

Internal Audit Progress Report (Quarter 1)
September 2024



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In the event of any questions arising from this report please contact Andrew Wood, Audit Manager andrew-wood@tamworth.gov.uk

The matters raised in this report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. This report was produced solely for the use and benefit of Tamworth Borough Council. The Council accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification.

01 INTRODUCTION

BACKGROUND

This report summarises internal audit activity and performance for the period to 30 June 2024.

SCOPE AND PURPOSE OF INTERNAL AUDIT

The Accounts and Audit Regulations require councils to undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards or guidance.

This progress report and opinion forms part of the framework of assurances that is received by the Council and is used to help inform the annual governance statement. Internal audit also has an independent and objective consultancy role to help managers improve risk management, governance and control.

Internal Audit's professional responsibilities as auditors are set out within Public Sector Internal Audit Standards (PSIAS) produced by the Internal Audit Standards Advisory Board produced by the Internal Audit Standards Advisory Board.

ACKNOWLEDGEMENTS

Internal audit is grateful to the directors, heads of service, service managers and other staff throughout the council for their help during the period.

02 INTERNAL AUDIT WORK UNDERTAKEN

The internal audit plan for 2024/25 was approved by the Audit & Governance Committee at its meeting in March 2024. The plan was for a total of 16 audits. To the end of quarter 1 2024/2025 we have completed 12% of the audit plan. We have fully completed 2 out of the 3 audits rolled forward from 2023/24 and the remaining audit is awaiting management agreement. Work has been ongoing on 4 audits during Q1 of 2023/24 as outlined in the attached **Appendix 1** and of which 2 were completed by 30 June 2023 to at least draft report stage. An analysis of audit plan completion and indicatively planned audits is shown in the table below;

	Q1	Q2	Q3	Q4
Number of audits allocated per quarter	4	4	5	3
% of plan	25	25	31	19
Cumulative 2024/25 audit plan % completed	12			
Completed and finalised 2023/24 audits	3			
Audits drafted and awaiting management agreement 2023/24	1			

Planned work initially envisaged that by 30 June 2023 we would have completed 25% of the Audit Plan, actual out turn figures show that we have completed 12% of the expected plan. The work undertaken and the progress on each audit is shown in summary and progress made this year is included at **Appendix 01**.

03 OPINION

SCOPE OF THE OPINION

In giving an opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the Council is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes.

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. In arriving at an opinion, the following matters have been taken into account:

- The outcomes of all audit activity undertaken during the period.
- The effects of any material changes in the organisation's objectives or activities.
- Whether or not any limitations have been placed on the scope of internal audit.
- Whether there have been any resource constraints imposed upon us which may have impinged on our ability to meet the full internal audit needs of the organisation.
- What proportion of the organisation's internal audit needs have been covered to date.

INTERNAL AUDIT OPINION

On the basis of audit work completed, the Audit Manager's opinion on the council's framework of governance, risk management and internal control is reasonable in its overall design and effectiveness. Certain weaknesses and exceptions were highlighted by audit work. These matters have been discussed with management, to whom recommendations have been made. All of these have been, or are in the process of being addressed.

Specific Issues

No specific issues have been highlighted through the work undertaken by internal audit during the period.

Fraud & Irregularity

No matters of fraud or irregularity have been reported during the period. Also see the fraud update on this Committee's agenda.

Consultancy & Advice

The audit team may be requested by managers to undertake consultancy and advice on governance, risk management and internal control matters from time to time. During the period to 30 June 2024

the following work was undertaken:

- Cash collection at the Assembly Rooms

As previously agreed by the Committee, all high priority actions and those arising from no and limited overall assurance reports are followed up by audit, managers confirmation applies to the rest.

The total outstanding actions at the end of Quarter 1 are 57 (8 high, 33 medium, 16 low). During 2024/25 the Audit Manager will continue to hold quarterly meetings with all Assistant Directors to review all outstanding recommendations. This has shown a specific improvement in the implementation and the number of recommendations, over time, has been shown within **Appendix 03**. This shows in tabular graph form the progress regarding the number of outstanding audit recommendations over time.

Priority of Recs	Number of O/S recs – 1 April 2024	Number of recs closed during the period Mar 23 – June 23	Number of additional recs made during Q1	Number of current O/S recs as at 30 June 2024	Overall movement of rec numbers during the quarter 1
High	9	2	1	8	- 1
Medium	26	3	10	33	+7
Low	12	0	4	16	+4

As at 30 June 2024 there were 8 high priority recommendations outstanding however of these 1 is overdue and these are being followed up during July/August 2023 as part of the Quarter 1 review with Assistant Directors.

Compliance with professional standards

We employ a risk-based approach in planning and conducting our audit assignments. Internal audit work has been performed in accordance with PSIAS.

