

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

**CORPORATE LEADERSHIP TEAM'S
REPORT TO**

**Audit and Standards Committee
3 February 2025**

Report Title: Q3 Internal Audit Update 2024/25

Submitted by: Chief Internal Auditor

Portfolios: All

Ward(s) affected: All

<u>Purpose of the Report</u>	<u>Key Decision</u>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
To report on the position regarding Internal Audit during the period 1 October 2024 to 31 December 2024.			
<u>Recommendation</u>			
That Committee:			
1. Note progress against the 2024/25 Strategic Internal Audit Plan.			
<u>Reasons</u>			
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 October 2024 to 31 December 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** 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.
- 1.4** Since the last progress report, preparation for audits that had not started commenced, with 7 of these having agreed starts dates in Q4. Fieldwork continues for several audits and 5 draft reports have been issued, with one of these being finalised (Council Tax).

2. Issues

Completed Audit Reviews

- 2.1** The Audit & Standards Committee previously agreed that only the reports of the high-risk audits, limited assurance audits and major special investigations would be considered as part of the agenda. All audit reports will be made available to members of the Audit & Standards Committee (either individually or collectively) upon request.
- 2.2** The table below summarises the audits that have been finalised during Q3.

Audit	Opinion	Recommendations			
		High	Medium	Low	Total
Council Tax	Adequate	1	2	1	4

Progress of the Internal Audit Plan

- 2.3** At this stage in the year the Internal Audit Service remains on schedule to meet its key performance targets.
- 2.4** Delivery against the 2024/25 audit plan is summarised below.

Directorate	Audit	Status	Opinion
Office of the Chief Executive	Asset Management Capital	Cancelled	
	Treasury Management	Fieldwork Ongoing	
	Council Tax	Complete	Adequate
	NNDR	Fieldwork Complete	
Operational Services	Housing Benefits	Preparation (Starting 3/3/25)	
	Bereavement Services	Preparation (Starting 3/2/25)	
	Tree Management	Preparation	
	Waste Services	Preparation	
	Jubilee 2	Preparation (Starting 13/1/25)	
Regeneration & Development	Disabled Facilities Grant	Draft Report Issued	Substantial (Draft)
	Planning	Preparation (Starting 15/1/25)	
	Future High Street Fund	Draft Report Issued	Adequate (Draft)

	Newcastle and Kidsgrove Town Deal Funds	Draft Report Issued	Adequate (Draft)
	UK Shared prosperity Fund	Preparation (Starting 16/1/25)	
Corporate	Civil Contingencies & Business Continuity	Fieldwork Ongoing	
	Communications	Preparation	
	Procurement and Contract Management	Preparation	
	Safeguarding	Preparation (Starting 10/2/25)	
	Health and Safety	Preparation (Starting 6/2/25)	
ICT	Cyber Security	Fieldwork Complete	
	Disaster Recovery	Fieldwork Complete	
	ICT Backups	Draft Report Issued	Adequate (Draft)
	PSN Compliance	Preparation	

Counter Fraud

- 2.5** 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.
- 2.6** The County Council has received a total of 16 referrals from members of the public reporting potential frauds, a further three 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.
- 2.7** The Audit Manager – Fraud is investigating one whistleblowing referral.
- 2.8** Any significant findings resulting from these investigations will be promptly reported to the Audit and Standards Committee in future updates.

National Fraud Initiative

- 2.9** 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 current exercise have been uploaded to the Cabinet Office in October/November 2024 in accordance with published deadlines.
- 2.10** We are still awaiting the results of the NFI exercise but 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 when received.

Cancelled Audits

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

Recommendations

- 2.12** A new audit management system has been implemented at Staffordshire County Council and the recommendation portal is due to be implemented in March 2025. This portal will allow automated reminders to be sent to

responsible officers, as well as the ability for them to provide updates. We are currently liaising with the IT department to understand the processes required to implement this portal at Newcastle-under-Lyme Borough Council, as well as dashboard facilities to Directors, providing them with greater and more timely oversight and visibility of recommendations within their areas of responsibility.

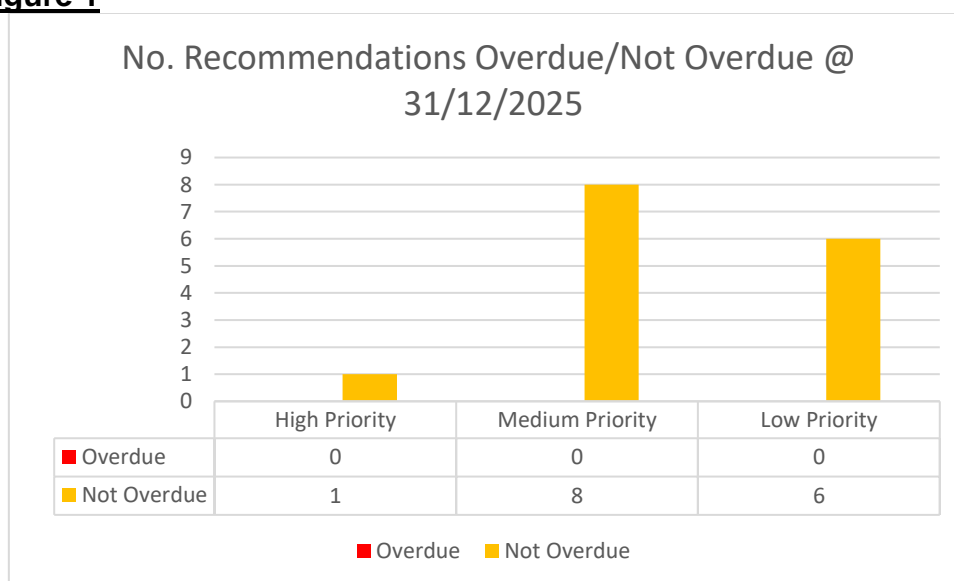
2.13 There are 35 audit recommendations that are being tracked (relating to completed audits for the current financial year plus recommendations carried over from the previous auditors, which covers the 2023/24 financial year).

2.14 No recommendations are overdue at this point.

Area	Total	Implemented	Risk Accepted	Superseded	Not Yet Implemented	
					Not Over Due	Overdue
Office of the Chief Executive	6	2	0	0	4	0
Operational Services	5	3	0	0	2	0
Regeneration & Development	0	0	0	0	0	0
Corporate	16	8	0	0	8	0
IT	8	7	0	0	1	0
Total	35	20	0	0	15	0
%		57%	0%	0%	43%	0%

2.15 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.