

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**CORPORATE LEADERSHIP TEAM'S  
REPORT TO**

**Audit and Standards Committee  
4 November 2024**

**Report Title:** Internal Audit Update 2024/25

**Submitted by:** Chief Internal Auditor

**Portfolios:** All

**Ward(s) affected:** All

<b><u>Purpose of the Report</u></b>	<b><u>Key Decision</u></b>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
To report on the position regarding Internal Audit during the period 1 September 2024 to 11 October 2024.			
<b><u>Recommendation</u></b>			
<b>That Committee:</b>			
1. <b>Note progress against the 2024/25 Strategic Internal Audit Plan.</b>			
<b><u>Reasons</u></b>			
The role of Internal Audit is to ensure that the Council has assurance that controls are in place and operating effectively across all Council Services and Departments.			

**1. Background**

- 1.1** This progress report is submitted to the Audit and Standards Committee as part of our ongoing commitment to providing robust and transparent oversight of internal control, risk management, and governance processes within the Council. The internal audit function plays a critical role in ensuring that the Council operates in compliance with relevant laws, regulations, and internal policies, while also seeking to enhance the efficiency and effectiveness of its operations.
- 1.2** This progress report provides an overview of the activities undertaken by Internal Audit from 1 September 2024 to 11 October 2024. The purpose of the progress report is to outline the progress made against the approved Internal Audit Plan for the year, highlight any significant findings and emerging risks identified during the audits conducted, and provide an update on the implementation of management actions in response to previous audit recommendations.

- 1.3** Since the last progress report, fieldwork for four audits has been completed, and draft reports will be issued once they have passed through our internal quality review process. Additionally, preparations for a further four audits are underway, and fieldwork for these will commence shortly.
- 1.4** This report is intended to support the Audit and Standards Committee in fulfilling its oversight responsibilities by providing assurance that appropriate controls are in place, that risks are being managed effectively, and that the Council is continuously improving its governance practices. The report also seeks to identify areas where further attention or action may be required to address emerging issues or gaps in control.

## 2. Issues

### Completed Audit Reviews

- 2.1** No final reports have been issued during this period.

### Progress of the Internal Audit Plan

- 2.2** At this stage in the year the section remains on schedule to meet its key performance targets.

- 2.3** Delivery against the 2024/25 audit plan is summarised below.

Directorate	Audit	Status
<b>Office of the Chief Executive</b>	Asset Management Capital	Cancelled
	Treasury Management	Not Started
	Council Tax	Fieldwork Complete
	NNDR	Fieldwork Complete
	Housing Benefits	Preparation
<b>Operational Services</b>	Bereavement Services	Not Started
	Tree Management	Preparation
	Waste Services	Not Started
	Jubilee 2	Not Started
<b>Regeneration &amp; Development</b>	Disabled Facilities Grant	Fieldwork Ongoing
	Planning	Preparation
	Future High Street Fund	Fieldwork Complete
	Newcastle and Kidsgrove Town Deal Funds	Fieldwork Complete
	UK Shared prosperity Fund	Not Started
<b>Corporate</b>	Civil Contingencies & Business Continuity	Preparation
	Communications	Not Started
	Procurement and Contract Management	Not Started
	Safeguarding	Preparation
	Health and Safety	Not Started
<b>ICT</b>	Cyber Security	Fieldwork Ongoing
	Disaster Recovery	Preparation
	ICT Backups	Preparation
	PSN Compliance	Not Started

### Counter Fraud

- 2.4** The 2024/25 Audit Plan also includes 40 days allocated to counter fraud activities. This work is managed by Staffordshire County Council's Audit Manager – Fraud.
- 2.5** The County Council has received a total of 13 referrals from members of the public reporting potential frauds, a further one since the last progress report. These predominately revolve around the fraudulent claiming of benefits. These reports are carefully triaged in line with our established fraud response processes and through liaising with the Council's Customer Hub Manager and other external agencies where relevant.
- 2.6** There are currently no fraud concerns that require formal reporting to the Audit and Standards Committee. Internal Audit will continue to triage each report it receives and will continue to consider and evaluate fraud related risks in each audit review. Any significant developments will be promptly reported to the Audit and Standards Committee in future updates.
- 2.7** As part of our ongoing efforts to strengthen governance and ensure adherence to ethical standards, we are currently developing a survey aimed at assessing the level of understanding and awareness among officers regarding the Council's Code of Conduct. This initiative will provide valuable insights into any potential knowledge gaps and areas for further communications or future targeted training. We will update the Audit and Standards Committee with the findings and recommended actions once the survey has been completed and analysed.

### National Fraud Initiative

- 2.8** The Council takes part in the National Fraud Initiative ('NFI'). The NFI is a biennial data matching exercise, hosted by the Cabinet Office. Data sets for the next exercise are due to be uploaded to the Cabinet Office in October/November 2024 in accordance with published deadlines, and will include Payroll, Creditors, Council Tax Reduction Scheme, Taxis Driver data.
- 2.9** Council Officers are performing the required data uploads. It is envisaged that the output from the data matching exercise will be returned to the Council via the secure NFI software in late December 2024. Internal Audit will work with Council Officers to identify strategies for the efficient review of the matches, and report on progress and findings to a future meeting of this Committee.

