

# Internal Audit Progress Report @ 31 January 2025



1 *Introduction*

The purpose of this report is to bring the Audit and Risk Assurance Committee up to date with the progress made against the delivery of the 2024/25 Internal Audit Plan.

The information included in this progress report will feed into and inform our overall opinion in our Internal Audit Annual Report issued at the year end. Where appropriate each report we issue during the year is given an overall opinion based on the following criteria:

No Assurance	Limited	Reasonable	Substantial
Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

This is based upon the number and type of recommendations we make in each report. Each recommendation is categorised in line with the following:

<b>Fundamental</b>	Action is imperative to ensure that the objectives for the area under review are met.
<b>Significant</b>	Requires action to avoid exposure to significant risks in achieving the objectives for the area under review.
<b>Merits attention</b>	Action advised to enhance control or improve operational efficiency.

## 2 Summary of work completed between 1 April 2024 and 31 January 2025

AAN	Assessment of Assurance Need Rating (High/Medium risk).
N/A	Not Applicable, review outside of normal risk-based auditing approach/customer request/grant claim.

Auditable Area	AAN rating	Recommendations					Level of Assurance
		Fundamental	Significant	Merits attention	Total	Number accepted	
<b>Reported previously:</b>							
Heritage Assets (including Civic Regalia)	Medium	3	8	-	11	11	<b>Limited</b>
HRA – Capital Budgets	High	2	7	-	9	9	<b>Limited</b>
Cotterills Farm, Rent Management System	NA	-	1	-	1	1	Reasonable
Riverside, Environmental Challenge Fund	Medium	-	3	1	4	4	Reasonable
Riverside, Gas Certificates	Medium	-	-	-	-	-	Substantial
Riverside, Rents follow up	Medium	-	1	-	-	1	N/A
Disabled Facilities Grant, follow up	NA	-	-	3	3	3	N/A
Highways, Taylors Lane	Medium	-	3	1	4	4	Reasonable
Sacred Heart Primary School	NA	-	3	3	6	6	Reasonable
St Mary Magdelene Primary School	NA	-	3	4	7	Draft	Reasonable
Highways Traffic Signals Grant Claim	NA	-	-	-	-	-	N/A
Holiday Activities and Food Grant Claim	NA	-	-	-	-	-	N/A
<b>Reported for the first time:</b>							
Council Tax	High	-	-	1	1	1	Substantial
NNDR	High	-	-	1	1	1	Substantial
Benefits	High	-	-	1	1	1	Substantial

Auditable Area	AAN rating	Recommendations					Level of Assurance
		Fundamental	Significant	Merits attention	Total	Number accepted	
Climate Change follow up	NA	-	-	-	-	-	N/A

The Following audits were underway as at 31 January 2025:

• Use of Council Procurement Cards, Follow up
• Grounds Maintenance, Follow up
• Aids and Adaptations
• Housing Rents
• Sandwell Community School
• Members Allowances
• Accounts Payable
• Accounts Receivable
• Treasury Management
• Payroll
• Main Accounting System
• Capital Accounting

A significant part of the audit teams resources, particularly in recent months has been spent on the implementation and post go-live of Oracle Fusion, including the accompanying Risk Management Cloud module. Therefore, the remainder of the Audit Plan for 2024/25 has been reviewed and a number of audits will be rolled over into the new year. It is not anticipated that this will impact upon the auditor's ability to provide an annual level of assurance on the adequacy and effectiveness of the Council's governance, risk management and control frameworks.

These reviews are:

• SEND Passenger Transport – however, an additional review within the SEND programme has been requested and is underway
• Housing Transformation and Housing Revenue Account - these reviews will be amalgamated into one wider housing review incorporating the follow up of our recommendations from our recent HRA reviews
• Compliance with the DPA, GDPR and FOI Act – however, a level of assurance can be obtained from audit presence on the Council's Information Governance Board
• Grants for New Build Properties
• Appointeeship Unit
• Priority Awards and homelessness designation
• Building Schools for the Future
• Early Years Support

### *3 Issues to bring to the committee's attention for the period 1 November 2024 to 31 January 2025*

#### *Climate Change – follow up*

Progress had been made in implementing the previously agreed actions, with a strengthening of many of the processes in place. However, it was acknowledged that the service was still in the process of embedding the new governance, monitoring and reporting arrangements.

