



# Borough of Telford and Wrekin

## Audit Committee

Wednesday 17 July 2024

### Internal Audit Activity Report

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<b>Cabinet Member:</b>	Cllr Zona Hannington - Cabinet Member: Finance & 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 & Procurement Lead Manager	
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<b>Wards Affected:</b>	All Wards	
<b>Key Decision:</b>	Not Key Decision	
<b>Forward Plan:</b>	Not Applicable	
<b>Report considered by:</b>	SMT – 9 July 2024 Audit Committee – 17 July 2024	

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#### 1.0 Recommendations for decision/noting:

Audit Committee are asked to:

- 1.1 Note the information contained in this report in respect to the Internal Audit planned work undertaken between 1 April 2024 and 30 June 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 2024/25 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 April 2024 to 30 June 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><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>

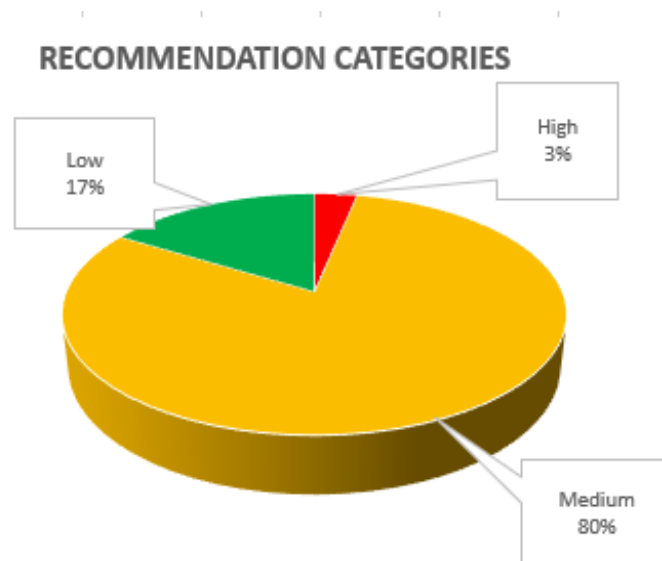
3.4 To determine the overall grading of the Internal Audit report each recommendation is risk rated (high, medium or low). The recommendation risk rating is based on the following criteria:

**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.

**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.



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

**AUDIT REPORT ASSURANCES FOR THE PERIOD**



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

<b>AUDIT REPORTS ISSUED BETWEEN 01/04/24– 30/06/2024 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>
Madeley Nursery School	24/5/24	M	Limited	Aug 2024		
Happy Healthy Active Holidays	18/6/24	M	Limited	Include in 2024/25 audit		
William Reynolds Primary School	18/6/24	M	Limited	Sept 2024		
Moorfield Primary School	21/5/24	M	Reasonable	Nov 2024		

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Payroll (2023-24)	18/6/24	H	Reasonable	Include in 2024/25 audit		
Multiply Grant	19/4/24	M	Good	N/a		
Family Hubs & Start for life programme (Yr2 2023-24)	24/4/24	M	Good	N/a		
Universal Drug Grant	1/5/24	M	Good	N/a		
HUG 2 (Yr 1 2023-24)	3/5/24	M	Good	N/a		
Integrated Care - One Health & Care	8/5/24	M	Good	N/a		

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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.

<b>PREVIOUSLY ISSUED REPORTS &amp; CURRENT STATUS</b>					
<b>Area</b>	<b>Date of Report</b>	<b>Original Audit Grade</b>	<b>Status previously reported to Audit Committee</b>	<b>Current Grade</b>	<b>Current status / Comments</b>
Direct Payments Childrens	18/09/23	Poor	1 <sup>st</sup> follow up undertaken.	Reasonable	2 <sup>nd</sup> follow up to be carried out July 24
Child Arrangement Orders	18/10/23	Poor	2 <sup>nd</sup> Follow up in progress. Extension Agreed	Limited	2 <sup>nd</sup> follow up in progress
Direct Payments Adults	28/11/23	Poor	1 <sup>st</sup> follow up completed.	Limited	2 <sup>nd</sup> follow up due August
Muxton Primary School	21/12/23	Poor	1 <sup>st</sup> follow up undertaken and grading changed to yellow.	Reasonable	2 <sup>nd</sup> follow up to be undertaken in July
Registrars Income Reconciliation Process	7/11/23	Reasonable	Follow up in progress	Good	Follow up complete. Grading changed to Good
Cloud Hosting	16/11/23	Reasonable	Follow up due May 2024	Good	Follow up complete. Grading changed to Good
Purchase Ledger	27/11/23	Reasonable	Follow up due May 2024	No change as follow up not yet complete	Follow up in progress
Cash Office	19/12/23	Reasonable	Follow up due June 2024	No change as follow up not yet complete	Follow up in progress

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DWP Compliance	19/12/23	Reasonable	Follow up due June 2024	No change as follow up not yet complete	Follow up in progress
Household Support Fund	20/12/23	Reasonable	Follow up due June 2024	No change as follow up not yet complete	Follow up in progress
Hollinswood Primary School	08/01/2024	Reasonable	Follow up due June 2024	Good	Follow up complete. Grading changed to Good
Bar Stock – Telford Theatre	01/02/2024	Reasonable	Follow up due January 2026	No change as follow up not yet complete	New audit to be undertaken when theatre re-opens
High Ercall Primary School	19/02/2024	Reasonable	Follow up due September 2024	No change as follow up not yet complete	Follow up to be undertaken Sept 2024
Preparing Disabled Children for Adulthood	15/03/2024	Reasonable	Follow up due September 2024	No change as follow up not yet complete	Follow up to be undertaken Sept 2024
IDT Incident & Problem Management	22/03/2024	Reasonable	Follow up due June 2024	No change as follow up not yet complete	Follow up in progress
Telford Ice Rink Bar	22/03/2024	Reasonable	Follow up due September 2024	No change as follow up not yet complete	Follow up to be undertaken Sept 2024

3.9 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 38 audits (not including Adult Social Care, as not yet agreed), only 1 audit has been completed (2%). The first quarter of 2024/25 has, largely, seen resources committed to completing work due under the 2023/24 work plan with some resources used to satisfy commitments due under corporate contracts. This is not uncommon. However, as the Internal Audit team moves into the second quarter, of the year, resource will be utilised to focus on 2024/25 and the team. The team are confident that acceptable progress will be made on plan completion in the coming months.

#### **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 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 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.

## **14.0 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

# Internal Audit Activity Report

## 15.0 Appendices

A 2024/25 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>
Finance	08/07/2024	09/07/2024	AEM
Legal	08/07/2024	09/07/2024	RP