managers for each service area are responsible for ensuring compliance with relevant laws and regulations and, where this does not occur, for bringing it to the attention of the relevant Director and Monitoring Officer. The Council has a number of policies which includes provision for preventing maladministration, ensuring compliance with legislative requirements and preventing non-compliance / illegal acts.
- The Council's Code of Conduct communicates values and expected behaviours of staff, this is covered through the Code of Conduct; Vision, Priorities Values and Behaviours poster; Gifts and Hospitality Guidance; Disciplinary Policy; Resolving Workplace Issues policy; Whistleblowing Policy; and Conflicts of Interest policy. This is communicated to staff as part of the recruitment process and is available on the staff intranet. There are a number of other policies available to view on the Council's website as well as the Constitution.
- Our risk assessment procedures and management inquiries confirm the Council has appropriate arrangements in place to ensure scrutiny, challenge and transparency of decision making. Key decision making is subject to discussion and scrutiny at executive team level and relevant sub-committees such as Audit and relevant Scrutiny committees, followed by formal approval by the Cabinet and Council. All key decision records are available to view on the Council's website.

### Risk assessment conclusion

**Based on the risk assessment procedures performed to date, we have not identified a significant risk associated with governance.**

# Value for money arrangements

## Improving economy, efficiency and effectiveness

In assessing whether there was a significant risk relating to improving economy, efficiency and effectiveness we reviewed:

- The processes in place for assessing the level of value for money being achieved and where there are opportunities for these to be improved;
- How the performance of services is monitored and actions identified in response to areas of poor performance;
- How the Council has engaged with other stakeholder and wider partners in development of the organisation;
- How the performance of those partnerships is monitored and reported; and
- The monitoring of outsourced services to verify that they are delivering expected standards.

### Summary of risk assessment

- The Council have a strong culture of evidence based decision making, and performance and data are fundamental to understanding, challenging and improving the organisation. Non-financial performance is monitored by the Senior Management Team monthly through the Managing the Business Dashboard. Performance is aligned to the Council's Priority Plan, with one priority having a focussed discussion each month. These include local and national indicators reflective of the priority outcomes, alongside key national indicators such as those monitored by the Office for Local Government (OFLOG).
- Power BI is used extensively to present all performance information, enabling drill down into data and interactivity to support discussion and evaluation of performance. All Indicators are presented with benchmarking data, including England average, relevant statistical neighbour averages and regional comparators, as well as the use of statistical significance to demonstrate difference from these averages and targets to set realistic improvements expected to performance.
- Detailed operational reports are provided to directorates and teams to provide senior managers of assurance and detailed information supporting performance information. This includes the routine monitoring of many data quality reports and, in a growing number of services, the ability to drill down in performance reports to individual case records to provide assurances over accuracy of data being reported.
- The Council has published a Council Plan which runs from 2022/23 to 2026/27 and sets out how the Council will operate and what it will focus on delivering. The Plan makes clear that delivery of its priorities will only be achieved by working in partnership with communities, partners, businesses and other stakeholders. Similarly, the Telford Vision 2032, as published on the Council's website, acknowledges that it has been developed and will be delivered by a partnership of organisations from across the borough.
- There were no outsourcing of services or partnerships in this period, so it was not required to be monitored.

### Risk assessment conclusion

**Based on the risk assessment procedures performed to date, we have not identified a significant risk associated with improving economy, efficiency and effectiveness.**



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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 20 November 2024

### Internal Audit Activity Report

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<b>Cabinet Member:</b>	Cllr Zona Hannington - Cabinet Member: Finance, Governance & Customer Services
<b>Lead Director:</b>	Anthea Lowe - Director: Policy & Governance
<b>Service Area:</b>	Policy & Governance
<b>Report Author:</b>	Tracey Drummond - Principal Auditor: Policy and Governance Rob Montgomery - Audit, Governance & Procurement Lead Manager: Policy and Governance
<b>Officer Contact Details:</b>	<b>Tel:</b> 01952 383105 <b>Email:</b> tracey.drummond@telford.gov.uk 01952 383103        robert.montgomery@telford.gov.uk
<b>Wards Affected:</b>	All Wards
<b>Key Decision:</b>	Not Key Decision
<b>Forward Plan:</b>	Not Applicable
<b>Report considered by:</b>	Audit Committee – 20 November 2024

