



Borough of Telford and Wrekin

Audit Committee

Wednesday 20 November 2024

Internal Audit Activity Report

Cabinet Member:	Cllr Zona Hannington - Cabinet Member: Finance, Governance & Customer Services
Lead Director:	Anthea Lowe - Director: Policy & Governance
Service Area:	Policy & Governance
Report Author:	Tracey Drummond - Principal Auditor: Policy and Governance Rob Montgomery - Audit, Governance & Procurement Lead Manager: Policy and Governance
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Wards Affected:	All Wards
Key Decision:	Not Key Decision
Forward Plan:	Not Applicable
Report considered by:	Audit Committee – 20 November 2024

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

Internal Audit Activity Report

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	
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.

Internal Audit Activity Report

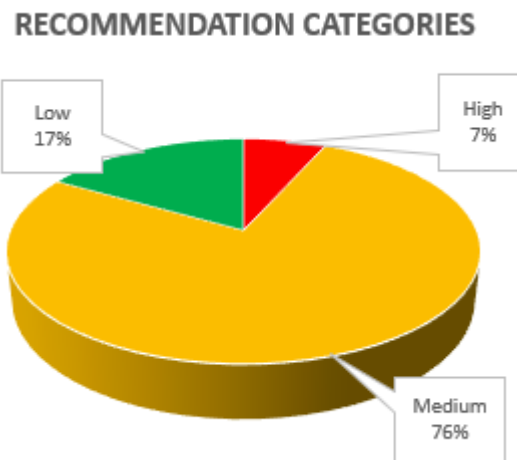
3.4 To determine the overall grading of the Internal Audit report each recommendation is risk rated (high, medium or low). The recommendation risk rating is based on the following criteria:

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.

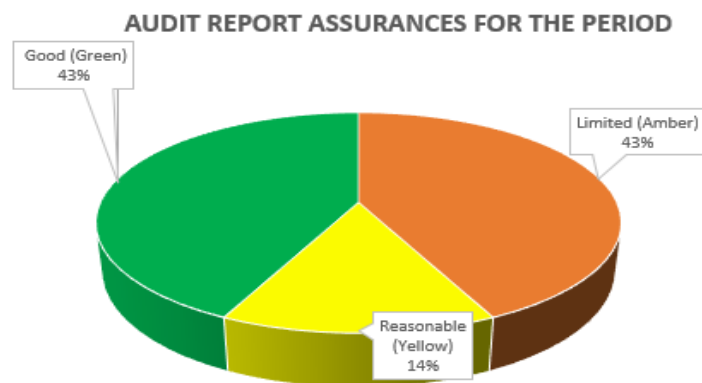
Low risk = A recommendation aimed at improving the existing control environment or improving efficiency, these are normally best practice recommendations.

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.

AUDIT REPORTS ISSUED BETWEEN 01/07/24– 31/10/2024 AND CURRENT STATUS						
Area	Date of Report	Level of risk on plan	Original Audit Grade	Follow up Due	Revised Grade	Comments
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 nd follow up to be carried out July 24	Good	2 nd follow up complete. Grading changed to good
Child Arrangement Orders	18/10/23	Poor	2 nd follow up in progress	Reasonable	2 nd follow up completed. No further follow up as new audit in 2025/26
Direct Payments Adults	28/11/23	Poor	2 nd follow up due August	Reasonable	2 nd follow up complete. Grading changed to reasonable
Muxton Primary School	21/12/23	Poor	2 nd follow up to be undertaken in July	Good	2 nd 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

Internal Audit Activity Report

20.0 Report Sign Off

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