



# Borough of Telford and Wrekin

## Audit Committee

Wednesday 28 January 2026

### Internal Audit Activity & 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<br>Rob Montgomery - Head of Governance, Audit, & Procurement                              |
| <b>Officer Contact Details:</b> | <b>Tel:</b> 01952 383105 <b>Email:</b> tracey.drummond@telford.gov.uk<br>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 – 13 January 2026<br>Audit Committee – 28 January 2026   |

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#### 1.0 Recommendations for decision/noting:

Audit Committee is asked to:

- 1.1 Note the information contained in this report in respect to the Internal Audit planned work undertaken between 1 November 2025 and 31 December 2025 and unplanned work to date.
- 1.2 Approve the updated Internal Audit Charter for 2026/27.

## 2.0 Purpose of Report

- 2.1 The purpose of this report is to update members on the progress made against the 2025/26 Internal Audit Plan and to provide information on the recent work of Internal Audit.
- 2.2 To provide members with an update on the Internal Audit Charter 2026/27.

## 3.0 Internal Audit Activity Report

### Background

- 3.1 This report provides information on the work of Internal Audit from 1 November 2025 to 31 December 2025 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  |   |
|--|---|
| <b>Good (Green)</b><br>There is a sound system of control designed to address relevant risks with controls being consistently applied.   | <b>Reasonable (Yellow)</b><br>There is a sound system of control but there is evidence of non-compliance with some of the controls. |
| <b>Limited (Amber)</b><br>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. | <b>Poor (Red)</b><br>The system of control is weak and there is evidence of non-compliance with the controls that do exist.         |

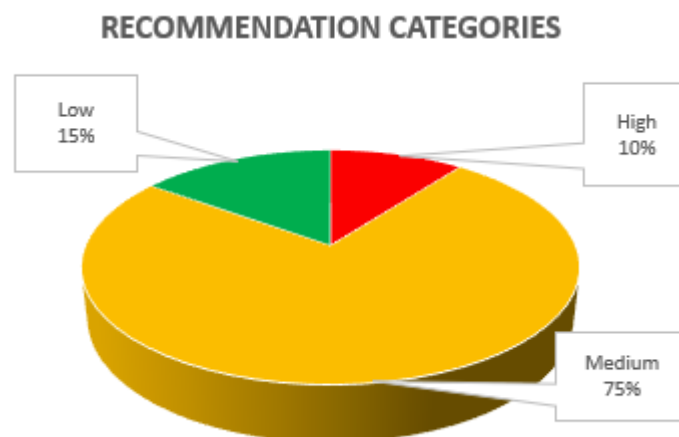
- 3.4 To determine the overall grading of the Internal Audit report each recommendation is risk rated (high, medium or low). The recommendation risk rating is based on the following criteria:

**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.

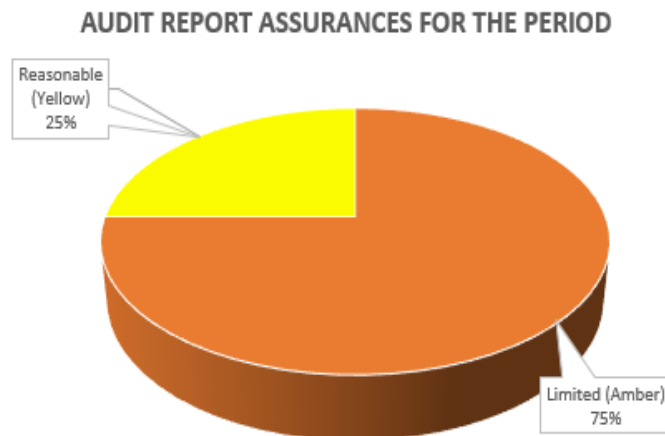
**Low risk =** A recommendation aimed at improving the existing control environment or improving efficiency, these are normally best practice recommendations.

- 3.5 The chart below shows the percentage of high (red segment), medium (yellow segment) and low (green segment) risk recommendations made in the reports issued during this period.