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#### 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 July 2024 and 31 October 2024 and unplanned work to date.
- 1.2 Note the contents of the report and agree the proposal for a future review of the effectiveness of the Audit Committee

## 2.0 Purpose of Report

The purpose of this report is to:

- 2.1 Update members on the progress made against the 2024/25 Internal Audit Plan and to provide information on the recent work of Internal Audit.
- 2.2 Present to the Audit Committee information supporting the proposal for future review of the effectiveness of the Audit Committee.

## 3.0 Background

### Internal Audit Activity Report

- 3.1 This report provides information on the work of Internal Audit from 1 July 2024 to 31 October 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	
<b>Good (Green)</b> There is a sound system of control designed to address relevant risks with controls being consistently applied.	<b>Reasonable (Yellow)</b> There is a sound system of control but there is evidence of non-compliance with some of the controls.
<b>Limited (Amber)</b> 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.	<b>Poor (Red)</b> The system of control is weak and there is evidence of non-compliance with the controls that do exist.

## Internal Audit Activity Report

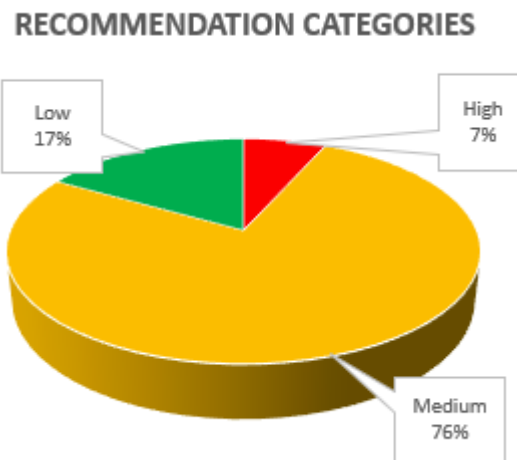
3.4 To determine the overall grading of the Internal Audit report each recommendation is risk rated (high, medium or low). The recommendation risk rating is based on the following criteria:

**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.

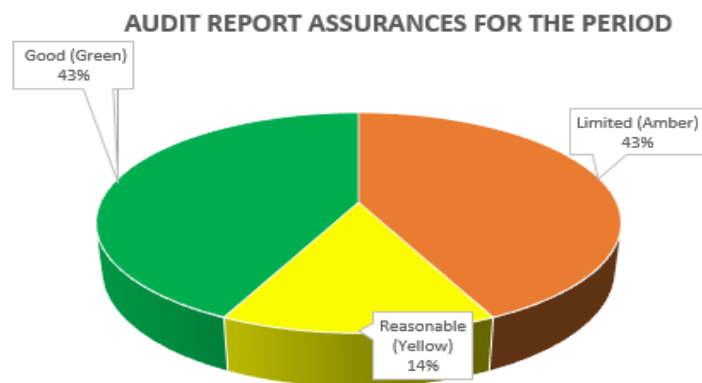
**Low risk =** A recommendation aimed at improving the existing control environment or improving efficiency, these are normally best practice recommendations.

3.5 The chart below shows the percentage of high (red segment), medium (amber 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



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

<b>AUDIT REPORTS ISSUED BETWEEN 01/07/24– 31/10/2024 AND CURRENT STATUS</b>						
<b>Area</b>	<b>Date of Report</b>	<b>Level of risk on plan</b>	<b>Original Audit Grade</b>	<b>Follow up Due</b>	<b>Revised Grade</b>	<b>Comments</b>
Sales Ledger (23/24)	13/08/2024	M	Limited	End of November 2024		
Wellington Leisure Centre	16/10/24	M	Limited	January 2025		
Abraham Darby Leisure Centre	16/10/24	M	Limited	January 2025		
Lawley Primary School	05/07/2024	M	Reasonable	January 2025		
Bus Subsidy Grant	22/07/2024	M	Good	n/a green report		
Local Transport Capital Grant	13/08/2024	M	Good	n/a green report		
Property Investment Portfolio (PIP)	27/08/2024	M	Good	n/a green 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.



