



Borough of Telford and Wrekin

Audit Committee

19 July 2022

INTERNAL AUDIT UPDATE REPORT

Cabinet Member: Cllr Rae Evans – Cabinet Member for Finance, Governance and Customer Services

Lead Director: Anthea Lowe – Director: Policy & Governance

Service Area: Policy & Governance

Report Author: Tracey Drummond – Principal Auditor

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Wards Affected: All wards affected

Key Decision: No

Forward Plan: Not applicable

Report considered by: Senior Management Team – 28/06/2022

1.0 Recommendations for decision/noting:

1.1 It is recommended that members of the Audit Committee to note the information contained in this report in respect to Internal Audit planned work undertaken between 1 May 2022 – 22 June 2022 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 2022/23 and the completion of 2021/22 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 May 2022 – 22 June 2022 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	
Good (Green) There is a sound system of control designed to address relevant risks with controls being consistently applied.	Reasonable (Yellow) There is a sound system of control but there is evidence of non-compliance with some of the controls.
Limited (Amber) 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.	Poor (Red) The system of control is weak and there is evidence of non-compliance with the controls that do exist.

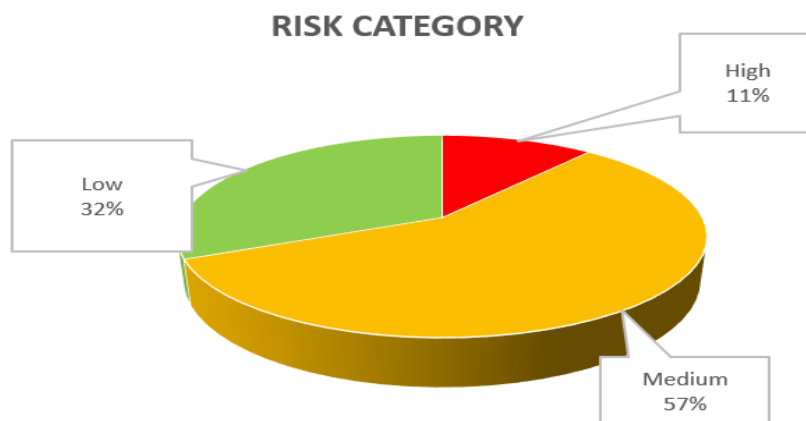
- 3.4 To determine the overall grading of the Internal Audit report each recommendation is risk rated (high, medium or low). The recommendation risk rating is based on the following criteria:

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

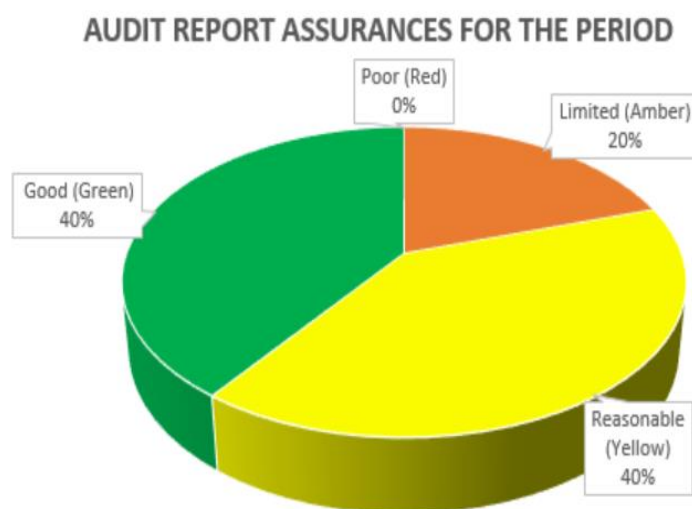
Medium risk = A recommendation to address a control weakness where there are some controls in place but there are issues with parts of the control that could have a significant impact.

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 for the reports issued during this period.