Conflicts of interest

There have been no instances during the year which have impacted on internal audit's independence that have led to any declarations of interest.

Performance of Internal Audit

Internal audit quality assurance

To ensure the quality of the work internal audit performs, there is a programme of quality measures which includes:


- Supervision of staff conducting audit work.
- Review of files of working papers and reports by managers.
- Regular meetings of our networking groups, which issue technical and sector updates.

Performance Measures

- Complete 90% of the audit plan - 12% relates to assurance work completed.
- 100% Draft reports issued within 6 weeks of start date – 40%
- 100% Closure meetings conducted within 5 days of completion of audit work – 33%
- 100% draft reports to be issued within 10 working days of closure meeting – 80%
- 100% of all high priority actions are implemented at follow up – N/A
- All no and limited assurance reports have arevised assurance rating of substantial or reasonable on follow up – Not applicable
- Achieve an average customer satisfaction score of 4 or more – not applicable


Appendix 01: Summary of Internal Audit Work Undertaken

Assurance	Audit/Corporate Risk	Scope	Indicative Planned Quarter	Assurance Summary	Assurance Opinion
Core Financial Systems	Main Accounting & Budgetary Control CR1, CR6	Risk based review covering the adequacy and effectiveness of controls around the maintenance of main accounting and budgetary control systems.	Q3		
	Debtors CR1, CR6	Risk based review of Debtors systems to ensure controls in place for the adherence to procurement legislative requirements.	Q2	Draft Report stage	
	Bank Reconciliation and Cash Collection CR1, CR6	Risk based review across the authority for all cash collection areas to ensure that robust arrangements are in place for the collection and reconciliation of cash.	Q3		
	Reactive Repairs CR1, CR4	Risk based review of the Reactive Repairs systems to ensure robust arrangement in place for the allocation and management repairs.	Q4		
Strategic & Operational Risks	Customer Services CR6	Risk based review of the council's arrangements for interactions with members of the public.	Q1		
	CCTV CR3, CR4, CR6	Risk based review of the council's arrangements for CCTV and shared service and controls around ASB and commissioner standards in conjunction with WMCA.	Q1		



Food Safety CR3, CR4, CR5	Risk based review of the council's management arrangements for food safety across the Borough.	Q2	<p>The system has some good controls in place to mitigate against key risks. Inspections were completed and an inspection sheet was seen for all. A report was provided to the premise, which included the FHR and actions to address any weaknesses.</p> <p>During Covid, inspections were put on hold and the Council has been addressing the backlog through a recovery plan. Currently there are 137 inspections outstanding of which 128 are risk rated E. These are subject to an alternative enforcement strategy and questionnaires are being issued for the premise to self assess. There are no A or B risk rated premise inspections overdue.</p> <p>A sample of 3 complaints were reviewed and these had all been investigated and liaison with external parties was evident.</p> <p>There is a food service plan 2024/25 in place that provides inspection targets and looks at the previous year's performance. Two performance indicators for 2023/24 are held on Pentana, the performance management system performance. These are current and upto date for quarter 4. A further 3 have been added for 2024/25. The Council reports performance to the FSA every six months. Reports were seen for October 2023 and April 2024.</p> <p>Areas for improvement include for new businesses ensuring a promptness for registering and inspecting. A delay was also noted for some inspections that were overdue. Procedure notes/ policies also need updating.</p>	 Reasonable Assurance H-0 M-2 L-2
Tourism, Town Centre and Shared Prosperity Fund CR3, CR5	Risk based review of Tourism and Town Centre promotion. Additionally review the arrangements for the Shared Prosperity Fund and confirm outputs and deliverables are being achieved.	Q3		
PR & Comms CR3, CR4, CR5	Risk based review looking at the Council's arrangements for PR and Communications.	Q2		


Scheme of Delegation CR1, CR2, CR3, CR4, CR5, CR6	Risk based review of the Council's controls around the operation of the scheme of delegations to ensure all legislative requirements are met and being consistently applied.	Q4		
VAT CR1, CR3	Risk based review to ensure that all VAT is correctly recorded and reported.	Q4		
Performance Management CR1, CR2	Risk based review to ensure that performance management system is providing a consistent approach is maintained.	Q1		
Social Housing Regulatory Programme CR3, CR4,CR5	Risk based review looking at key aspects of the council's Social Housing Regulatory Programme to ensure delivery.	Q2		
Events Management CR1, CR4,CR5	Risk based review looking at Events Management across the Borough	Q3	Audit work commenced	