### Cancelled Audits

- 2.10** No audits have been cancelled within this reporting period.

### Recommendations

- 2.11** Recommendations made by the Council's previous Internal Auditors (Stoke-On-Trent City Council) have now been reviewed by the Service Director for Finance (S151 Officer). Internal Audit are now responsible for the monitoring and tracking of these recommendations, for which there are 31.
- 2.12** Whilst we await the implementation of our new Audit Management System, these recommendations will be tracked manually. After the implementation of

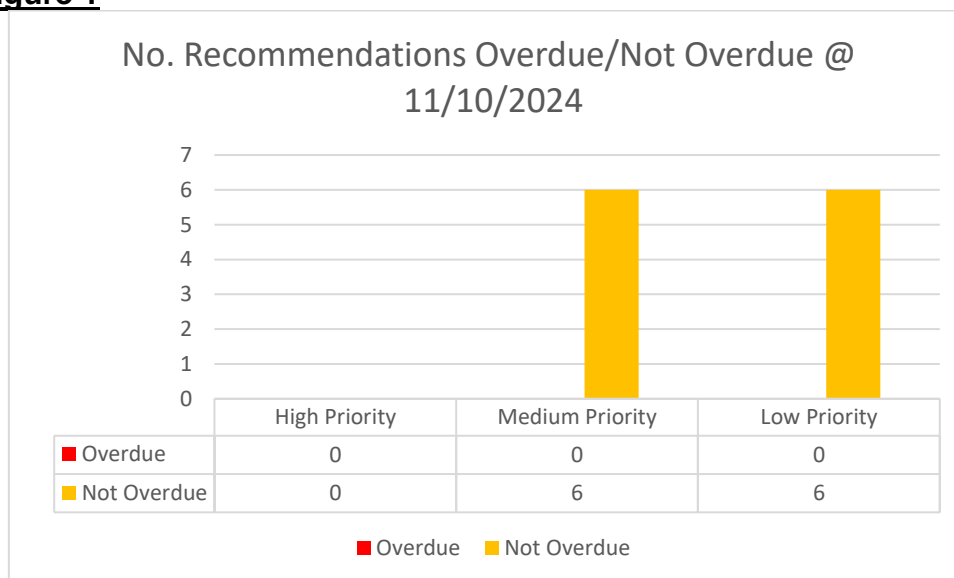
the new system, recommendations will be imported which will then automate this process and allow officers to access a portal where they can provide updates on outstanding recommendations.

**2.13** As of 11 October 2024, there are 31 audit recommendations that are being tracked:

Area	Total	Implemented	Risk Accepted	Superseded	Not Yet Implemented	
					Not Over Due	Overdue*
Office of the Chief Executive	2	2	0	0	0	0
Operational Services	5	3	0	0	2	0
Regeneration & Development	0	0	0	0	0	0
Corporate	16	7	0	0	9	0
IT	8	7	0	0	1	0
<b>Total</b>	<b>31</b>	<b>19</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>0</b>
%		61%	0%	0%	39%	0%

**2.14** Figure 1 below shows the number of high, medium and low priority recommendations which have not yet been implemented (outstanding), and their status as either overdue or not overdue.

**Figure 1**



### **3. Recommendation**

**3.1** Note progress against the 2024/25 Strategic Internal Audit Plan.

### **4. Reasons**

**4.1** The audit plan is monitored on a regular basis to ensure that it is achievable and reflects the key risks affecting the council.

## 5. Options Considered

5.1 None.

## 6. Legal and Statutory Implications

6.1 Whilst there are no direct implications arising from this report, the Accounts and Audit Regulations 2015 specifically require that a relevant body must “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices”.

## 7. Equality Impact Assessment

7.1 There are no direct implications arising from this report.

## 8. Financial and Resource Implications

8.1 The service is currently on target to be provided within budget. The financial implications resulting from the recommendations made within audit reports will be highlighted within individual reports wherever possible. It is the responsibility of managers receiving audit reports to take account of these financial implications, and to take the appropriate action.

## 9. Major Risks & Mitigation

9.1 Internal Audit objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources. Where relevant, the results of individual reviews will link into the Annual Governance Statement, providing assurance on the operation of key controls. Internal Audit will continue to align its work with the Corporate Risk Register.

9.2 Continual review of the work contained within the audit plan ensures that where necessary adjustments are made to provide the most appropriate coverage.

## 10. UN Sustainable Development Goals (UNSDG)

10.1 The Internal Audit and Counter Fraud Arrangement via Staffordshire County Council and the Fraud Hub supports UNSG and Climate Change objectives in a number of ways. Principally, through partnership working and supporting sustainable cities and communities via the correct use of public monies. The following UNSGs are supported.



**11. One Council**

Please confirm that consideration has been given to the following programmes of work:

One Commercial Council

One Digital Council

One Green Council

**12. Key Decision Information**

12.1 Not Applicable.

**13. Earlier Cabinet/Committee Resolutions**

13.1 Approval of the Internal Audit Plan for 2024/25 (Audit and Standards Committee April 2024).

**14. List of Appendices**

14.1 Not Applicable

**15. Background Papers**

15.1 Internal Audit Plan 2024/25.