## Internal Audit Activity & Internal Audit Charter

3.6 The level of assurance (based on 3.3 above) for audit reports issued in this period is detailed below.



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

| Area  | Date of Report | Level of risk on plan | Original Audit Grade | Follow up Due      | Revised Grade |
|---|----------------|-----------------------|----------------------|--------------------|---------------|
| HHAH Grant  | 03/11/2025     | M                     | Limited              | Next planned audit | N/A           |
| John Randall Primary School and Nursery           | 05/11/2025     | M                     | Limited              | 05/02/2026         | N/A           |
| Local Transport Capital Funding                   | 20/11/2025     | M                     | Limited              | Next planned audit | N/A           |
| The Local Stop Smoking Services and Support Grant | 02/12/2025     | M                     | Reasonable           | Next planned audit | N/A           |

- 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.

| PREVIOUSLY ISSUED REPORTS & CURRENT STATUS   |                |                      |  |               |  |
|--|----------------|----------------------|--|---------------|--|
| Area   | Date of Report | Original Audit Grade | Status previously reported to Audit Committee                                  | Current Grade | Current status / Comments  |
| PSP Register                                 | 17/02/2025     | Reasonable           | 1 <sup>st</sup> follow up complete. 2 <sup>nd</sup> follow up to be undertaken | Reasonable    | In Progress  |
| Randlay Primary School                       | 14/05/2025     | Reasonable           | Follow up due  | N/a           | In Progress  |
| Sir Alexander Fleming Primary School         | 17/07/2025     | Limited              | In Progress  | Good          | Follow up complete. No further follow up to be undertaken                  |
| Supported Living                             | 21/07/2025     | Limited              | In Progress  | Reasonable    | Follow up undertaken November 25. 2 <sup>nd</sup> follow up due 05/03/26   |
| Coalbrookdale & Ironbridge CE Primary School | 25/07/2025     | Limited              | In Progress  | Reasonable    | Follow up undertaken November 25. 2 <sup>nd</sup> follow up due 20/02/2026 |
| BIT  | 15/08/2025     | Limited              | Follow up due 15/11/2025   | N/a           | Follow up in progress  |

|           |            |            |                             |     |                           |
|-----------|------------|------------|-----------------------------|-----|---------------------------|
| Town Park | 05/08/2025 | Reasonable | Follow up due<br>05/02/2026 | N/a | Follow up<br>due 05/02/26 |
|-----------|------------|------------|-----------------------------|-----|---------------------------|

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 2025/26 Annual Audit Plan**

- 4.1 Audit Committee members approved the 2025/26 Internal Audit Plan at the May 2025 committee meeting. **Appendix A** of this report shows the progress made against this plan. From a total of 48 audits, 14 are in progress, 12 have been completed.

#### **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 budgeted 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 Global Internal Audit Standards (GIAS) for the UK Public Sector alongside the normal quality review process undertaken for all audit assignments. The Head of Governance, Audit & Procurement undertakes an independent monthly check of randomly selected completed audit files to ensure they comply with:-

- The requirements of GIAS
- 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 Internal Audit Charter**

### **Background**

- 7.1 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 Global Internal Audit Standards (GIAS)<sup>1</sup> and the Council.
- 7.2 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 Head of Governance, Audit & Procurement and changes made to reflect the requirements of the GIAS. The proposed Internal Audit Charter for 2026/27 is detailed on Appendix B, attached to this report. Changes to the charter are highlighted in yellow for ease of reading.

## **8.0 Summary of main proposals**

- 8.1 The Audit Committee are asked to:
- a) Note the information contained in this report in respect to the Internal Audit planned and unplanned work to date.
  - b) Approve the revised Internal Audit Charter 2026/27

## **9.0 Alternative Options**

- 9.1 No alternative Options

## **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.

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

- 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 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.

### **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, Biodiversity and Environmental Implications**

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

### **18.0 Background Papers**

- 1 2025/26 Annual Audit Plan
- 2 Global Internal Audit Standards (2024)- mandatory from April 2025

### **19.0 Appendices**

- A 2025/26 Annual Audit Plan
- B 2026/27 Internal Audit Charter

### **20.0 Report Sign Off**

| <b>Signed off by</b> | <b>Date sent</b> | <b>Date signed off</b> | <b>Initials</b> |
|----------------------|------------------|------------------------|-----------------|
| Director             | 06/01/2026       | 20/01/2026             | AL              |
| Legal                | 06/01/2026       | 16/01/2026             | SH              |
| Finance              | 06/01/2026       | 08/01/2026             | KP              |