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
ICT	Network & Infrastructure Management and Monitoring	Risk based audit of Network & Infrastructure Management and Monitoring	TBA		
	Cyber Security	Risk based audit of Cyber Security	TBA		
Governance Fraud & Other Assurance	Disabled Facilities Grant	Assurance Statement	Q3		
	Municipal Charities	Preparation of municipal charities accounts	Q3		
	Counter Fraud	Work to support the mitigation of fraud risk, the provision of fraud awareness training, pro-active fraud exercises and reactive investigations.	Q1-Q4		
	Annual Governance Statement	Production of the AGS	Q1-Q2		

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
	Annual Audit Opinion	Production of the Annual Audit Opinion	Q1-Q2		
	Management and Planning	Management, planning and assurance reporting to CMT and Audit & Governance Committee	Q1-Q4	On-going	
	Ad-hoc / Consultancy / Contingency	Contingency allocation to be utilised upon agreement of the Chief Finance Officer	Q1-Q4	On-going	
	Follow Up of Recommendations				
	IA QAIP and PSIAS	Review of PSIAS standards and review	Q3	Ongoing	
23/24 Finalised Audits	Community Safety	Risk based audit of Community Safety	Q3	<p>Overall, the council has reasonable controls in place for the community safety processes, including the arrangements for the Tamworth Vulnerability Partnership, three-year rolling Community Safety Partnership Plan and the supporting Partnership Workplan.</p> <p>However, we have raised findings relating to:</p> <ol style="list-style-type: none"> 1. The workplan does not have a timeframe for each key project and it is updated internally without a tracker to indicate the date of when the specific action was completed. Our testing of a sample of actions showed the progress report of the workplan is not always accurate based on the RAG ratings assigned. (Medium, Finding 1). 2. The Antisocial behaviour terms of reference is a draft version and has not been updated to reflect structure changes within the Council. (Medium, Finding 2). 	 <p>Reasonable Assurance H-0 M-2 L-1</p>

				<p>3. There are no aims and objectives outlined in the 2023-2026 Community Safety Partnership Plan. (Low, Finding 3).</p>	
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Assurance	Audit	Scope	Planned Quarter	Assurance Summary	AssuranceOpinion
	Taxi Licensing	Risk based audit of the Taxi Licensing system	Q3	<p>Overall, the Council has reasonable processes in place to ensure taxi licences are processed in accordance with statutory legislation, including conducting background checks for new applications. Enforcement actions such as a penalty point system are also in place.</p> <p>However, we have raised findings relating to:</p> <ol style="list-style-type: none"> 1. Application evidence – we identified exceptions in the documentation records for driver and vehicle license applications, including not submitting all forms, not obtaining full logbooks and insurance and DBS checks not being updated. (Medium, Finding 1). <p>Enforcement and escalation – the Council does not schedule spot checks to ensure it is able to identify breaches and out of date information in a timely manner and results of checks are not recorded centrally. (Medium, Finding 2).</p>	 Reasonable Assurance H-0 M-2 L-0
	Risk Management	Risk based audit of risk management	Q4	<p>We have reached the overall opinion that the Council have reasonable controls to support risk management. This is because there was generally a sound system of internal control, with some weaknesses which may put the organisation's objectives in this area at risk. There were appropriate reporting structures in place to ensure that the Senior Management Team and the Audit and Governance Committee have oversight of corporate risks however, some control measures were inadequate and not challenged.</p> <p>The Council have acted over the past year to improve risk management, from the review of its Risk Management Policy and Risk Management Strategy, to external training for the Operational Risk Champions Group by Zurich. However, some staff remained unclear on how local risk registers interacted with corporate risks. There were gaps identified in the quality and completion of service area risk registers.</p>	 Reasonable Assurance H-0 M-2 L-1

	<p>Business Continuity</p>	<p>Risk based audit of Business Continuity</p>	<p>Q2</p>	<p>We have reached the overall opinion that the Council have inadequate controls to support business continuity and therefore we have provided a Limited Assurance opinion.</p> <p>Business Continuity Plans (BCPs) were not regularly reviewed and updated, demonstrated by the fact that 21 of the 22 were still using the previous templates with the Corporate Finance BCP review ongoing at the time of our review. As a result, the BCPs either did not reflect the Council's actual processes or service areas were unaware of their BCPs, which could cause a significant risk to the adequacy of the response to an incident. This was further impacted by the lack of a consistent and thorough training programme for service leads. The Council are currently in the process of refreshing its service area BCPs which could improve the controls.</p> <p>There was a lack of governance structures in place to oversee the implementation of the Council's business continuity arrangements. There was support provided by the Civil Contingencies Unity (CCU) but we would expect the Council to have robust internal governance to ensure there is sufficient ownership and monitoring of the BCP arrangements.</p> <p>The risk of 'Inability to deliver economic growth, sustainability and prosperity in the Borough', which 'inadequate business continuity planning' is identified as a causing factor, has a current risk score of 9 on the Council's Corporate Risk Register (with a target risk score of 4). Therefore, if appropriate controls are not implemented to support adequate BCPs and staff training, this could impact the achievement of the Council's objectives.</p>	 <p>Limited Assurance H-1 M-2 L-0</p>
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Appendix 02: Assurance and Recommendation Classifications