3.6 The level of assurance (based on table 4.3 above) for audit reports issued in this period is detailed below.



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

AUDIT REPORTS ISSUED BETWEEN 1/5/22 – 22/6/22 AND CURRENT STATUS						
Area	Date of Report	Level of risk on plan	Original Audit Grade	Follow up Due	Revised Grade	Comments
Purchase Ledger (21/22)	18/6/22	M	Limited	Sept 22		
Apley Wood Primary School (21/22 Plan)	19/05/2022	M	Reasonable	Nov 22		
Appointeeship & Deputyship Arrangements (21/22 Plan)	27/5/22	M	Reasonable	Nov 22		
Healthy Weight Management grant	20/6/22	N/a Unplanned	Good	N/a		
Contained Management Outbreak (COMF) Grant	22/6/22	M	Good	N/a		

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
Fleet Management	17/09/2020	Poor	2 nd follow-up to be carried out following the completion and implementation of the ongoing transport review. It is anticipated that this will be towards the end of FY 21/22	Reasonable	Follow up to be undertaken August 2022
The Bridge School	08/10/2021	Reasonable	Follow up in progress	Good	Follow up complete
Aqueduct School	26/10/2021	Reasonable	Follow up in progress	Good	Follow up complete
Register of Interests	10/12/21	Reasonable	Follow up due June 2022	Reasonable	Follow up in progress
Horsehay Bar	31/03/2022	Poor	Follow up due September 2022		No Change from previous status
Millbrook Primary School	17/02/2022	Limited	n/a		Follow up in progress
St Peters Edgmond	31/01/2022	Limited	n/a	Good	Follow up complete
Cyber Resilience	03/03/22	Limited	n/a	Reasonable	Follow up completed April 2022. No further follow up to be undertaken. Remaining outstanding actions to be covered

					as part of 2022/23 audit
IT Data Back up	04/02/2022	Reasonable	n/a	Good	1 st Follow up completed April 2022. 2 nd follow up to be undertaken July 2022
Lilleshall Primary School	14/02/2022	Reasonable	n/a		Follow up due August 2022
Haughton	16/02/2022	Reasonable	n/a		Follow up due August 2022
St Lawrence CE Primary	08/03/2022	Reasonable	n/a		Follow up due September 2022
St Georges Primary School	14/03/2022	Reasonable	n/a		Follow up due September 2022
IT - Service Desk	16/03/2022	Reasonable	n/a	Good	Follow up complete
Council Tax/NNDR	27/04/22	Reasonable	n/a	Reasonable	Follow up due Aug 22
ICT Software licensing	29/03/2022	Reasonable	n/a		Follow up due October 2022

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 2022/23 Annual Audit Plan

4.1 Audit resources have been spent completing work from the 2021/22 plan and meeting contract commitments.

4.2 Audit Committee members approved the 2022/23 Internal Audit Plan at the May 2022 committee meeting. Appendix 1 of this report shows the progress made against the 22/23 plan, 3 audits have been completed and 2 are in progress. Amendments to the audit plan have been made due to resource challenges and unplanned work. As a result 1 school audit and 1 probity audit has been deferred to the 23/24 audit plan (25 days). One unplanned grant has been added - The Local Authority Delivery (LAD) scheme

5 Quality Assurance and Improvement Programme

5.1 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.

6.0 Summary of main proposals

6.1 There are no proposals, this report is for information only.

7.0 Alternative Options

7.1 There are no options relating to this report as it is for information only.

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 the Council's priorities

10.0 Financial Implications

- 10.1 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 of accepting the recommendations of this report.

11.0 Legal and HR Implications

- 11.1 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.

In the event that an audit reveals a legal issue or concern this is referred to the Council's Legal Services Team and/or the Council's Monitoring Officer as appropriate 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.

14.0 Equality and Diversity Implications

- 14.1 Transparency supports equalities and demonstrates the Council's commitment to be open and fair. All members of the Audit Team have attended equal opportunities/ diversity training. If any such issues arose during any work the appropriate manager would be notified.

15.0 Climate Change and Environmental Implications

- 15.1 This report has limited environmental impact due to the nature of the work companies reported undertake.

16.0 Background Papers

- 1 Annual Audit Plan 2021/22 and 2022/23
- 2 Public Sector Internal Audit Standards – Applying the IIA International Standards to the UK Public Sector 2013 and updated January 2017
- 3 CIPFA Local Government Application Note – April 2013

17.0 Appendices

- 1 2022/23 Annual Audit Plan

18.0 Report Sign Off

Signed off by	Date sent	Date signed off	Initials
Finance	24/06/2022	24/06/2022	MB
Legal	18//06/2022	21/06/2022	RP