



# Borough of Telford and Wrekin

## Audit Committee

Thursday 23 November 2023

## Internal Audit Activity Report

---

<b>Cabinet Member:</b>	Cllr Nathan England - Cabinet Member: Finance, Customer Services & Governance	
<b>Lead Director:</b>	Anthea Lowe - Director: Policy & Governance	
<b>Service Area:</b>	Policy & Governance	
<b>Report Author:</b>	Tracey Drummond - Principal Auditor Rob Montgomery - Audit & Governance Lead Manager	
<b>Officer Contact Details:</b>	<b>Tel:</b>	<b>Email:</b>
	01952 383105	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>	Senior Management Team – 7 November 2023 Audit Committee – 23 November 2023	

---

### 1.0 Recommendations for decision/noting:

Audit Committee is asked to:

- 1.1 Note the information contained in this report in respect of the Internal Audit planned work undertaken between 1 July 2023 and 31 October 2023 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 July 2023 to 31 October 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><b>Good (Green)</b></p> <p>There is a sound system of control designed to address relevant risks with controls being consistently applied.</p>	<p><b>Reasonable (Yellow)</b></p> <p>There is a sound system of control but there is evidence of non-compliance with some of the controls.</p>
<p><b>Limited (Amber)</b></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><b>Poor (Red)</b></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:

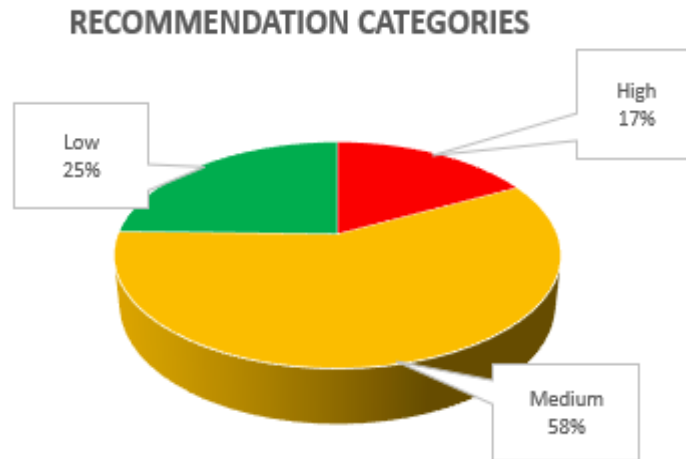
**High risk =** A fundamental weakness which presents material risk to the system objectives and requires immediate attention by management.

**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.

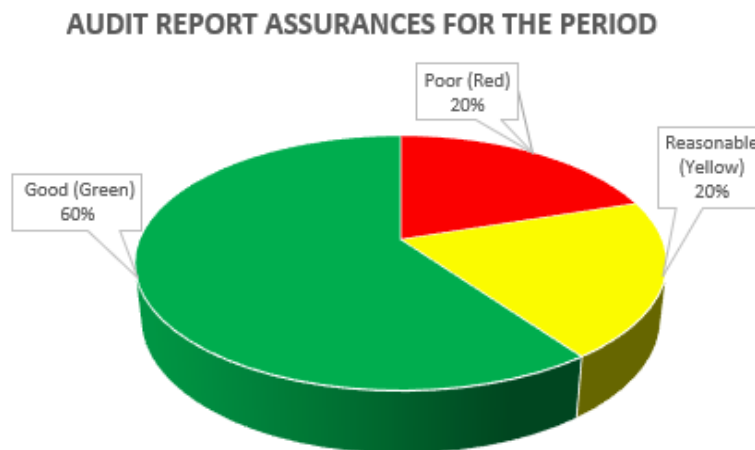
## Internal Audit Activity Report

**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 (orange segment) and low (green segment) risk recommendations made for the reports issued during this period.



3.6 The level of assurance (based on table 3.3 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 1/7/23 – 31/10/23 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>
Direct Payments Childrens (22/23 plan)	18/09/2023	H	Poor	Dec-23		
Child Arrangement Orders (22/23 Plan)	18/10/2023	M	Poor	Jan-24		
Donnington Wood Infants School	19/09/2023	M	Reasonable	Mar-24		
Tibberton Primary School (22/23 plan)	22/09/2023	M	Reasonable	Mar-24		
General Ledger (2022-23)	28/06/2023	H	Good	n/a – green report		
HUG1 Grant	15/08/2023	M	Good	n/a – green report		
Bus Subsidy	21/08/2023	M	Good	n/a – green report		
IDT Risk Management	12/09/2023	M	Good	n/a – green report		
IDT Procurement	19/09/2023	M	Good	n/a – green report		
Insurance	19/10/2023	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
SS Peter & Pauls Catholic Primary	05/10/2022	Reasonable	Follow up in progress	Good	Follow up complete and grading changed to green. No further follow up to be undertaken
IDT - Asset Management	24/11/2022	Reasonable	Follow up due August 2023	Good	Follow up complete and grading changed to green. No further follow up to be undertaken
Newport Infant School & Nursery	06/03/2023	Reasonable	Follow up due September 2023	Good	Follow up complete and grading changed to green. No further follow up to be undertaken
Shortwood Primary School	17/03/2023	Reasonable	Follow up due September 2023	Good	Follow up complete and grading changed to green. No further follow up to be undertaken
John Fletcher of Madeley Primary School	02/03/2023	Reasonable	Follow up due September 2023	Good	Follow up complete and grading changed to green. No further follow up to be undertaken
Wombridge Primary	02/05/2023	Reasonable	n/a	n/a	Follow up due November 23

## Internal Audit Activity Report

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

- 4.1 Audit resources have been spent completing work from the 2022/23 plan, meeting corporate contract commitments and commencing audits on the 2023/24 plan.
- 4.2 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, 10 audits have been completed and 12 are in progress.
- 4.3 6 Audits have been deferred, equivalent to 60 days until the 24/25 plan. These changes were because of sickness within the audit team, additional days given to the Direct Payments Audit and resources needed for unplanned commercial work (see 5.1 below).

### **5 Unplanned work**

- 5.1 The Audit Team have been commissioned to undertake an audit on the Hub on the Hill Community Centre.
- 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 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 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 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.

## **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.

## Internal Audit Activity 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
- 3 CIPFA Local Government Application Note – April 2013

### 15.0 Appendices

- A 2023/24 Annual Audit Plan

### 16.0 Report Sign Off

<b>Signed off by</b>	<b>Date sent</b>	<b>Date signed off</b>	<b>Initials</b>
Legal	26/10/2023	1/11/2023	EH
Finance	09/11/2023	10/11/2023	AEM