Internal Audit Activity Report

PREVIOUSLY ISSUED REPORTS & CURRENT STATUS					
Area	Date of Report	Original Audit Grade	Status previously reported to Audit Committee	Current Grade	Current status / Comments
Direct Payments Childrens	18/09/23	Poor	2 <sup>nd</sup> follow up to be carried out July 24	Good	2 <sup>nd</sup> follow up complete. Grading changed to good
Child Arrangement Orders	18/10/23	Poor	2 <sup>nd</sup> follow up in progress	Reasonable	2 <sup>nd</sup> follow up completed. No futher follow up as new audit in 2025/26
Direct Payments Adults	28/11/23	Poor	2 <sup>nd</sup> follow up due August	Reasonable	2 <sup>nd</sup> follow up complete. Grading changed to reasonable
Muxton Primary School	21/12/23	Poor	2 <sup>nd</sup> follow up to be undertaken in July	Good	2 <sup>nd</sup> follow up complete, grading changed to good
Purchase Ledger	27/11/23	Reasonable	Follow up due May 2024	Good	Follow up complete, grading changed to good
Cash Office	19/12/23	Reasonable	Follow up due June 2024	Good	Follow up complete, grading changed to good

## Internal Audit Activity Report

DWP Compliance	19/12/23	Reasonable	Follow up in progress	Reasonable	Follow up complete. Grading remained reasonable. No further follow up to be undertaken
Household Support Fund	20/12/23	Reasonable	Follow up in progress	Good	Follow up complete. Grading changed to good
High Ercall Primary School	19/02/2024	Reasonable	Follow up to be undertaken Sept 2024	Good	Follow up complete. Grading changed to good
Preparing Disabled Children for Adulthood	15/03/2024	Reasonable	Follow up to be undertaken Sept 2024	Good	Follow up complete. Grading changed to good
IDT Incident & Problem Management	22/03/2024	Reasonable	Follow up in progress	Good	Follow complete. Grading changed to good
Telford Ice Rink Bar	22/03/2024	Reasonable	Follow up to be undertaken Sept 2024	Good	Follow complete. Grading changed to good
William Reynolds Primary School	18/6/24	Limited	N/a	Good	Follow complete. Grading changed to good
Madeley Nursery School	24/5/24	Limited	N/a	Good	Follow complete. Grading

## Internal Audit Activity Report

					changed to good
Moorfield Primary School	21/5/24	Reasonable	N/a	Reasonable	Follow up to be undertaken end of Nov 2024

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 2024/25 Annual Audit Plan

4.1 Audit Committee members approved the 2024/25 Internal Audit Plan at the May 2024 committee meeting. **Appendix A** of this report shows the progress made against this plan. From a total of 46 audits (not including Adult Social Care, as not yet agreed), 8 audits are in progress, 7 have been completed and 6 have been deferred due to a staff vacancy within the audit team. Recruitment is currently underway for the vacant post.

### 5.0 Unplanned work

5.1 Work continues on the commercial contracts with Academies and Town Councils, We provide audit services to a total of 9 Academy Trusts and 2 Town Councils. Internal Audit continue to look for opportunities to expand their commercial offering and have recently been asked to provide a quotation for a new Multi Academy Trust. This enables the team to positively support the financial position of the Council by attracting income which, in turn, contributes to the budget cost of of the team.

### 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:-

- 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 Background**

### **The Effectiveness of the Audit Committee**

- 7.1 There is no specific legal requirement to assess the effectiveness of the Audit Committee. However the Accounts and Audit Regulations 2015 do require the Council to 'review the effectiveness of systems of internal control' and to have 'an effective internal audit function'.
- 7.2 The last review of the effectiveness of the Audit Committee was undertaken in 2021. There have been delays in undertaking a further assessment due to a number of factors including elections and a number of changes to the membership of the Audit Committee.
- 7.3 The current members of the Audit Committee are relatively new to the committee. Therefore we do not intend to review the effectiveness of the committee until 2025/26.