Overall Assurance Opinion	Definition
Substantial	There is a sound system of internal control designed to achieve the organisation's objectives. The control processes tested are being consistently applied.
Reasonable	While there is a basically sound system of internal control, there are some weaknesses which may put the organisation's objectives in this area at risk. There is a low level of non-compliance with some of the control processes applied.
Limited	Weaknesses in the system of internal controls are such as to put the organisation's objectives in this area at risk. There is a moderate level of non-compliance with some of the control processes applied.
No	Significant weakness in the design and application of controls mean that no assurance can be given that the organisation will meet its objectives in this area.

Recommendation Priority	Definition
High	High priority recommendation representing a fundamental control weakness which exposes the organisation to a high degree of unnecessary risk.
Medium	Medium priority recommendation representing a significant control weakness which exposes the organisation to a moderate degree of unnecessary risk.
Low (Housekeeping)	Low priority (housekeeping) recommendation highlighted opportunities to implement a good or better practice, to add value, improve efficiency of further reduce the organisation's exposure to risk.

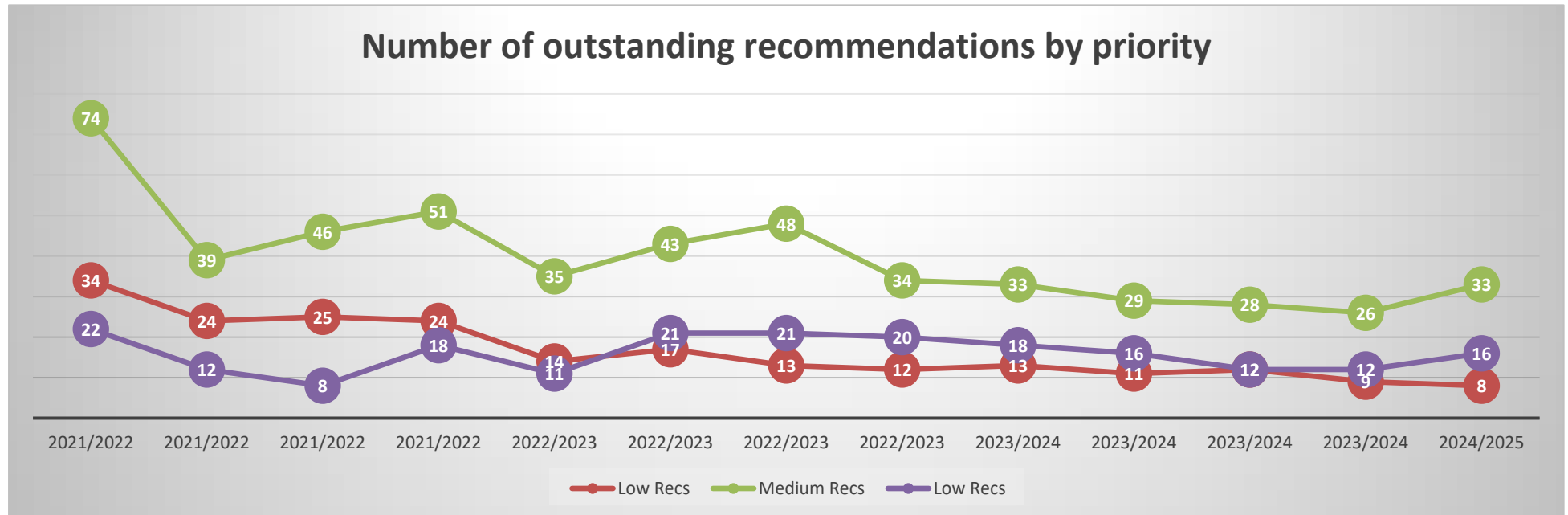
Appendix 03: Outstanding Audit Recommendations

The graph below shows the number of outstanding audit recommendations over time.



To inform the process I have included a table below outlining the number of outstanding actions whether High, Medium or Low Priority.

Below is a table showing the number of 2024/25 recommendations in each assurance level.



Financial Year	Quarter	No of Outstanding Recommendations	No of High Recs	No of Medium Recs	No of Low recs
2021/2022	Q1	130	34	74	22
	Q2	75	24	39	12
	Q3	79	25	46	8
	Q4	93	24	51	18
2022/2023	Q1	60	14	35	11
	Q2	81	17	43	21
	Q3	82	13	48	21
	Q4	66	12	34	20
2023/2024	Q1	64	13	33	18
	Q2	56	11	29	16
	Q3	52	12	28	12
	Q4	47	9	26	12
2024/2025	Q1	57	8	33	16