

**STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL**

**Audit & Accounts Committee**

**7 June 2024**

<b>TITLE:</b>	<b>Internal Audit Periodic Report February 2024 to May 2024</b>
<b>PORTFOLIO HOLDER:</b>	<b>Councillor Chris Wood - Portfolio Holder for Finance</b>
<b>CONTACT OFFICER:</b>	<b>John Leak - Head of Audit</b>
<b>WARDS INVOLVED:</b>	<b>Non-Specific</b>

**Appendices Attached – Appendix 1 Audit Reports Issued Between 1<sup>st</sup> February 2024 and 31<sup>st</sup> May 2024**  
**Appendix 2 - Internal Audit 2024/25 Progress Information as at 31<sup>st</sup> May 2024**

**1. Reason for the Report**

- 1.1 The Accounts and Audit Regulations 2015 requires the Council to “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”. In accordance with the Public Sector Internal Audit Standards, the Head of Audit must report periodically to the Audit Committee on the internal audit activity’s performance relative to its plan.

**2. Recommendation**

- 2.1 That the Committee note the progress information contained within this report.

**3. Executive Summary**

- 3.1 The purpose of this report is to summarise the findings of the remaining audits undertaken by the Council’s Internal Audit service for the 2023/24 financial year and also to summarise performance information for the 2024/25 financial year. This includes a breakdown of audits in progress and completed to date, the number and classification of recommendations made, agreed and where applicable, implemented by management.
- 3.2 All audit recommendations have been agreed, and to date 68% of 2023/24 audit recommendations that are due have been implemented. No audit reports

have been issued yet for 2024/25. Where deficiencies in internal control have been identified and not corrected, Internal Audit are satisfied that they will be resolved in an appropriate manner and they will continue to monitor such cases. It should be noted that it is the responsibility of relevant Managers to implement agreed recommendations.

#### **4. How this report links to Corporate Priorities**

- 4.1 The assurance provided by the work of Internal Audit informs the Annual Governance Statement and therefore helps to confirm effective use of financial and other resources to ensure value for money.

#### **5. Alternative Options**

- 5.1 There are no options to consider.

**ANDREW P STOKES**  
**Chief Executive**

**Web Links and**  
**Background Papers**

None

**Contact details**

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## 6. Detail

### 6.1 Introduction

6.1.1 The purpose of this report is to summarise the findings of the remaining audits undertaken by the Council's Internal Audit service for the 2023/24 financial year and also to summarise performance information for the 2024/25 financial year to date. This includes a breakdown of audits in progress and completed to date, the number and classification of recommendations made, agreed and where applicable, implemented by management.

6.1.2 The work of the internal audit service is primarily based upon an annual risk assessed audit plan, which for the financial year 2023/24 was agreed by this Committee at the 23<sup>rd</sup> June 2023 meeting. The Audit Plan for the current financial year 2024/25 is on today's agenda. The Internal Audit service also carry out work outside of the audit plan for which a contingency is usually built in. This unplanned work consists mainly of internal control consultancy work and special investigations into suspected fraud and irregularity.

### 6.2 Audits Reports Issued & Status of Agreed Recommendations

6.2.1 A summary of the Audit Reports issued during the period 1<sup>st</sup> February 2024 to 31<sup>st</sup> May 2024 is shown in the table below. Further details of these audits outlining key issues and strengths and improvements are shown in **Appendix 1**.

Service	Audit	Recommendations			Assurance
		High Risk	Medium Risk	Low Risk	
<b>2022/23 Audit Plan</b>					
Environmental Health	Taxi Licensing	0	4	11	Limited
Finance	Budgetary Control	0	1	0	Satisfactory
Revenues & Benefits	Recovery	0	2	2	Satisfactory
Finance	Creditor Payments	0	4	7	Satisfactory
Finance	Treasury Management	0	1	5	Satisfactory
Revenues & Benefits	Housing Benefits	0	1	5	Satisfactory
Finance	General Ledger	0	0	2	Satisfactory
Finance	Payroll	0	1	4	Satisfactory

6.2.2 A further breakdown of all of the audits completed during the 2023/24 financial year including the current status of audit recommendations is detailed in the Annual Report later on this agenda. All audit recommendations have been agreed, and to date 68% of 2023/24 audit recommendations that are due have been implemented. A breakdown of all of the audits in progress during the current financial year 2024/25 including the current status of audit recommendations if applicable is detailed in **Appendix 2**. Where deficiencies in internal control have been identified and not corrected, Internal Audit are satisfied that they will be resolved in an appropriate manner and they will continue to monitor such cases. It should be noted that it is the responsibility of relevant Managers to implement agreed recommendations.

6.2.3 Councillors will note that in addition to every individual audit recommendation being allocated a risk, every audit completed has been given an ‘assurance opinion’ based upon Internal Audit’s assessment of the internal control environment. These assurance opinions inform the annual audit opinion on the overall adequacy and effectiveness of the Council’s internal control environment. The control levels are defined as follows:

<b>Control Level</b>	<b>Definition</b>
Substantial	There is a robust framework of controls designed to achieve the objectives and controls are consistently applied.
Satisfactory	There is a sufficient framework of controls which for the most part, are consistently applied. However, weakness in the design or inconsistent application of controls within a few areas put achievement of particular objectives at risk.
Limited	Weaknesses in the system or the level of non-compliance with controls in a number of areas are such to put the system objectives at risk.
Unsatisfactory	There is a significant breakdown in the framework of controls, which leaves the system open to significant abuse or error.

### 6.3 Audits In Progress

6.3.1 The status of 2024/25 audits that are currently in progress is shown in the table below.

<b>Service</b>	<b>Audit</b>	<b>Status</b>
Service Commissioning	AES Contract Management	Audit in Progress.
Assets	Alliance Norse Contract Management	Audit in Progress.
Finance	Capital Accounting	Audit in Progress.
Democratic Services	Equalities & Diversity	Audit in Progress.

## 6.4 Progress against Audit Plan

6.4.1 The 2024/25 financial year has seen initial progress against planned audits and all of the audits in progress or nearing completion as detailed in 6.3 above will be completed soon.

6.4.2 Current key progress information for the 2024/25 audit plan is summarised in the following table, excluding unplanned work unless otherwise stated:

<b>Summary Progress Information to 31<sup>st</sup> May 2024</b>	
Percentage of Audit Plan completed / substantially completed	0%
Percentage of Audit Plan In Progress	11%
Number of recommendations made (including unplanned work)	N/A
Percentage of recommendations agreed with Service Managers (including unplanned work)	N/A
Percentage of recommendations implemented within agreed timescale (including unplanned work)	N/A

6.4.3 Should recommendations have not been agreed, compensating controls exist or service managers have accepted the risk / inefficiency of the current system for the benefit of service delivery.