



# Borough of Telford and Wrekin

## Audit Committee

Wednesday 29 January 2025

### Internal Audit Activity Report & Update to Internal Audit Charter

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<b>Cabinet Member:</b>	Cllr Zona Hannington - Cabinet Member: Finance, Governance & Customer Services	
<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 – 14 January 2025 Audit Committee – 29 January 2025	

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#### 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 November 2024 and 31 December 2024 and unplanned work to date.
- 1.2 Approve the revised Internal Audit Charter 2025/26

## **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.
- 2.2 To update members on changes to the Public Sector Internal Audit Standards
- 2.3 To provide members with an update on the Internal Audit Charter 2025/26

## **3.0 Background**

### **Internal Audit Activity Report**

- 3.1 This report provides information on the work of Internal Audit from 1 November 2024 to 31 December 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:
- 3.4 No final audit reports were issued during the period 1 November 2024 to 31 December 2024 due to the holiday period and short timeframe from when we last reported to the Audit Committee. Audits are in progress and audit reports are currently being finalised, these will be reported at the May 2025 meeting.
- 3.5 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
Direct Payments Adults	28/11/23	Poor	2 <sup>nd</sup> follow up complete. Grading changed to reasonable	Reasonable	3 <sup>rd</sup> follow up in progress
Moorfield Primary School	21/5/24	Reasonable	Follow up to be undertaken Nov 2024	Good	Follow up complete. Grading changed to 'Good'
Sales Ledger (23/24)	13/08/2024	Limited	N/a		In progress
Wellington Leisure Centre	16/10/24	Limited	N/a		In progress
Abraham Darby Leisure Centre	16/10/24	Limited	N/a		In progress
Lawley Primary School	05/07/2024	Reasonable	N/a		In progress

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), 10 audits are in progress, 7 have been completed and 9 have been deferred due to a staff vacancy within the audit team.

4.2 An Assistant Auditor has been recruited and, pending satisfactory references, is due to start in early February 2024. This will assist Internal Audit in completing the annual plan.

## **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. 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.
- 5.2 The Audit Team are also analysing GPC transactions and mileage claims. This work is in progress and will be reported to the Audit Committee when finalised.

## **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 Public Sector Internal Audit Standards (PSIAS)**

- 7.1 Changes to the Global Internal Audit Standards (on which PSIAS are based) came into effect in January 2025. These changes will not be mandatory for the public sector until April 2025.
- 7.2 Internal Audit are currently reviewing these changes. Once guidance has been provided by CIPFA, we will be undertaking a self assessment to highlight any areas that require development. When the self-assessment work is completed the results and any associated action plan will be reported to the Audit Committee.

## **8.0 Internal Audit Charter**

### **Background**

- 8.1 The Internal Audit Charter defines for the Council and the community internal audit activity's, purpose, authority and responsibilities, consistent with the requirements of the Public Sector Internal Audit Standards (PSIAS)<sup>1</sup> and the Council.
- 8.2 The terms of reference of the Audit Committee require the committee to approve the Internal Audit Charter on an annual basis. The charter has been reviewed by the Audit Governance & Procurement Lead Manager and changes made to reflect the requirements of the PSIAS. The proposed Internal Audit Charter for 2025/26 is detailed on **Appendix B** attached to this report.

## **9.0 Summary of main proposals**

- 9.1 That the Audit Committee note the information contained in the audit activity report.
- 9.2 That the Audit Committee approve the Internal Audit Charter.

## **10.0 Alternative Options**

- 10.1 There are no alternative options.

## **11.0 Key Risks**

- 11.1 The risks and opportunities in respect to this report will be appropriately identified and managed.

## **12.0 Council Priorities**

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

## **13.0 Financial Implications**

- 13.1 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.

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<sup>1</sup>PSIAS apply the IIA International Standards to the UK Public Sector and have been endorsed as proper practice by CIPFA the Internal Audit standard setters for Local Government.

13.2 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.

#### **14.0 Legal and HR Implications**

14.1 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.

#### **15.0 Ward Implications**

15.1 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.

#### **16.0 Health, Social and Economic Implications**

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

#### **17.0 Equality and Diversity Implications**

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

#### **18.0 Climate Change and Environmental Implications**

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

#### **19.0 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

#### **20.0 Appendices**

- A 2024/25 Annual Audit Plan
- B 2025/26 Internal Audit Charter

**21.0 Report Sign Off**

<b>Signed off by</b>	<b>Date sent</b>	<b>Date signed off</b>	<b>Initials</b>
Legal	03/01/2025	08/01/2025	EH
Finance	03/01/2025	21/01/2025	AM