## **8.0 Summary of main proposals**

- 8.1 That the Audit Committee agree that an assessment of the effectiveness of the Audit Committee is undertaken in 2025/26

## **9.0 Alternative Options**

- 9.1 There is an option to undertake this assessment during 2024/25.

## **10.0 Key Risks**

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

## **11.0 Council Priorities**

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

## **12.0 Financial Implications**

- 12.1 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.

## Internal Audit Activity Report

12.2 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.

### **13.0 Legal and HR Implications**

13.1 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.

### **14.0 Ward Implications**

14.1 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

### **15.0 Health, Social and Economic Implications**

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

### **16.0 Equality and Diversity Implications**

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

### **17.0 Climate Change and Environmental Implications**

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

### **18.0 Background Papers**

- 1 Annual Audit Plan 2024/25
- 2 Public Sector Internal Audit Standards – Applying the IIA International Standards to the UK Public Sector 2013 and updated January 2017

### **19.0 Appendices**

- A 2024/25 Annual Audit Plan

**20.0 Report Sign Off**

<b>Signed off by</b>	<b>Date sent</b>	<b>Date signed off</b>	<b>Initials</b>
Finance	11/11/2024	12/11/2024	AEM
Legal	11/11/2024	12/11/2024	SH

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	H	In progress
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		30			remove 10
Money Laundering	Policy & Governance	8	2 & 5	H	Deferred
Risk Management	Policy & Governance	8	all	M	
Legal system	Policy & Governance	10	all	M	Deferred
Members Subsistence	Policy & Governance	8	2 & 5	M	
Troubled families grant	Policy & Governance	12	all	L	in progress
Future Focus (NEET)	Education & Skills	10	1,2,5	M	deferred
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	In Progress
Town Park	Community Customer & Commercial Serv	12	all	H	
Ski Slope	Community Customer & Commercial Serv	10	all	M	In Progress
Oakengates Leisure Centre	Community Customer & Commercial Serv	10	all	M	

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	In Progress
Homelessness reduction act	Housing & Communities	15	1,3,5	H	in progress
Monitoring sale of discount market housing	Housing & Communities	5	all	M	Deferred
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	Deferred
PIP Properties	Property & Investment	8	2,3,4,5	M	complete
MIS Headway (Planning)	Community Customer & Commercial Serv	as above	all	M	as above
BIT (H&S Management)	Property & Investment	10	2,3,4,5	M	in progress
Housing Management	Property & Investment	as above	all	M	
BIT (H&S Management)	Health & Wellbeing	as above	2,3,4,5	M	As Above
PSP Register	Health & Wellbeing	8	all	M	In Progress
<b>Grants</b>					
Local Transport Capital block funding	Finance & HR and Neighbourhood & Enforcement	2	2,3,4 & 5	M	Complete
Bus subsidy grant	Finance & HR and Neighbourhood & Enforcement	2	2,3,4 & 5	M	Complete
Universal Drug Grant	Finance & HR and Health & Wellbeing	2	ALL	M	Complete
Family Hub	Finance & HR and Childrens Safeguarding	2	All	M	Complete
HUG 2 grant (home Upgrade Grant)	Finance& HR and Housing & Communities	2	2,3,4 & 5	M	Complete
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	Complete
<b>Corporate audits</b>					
Procurement/Contract Monitoring	All service areas	12	All	H	Deferred



Total for new audits	399
external commercial work	119
Advice & guidance	19
Local Government Ombudsman	35
Annual Governance Statement	8
Follow ups	10
Contingency	10
Sub total	600
<b>Available days (12 months)</b>	<b>610</b>

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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
take a leading role in addressing the climate emergency
providing efficient, effective and quality services

KEY	
H	high
M	Medium
L	Low

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