

**TELFORD & WREKIN COUNCIL**

**AUDIT COMMITTEE: 1 OCTOBER 2020**

**INTERNAL AUDIT UPDATE REPORT**

**REPORT OF THE AUDIT & GOVERNANCE TEAM LEADER**

**1 Purpose**

1.1 To update members on the progress made against the 2020/21 Internal Audit Plan and to provide information on the recent work of Internal Audit.

**2 Recommendation**

2.1 It is recommended that the Audit Committee notes the information contained in this report in respect to Internal Audit work undertaken between 4 January 2020 – 11 September 2020

**3 Progress on Completion of the Annual Audit Plan & Changes made to the Plan**

3.1 Audit Committee members approved the 20/21 Internal Audit Plan at the May 2020 committee meeting, Appendix 1 of this report shows the current progress made against the plan. There are 62 audits on the annual plan of which we have completed 1 and 10 are in progress. Resources have been used completing the 2019/20 plan which was delayed due to Covid, this has had an impact on the audit team starting the 2020/21 plan. Due to the current fluid environment the plan needs to be flexible and change as new risks emerge. Audit will attend service area management meetings in order to keep the audit plan relevant and focus resources on key areas.

**4 Summary**

4.1 This report provides information on the work of Internal Audit from 4 January 2020 to 11 September 2020 and provides an update on the progress of previous audit reports issued.

4.2 The information included in this progress report will feed into and inform our overall opinion in our Internal Audit Annual Report issued at year-end. All audit reports issued during the year are given an overall audit opinion based on the following criteria:

<b>Level of Assurance/Audit Opinion &amp; Definition</b>	
<b>Good (Green)</b> There is a sound system of control designed to address relevant risks with controls being consistently applied.	<b>Reasonable (Yellow)</b> There is a sound system of control but there is evidence of non-compliance with some of the controls.
<b>Limited (Amber)</b> 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> The system of control is weak and there is evidence of non-compliance with the controls that do exist.

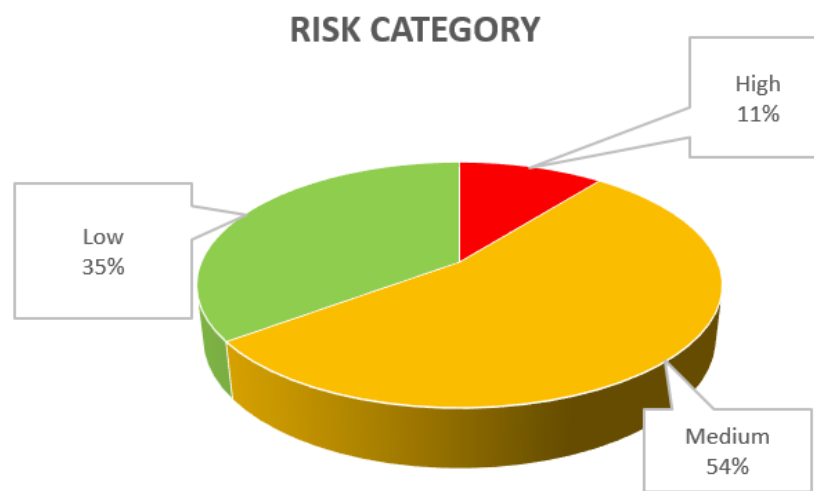
4.3 To determine the overall grading of the Internal Audit report each recommendation is risk rated (high, medium or low). The recommendation risk rating is based on the following criteria:

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

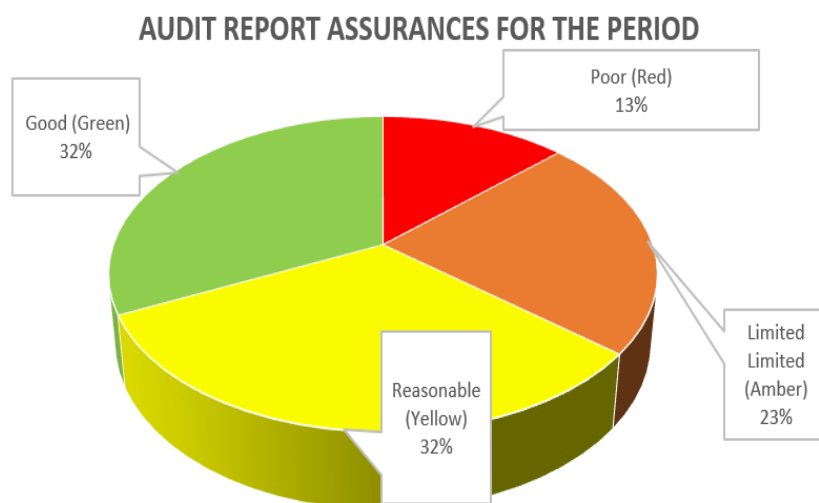
**Medium risk =** A recommendation to address a control weakness where there are some controls in place but there are issues with parts of the control that could have a significant impact.

