



Borough of Telford and Wrekin

Audit Committee

Wednesday 31 May 2023

Internal Audit Activity Update

Cabinet Member:	Cllr Nathan England - Cabinet Member: Finance, Customer Services and Governance	
Lead Director:	Anthea Lowe - Director: Policy & Governance	
Service Area:	Policy & Governance	
Report Author:	Tracey Drummond - Principal Auditor Rob Montgomery - Audit & Governance Lead Manager	
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Wards Affected:	All Wards	
Key Decision:	Not Key Decision	
Forward Plan:	Not Applicable	
Report considered by:	Senior Management Team - 16 May 2023 Audit Committee – 31 May 2023	

1.0 Recommendations for decision/noting:

That the Audit Committee:

- 1.1 Notes the information contained in this report in respect to Internal Audit planned worked undertaken between 1 January 2023 and 30 April 2023.

2.0 Purpose of Report

2.1 The purpose of this report is to update members on the progress made against the 2022/23 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 2023 to 30 April 2023 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>

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:

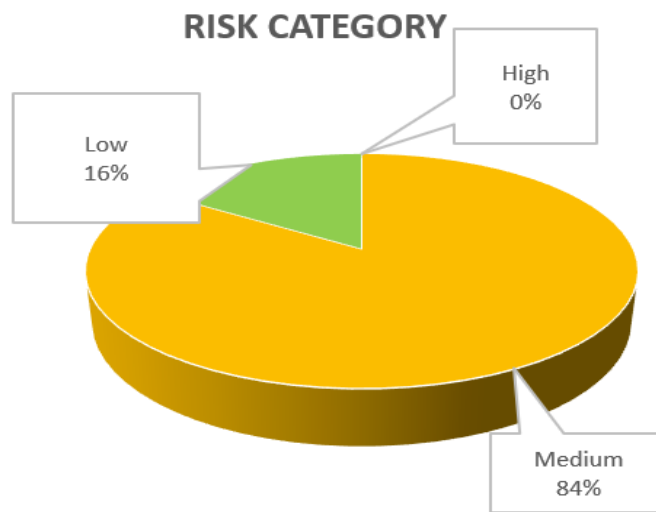
High risk = A fundamental weakness which presents material risk to the system objectives and requires immediate attention by management.

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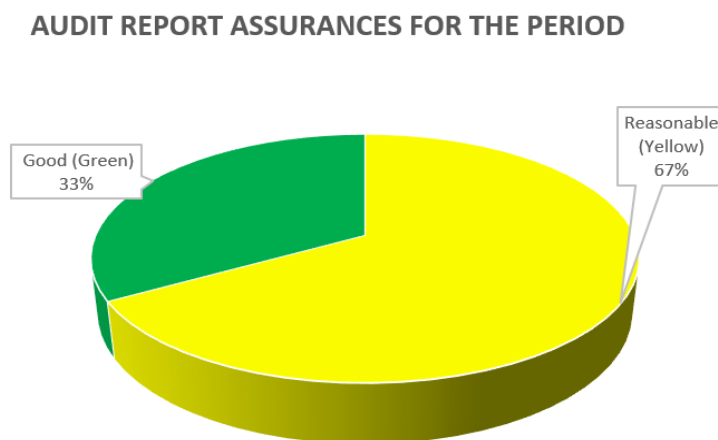
Medium risk = A recommendation to address a control weakness where there are some controls in place but there are issues with parts of the control that could have a significant impact.

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.



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

AUDIT REPORTS ISSUED BETWEEN 1/1/23 – 30/4/23 AND CURRENT STATUS						
Area	Date of Report	Level of risk on plan	Original Audit Grade	Follow up Due	Revised Grade	Comments
Adult weight management grant	24/01/2023	L	Good	n/a		
Activities and Food Programme. Grant Determination (2022): No: 31/5854	17/4/23	M	Good	n/a		
Cyber Security	06/02/2023	H	Reasonable	August 2023		
Newport Infant School & Nursery	06/03/2023	M	Reasonable	September 2023		
Shortwood Primary School	17/03/2023	M	Reasonable	September 2023		
John Fletcher of Madeley Primary School	02/03/2023	M	Reasonable	September 2023		

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.

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PREVIOUSLY ISSUED REPORTS & CURRENT STATUS					
Area	Date of Report	Original Audit Grade	Status previously reported to Audit Committee	Current Grade	Current status / Comments
Horsehay Bar	31/03/2022	Poor	Follow up complete and grading changed to yellow. Further follow up to be undertaken Feb 2023	Good	2 nd follow up completed March 2023. Grading changed to green therefore no further follow up to be undertaken
Council Tax/NNDR	27/04/2022	Reasonable	Follow up in progress	Reasonable	1 st follow up complete. 2 nd follow up to be included in 2023/24 plan
Purchase Ledger (21/22)	18/06/2022	Limited	Follow up in progress	Limited	Follow up complete grading remains the same a full follow up will be completed as part of the 22-23 audit
Climate Change and Carbon Reduction	26/07/2022	Reasonable	Follow up due January 2023	Good	Follow up completed March 2023. Grading changed to green therefore no further follow up to be undertaken

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IDT - Mobile Endpoint	27/09/2022	Reasonable	Follow up due March 23	Good	Follow up completed April 2023. Grading changed to green therefore no further follow up to be undertaken
IDT - User Account Management	20/10/2022	Reasonable	Follow up in progress	N/a	
SS Peter & Pauls Catholic Primary	05/10/2022	Reasonable	Follow up in progress	N/a	
IDT - Asset Management	24/11/2022	Reasonable	Follow up due May 2023	N/a	
Teagues Bridge Primary	03/11/2022	Reasonable	Follow up due May 2023	N/a	

4.0 Progress on completion of the 2022/23 Annual Audit Plan

- 4.1 Audit resources have been spent completing work from the 2022/23 plan and meeting corporate 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 this plan, 18 audits have been completed and 11 are in progress. There have been no changes to the audits shown on the plan since the last audit committee meeting.

5.0 Unplanned work

- 5.1 The Audit Team have been commissioned to undertake a quality assurance review on 'Prevent' (Counter Terrorism & Security Act 2015) to provide assurance to the Prevent Board that all partners are being consistent in their approach.
- 5.2 Work continues on the commercial contracts with Academies and Town Councils, a total of 8 Academy Trusts and 2 Town Councils are using our service. Internal Audit continue 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:-

- 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 Summary of main proposals

7.1 It is proposed that members note the information contained in this report.

8.0 Alternative Options

8.1 No alternative options, this report is for noting,

9.0 Key Risks

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

10.0 Council Priorities

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

11.0 Financial Implications

11.1 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.

11.2 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.

12.0 Legal and HR Implications

12.1 There are no direct legal or HR implications arising from this report. The Council is required to undertake internal audit activity and to report the outcomes of that activity. It is one way that the Council can demonstrate it is operating transparently and in accordance with good governance.

13.0 Ward Implications

13.1 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

14.0 Health, Social and Economic Implications

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

15.0 Equality and Diversity Implications

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

16.0 Climate Change and Environmental Implications

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

17.0 Background Papers

- 1 Annual Audit Plan 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

18.0 Appendices

- 1 2022/23 Annual Audit Plan

19.0 Report Sign Off

Signed off by	Date sent	Date signed off	Initials
Finance	10/05/2023	11/05/2023	AEM
Legal	10/05/2023	22/05/2023	RP