A Climate Change report was recently presented in November 2024 to the Strategic Leadership Team incorporating an update on the refresh of the Climate Change Board terms of reference and new membership structure, alongside a wider update on the progress being made.

There are also plans to update the Council's Climate Change Strategy and Action Plan, including timelines for achieving goals and an increased focus on costs.

#### *Benefits*

The Council administers housing benefits, which provides financial support designed to assist individuals with their rent costs. These benefits are awarded based on the claimant's financial circumstances. The Benefits Team use Northgate I-World to manage all claim information. In the previous year, the Benefits Team handled approximately 13,000 housing benefit claims, serving both council tenants and those in private accommodation.

We made one recommendation where the Enterprise system will calculate each claimants benefit entitlement. If the calculation is over £1,500 then an additional form is generated as part of the checking process. This is then subject to a separate review and if it is over £5,000 it is also checked by a further senior officer. Both these officers' names are captured on the form. However, the name of the officer undertaking the initial calculation was not recorded and we recommended that going forward this information should also be captured.

#### *Council Tax*

All domestic properties are subject to Council Tax, although certain exemptions can be granted such as Single Person Discount. The I-World system generates daily reports that provide a detailed overview of receipts, and the cash control team subsequently undertake a reconciliation process i.e. comparing the payments recorded in the income receiving system (ICON) against those logged in the I-World system.

The reconciled figures are then entered into a monthly reconciliation sheet. This serves as a comprehensive record, tracking the daily alignment between the two systems. We noted a couple of occasions where there had been slight delays in the signing of these reconciliations.

#### *Grant Claims*

We are required to provide assurance that funds have been used in accordance with the agreed grant conditions, thus ensuring funding will not have to be repaid. From the reviews completed to date, we have not found any issues of significance and therefore we have concluded that the grant funding appears to have been used appropriately.

### *Follow up of previous recommendations*

With regards to ensuring the implementation of previous internal audit recommendations, we have recently completed the following follow-up reviews:

Review	Recs made	Actioned	Comments
Disabled Facilities Grant	9	6	Three still in progress
Riverside Rents	4	3	The outstanding recommendation is to be revisited at our next review
Climate Change	3	1	Two still in progress

We also have follow-up reviews underway Use of Council Procurement Cards and Grounds Maintenance. None of the outstanding actions give cause for any concern. We are also currently seeking to strengthen our recommendation tracking processes through the wider performance management framework. This will see the officers responsible for implementing recommendations pro-actively indicating if they have been implemented within agreed timescales. Internal audit will then independently check and provide assurance on this for key recommendations.

### *4 Other activities undertaken by Audit Services*

#### *Audit and Risk Assurance Committee – Terms of Reference*

We continue to review and update the Audit and Risk Assurance Committee Terms of Reference on an annual basis.

#### *Internal Audit Plan*

The Internal Audit annual plan for 2024/25 was submitted to the Audit and Risk Assurance Committee for approval.

#### *Audit and Risk Assurance Committee Annual Report*

Assistance was provided in the preparation of the Annual Report on the work of the Audit and Risk Assurance Committee.

#### *Internal Audit's role in investigating potential Fraud*

Alongside the Counter Fraud Team, we continue to take part in any relevant investigations into allegations of potential fraud, and where appropriate these may be reported separately to the committee.

#### *Annual Governance Statement*

We play a key role in the preparation of the Annual Governance Statement which forms part of the annual published Statement of Accounts.

#### *Advice and Guidance*

We provide on-going advice and guidance to the Council to assist with the continuous improvement of the overall control environment and to ensure compliance with relevant new legislation.

#### *Liaising with the External Auditors*

Where required, we continue to liaise with and assist the Council's External Auditors.

#### *Wider Client base*

As the Council's internal auditors, we also provide the internal audit service to Sandwell Children's Trust, Sandwell Leisure Trust and the West Midlands Fire Service. We report directly to these organisations audit committees, or equivalent, as appropriate.