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

4.4 The chart below shows the number of high, medium and low risk recommendations made in the reports issued during this period.



4.5 The level of assurance (based on 4.3 above) for audit work undertaken in this period and for the corresponding status at the audit follow up stage is detailed below.



4.6 The information in the above pie charts is based on the audit reports issued this period, as shown in the summary table below. Please note audits in grey text will not be followed up due to the associated audit opinion and level of risk.

**AUDIT REPORTS ISSUED BETWEEN 4/1/2020 – 11/09/2020 AND CURRENT STATUS**

<b>Area</b>	<b>Date of Report</b>	<b>Original Audit Grade</b>	<b>Follow up undertaken</b>	<b>Revised Grade</b>	<b>Comments</b>
ICT Procurement	01/07/2020	Good	n/a		
Blue Badge New Criteria Implementation Grant	06/07/2020	Good	n/a		
General Ledger (2019/20)	30/06/2020	Good	n/a		
apT Development Consultancy (2019/20)	03/08/2020	Good	n/a		
School Buy back	13/02/2020	Good	n/a		
Local Transport Capital Block Funding Grant	04/06/2020	Good	n/a		
CPD Traded Service	16/06/2020	Good	n/a		
Cyber Security Follow Up	23/07/2020	Reasonable	Due Jan 2021		
St Matthews CE Primary	07/09/2020	Reasonable	Follow up due March 2021		
Newport Junior	26/02/2020	Reasonable	In progress		
Purchase Ledger (2019/20)	17/07/2020	Reasonable	Follow up at 2020/21 audit		
St Peters CE Bratton	30/06/2020	Reasonable	Due December 2020		
CIC Health Assessments	30/06/2020	Reasonable	Due December 2020		
HR Payroll (2019/20)	10/08/2020	Reasonable	Follow up at 2020/21 audit		
Firewall Security	27/01/2020	Limited	Due Jan 2021		Follow up deferred as key audit recommendation is the procurement of a new firewall. This has been delayed due to Covid-19. The procurement is now in

					progress, the remaining recommendations on the current firewall will be in place in Autumn 2020.
Ice Rink	09/06/2020	Limited	In progress		The implementation of recommendations have been delayed by Covid-19 as the Ice Rink was closed during lockdown and was only re-opened on 15 August.  During this period staff were redeployed onto other duties. Recommendations are now in process of being implemented.
ContrOCC - Financial Management Process (2019/20)	28/08/2020	Limited	In progress		
Section 17 Payments	16/03/2020	Limited	In progress		
ICT Asset Management	18/03/2020	Limited	Due Oct 2020 – delayed due to Covid		Key recommendation is the procurement of a new asset management system. This has been delayed due to Covid-19, however the procurement is now in progress.
The Place	10/08/2020	Poor	18/08/2020	Reasonable	2 <sup>nd</sup> follow up due October 2020
PIR - Resourcelink	21/08/2020	not Graded - Lessons learned	n/a		

4.7 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**

<b>Area</b>	<b>Date of Report</b>	<b>Original Audit Grade</b>	<b>Previous status</b>	<b>Current Grade</b>	<b>Current status / Comments</b>
Queenswood Primary School	17/10/18	Reasonable	1 <sup>st</sup> follow up undertaken May 2019	Good	Complete 2 <sup>nd</sup> Follow up undertaken January 2020, grading changed to green
3 <sup>rd</sup> party access wired & wireless network	30/4/19	Reasonable	October follow up not undertaken as recommendations were not due to be implemented until January 2020. Follow up now in progress	Good	Completed March 2020, grading changed to green
Single sign on	23/4/19	Reasonable	October follow up not undertaken as recommendations were not due to be implemented until January 2020. Follow up now in progress.	Good	Completed in September (Delayed due to Covid)– changed to Green grading
Horsehay Golf Centre	23/7/19	Reasonable	In Progress	Good	Complete
Randlay Primary	10/09/2019	Reasonable	Due March 2020	Good	Complete follow up undertaken June 2020
Advertising on Council Assets	27/11/2019	Reasonable	Due May 2020	Good	Complete Follow up undertaken July 2020
Donnington Wood Junior School	29/11/2019	Reasonable	Due May 2020	Good	Complete Follow up undertaken July 2020
Wrockwardine Wood Junior	17/12/2019	Reasonable	Due June 2020	Good	Complete - Follow up undertaken June 2020
Mobile Device Management	20/12/2019	Reasonable	Due June 2020	Good	Completed in September (Delayed due to Covid)– changed to Green grading

Syrian Refugee	6/8/19	Reasonable	Follow up due Feb 2020	Good	Follow up undertaken and changed to a Green grading
Holy Trinity	21/10/2019	Limited	1 <sup>st</sup> Follow up undertaken Jan 2020, grading changed to yellow.	Good	Complete - 2 <sup>nd</sup> Follow up undertaken July 2020 now Green
My Options Young Peoples Services - Income	21/9/18	Limited	3 <sup>rd</sup> follow up to be undertaken Feb 2020	Reasonable	3 <sup>rd</sup> follow up complete remains Yellow
My Options YP services – Operational	20/2/19	Poor	2 <sup>nd</sup> follow up in progress	Reasonable	2 <sup>nd</sup> follow up complete remains Yellow
ICT Anti –Virus	1/3/19	Reasonable	1 <sup>st</sup> follow up undertaken, grading not changed therefore 2 <sup>nd</sup> follow up planned for April 2020.	Reasonable	2 <sup>nd</sup> follow complete – remains a yellow but no further follow up to be undertaken.
New Social Care System - Liquidlogic	24/6/19	Reasonable	In Progress	Reasonable	2 <sup>nd</sup> follow up in progress
Newport pool	15/8/19	Amber	1 <sup>st</sup> follow up In Progress	Reasonable	1 <sup>st</sup> follow up complete, grading changed to yellow 2 <sup>nd</sup> follow up complete and remains a yellow. No further follow up to be undertaken.
Muxton Primary School	04/12/2019	Amber	Due March 2020	Reasonable	1 <sup>st</sup> follow up undertaken July 2020 grading changed to Yellow. 2 <sup>nd</sup> Follow up due January 2021

Internal Audit is confident and have 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.

## 5 Unplanned work

- 5.1 The Audit Team have a 3 year agreement with Madeley Town Council, their audit was undertaken in March to enable their Annual Governance and Accountability Return 2019/20 to be signed. A report was produced and agreed with the Town Council Clerk.

## 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 Team Leader undertakes an independent monthly check of 1 or 2 (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 these had been fed back to the Internal Auditors to aid continuous improvement in the service.

## 7 Internal Audit Adding Value

- 7.1 During Covid the Audit Team have provided support to residents and other services of the Council in areas such as making shielding calls, free school meal vouchers and keep in touch calls. We are currently being trained in the track and trace service in order to offer support if needed.

## 8 OTHER CONSIDERATIONS

AREA	COMMENTS
Equal Opportunities	All members of the Audit Team have attended equal opportunities/ diversity training. If any such issues arose during any work the appropriate manager would be notified.
Environmental Impact	All members of the Audit Team are environmentally aware and if any issues were identified they would be notified to the appropriate manager.
Legal Implications	<p>The Accounts and Audit Regulations 2015 (Part 2, paragraph 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.</p> <p>In the event that an audit reveals a legal issue or concern this is referred to the Council's Legal Services Team and/or the Council's Monitoring Officer for further advice and assistance as required.</p> <p>AL – 18/09/2020</p>
Links with Corporate Priorities	All aspects of the Audit teams work support good governance which underpins the achievement of the Council's objectives and priorities.

Risks and Opportunities	All aspects of the Audit teams work supports managers and the Council to identify and manage their risks and opportunities.
Financial Implications	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. Therefore, there are no financial implications of accepting the recommendations of this report. TS 17.9.2020
Ward Implications	The work of the Audit team encompasses all the Council's activities across the Borough and therefore it operates within all Council Wards.

**Previous minutes:**

28 January 2020  
1 October 2019  
30 May 2019  
29 January 2019

**Background Papers:**

Annual Audit Plan 2020/21  
Public Sector Internal Audit Standards – Applying the IIA International Standards to the UK Public Sector 2013 and updated January 2017  
CIPFA Local Government Application Note – April 2013  
Accounts and Audit Regulations – 2015

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