

# Agenda

## Audit and Standards Committee

Date:	Thursday, 16 March 2023 at 6:30 pm
Venue:	Town Hall, St Annes, FY8 1LW
Committee members:	Councillor Ellie Gaunt (Chairman) Councillor Ed Nash (Vice-Chairman)  Councillors Delma Collins, Peter Collins, Brian Gill, Will Harris, Paul Hayhurst, John Singleton JP.

	PROCEDURAL ITEMS:	PAGE
1	<b>Declarations of Interest:</b> Declarations of interest, and the responsibility for declaring the same, are matters for elected members. Members are able to obtain advice, in writing, in advance of meetings. This should only be sought via the Council's Monitoring Officer. However, it should be noted that no advice on interests sought less than one working day prior to any meeting will be provided.	1
2	<b>Confirmation of Minutes:</b> To confirm the minutes, as previously circulated, of the meetings held on <a href="#">19 January 2023</a> and <a href="#">25 January 2023</a> as correct records.	1
3	<b>Substitute Members:</b> Details of any substitute members notified in accordance with council procedure rule 23(c).	1
	<b>STANDARD INFORMATION ITEM:</b>	
4	<b>Issues Raised with the Monitoring Officer</b>	3 - 4
	<b>AUDIT DECISION ITEMS:</b>	
5	<b>Internal Audit Charter</b>	5 - 15
6	<b>Internal Audit Plan 23-24</b>	16 - 33
7	<b>Internal Audit Progress Report</b>	34 - 50
8	<b>Constitution Working Group – Closure Report</b>	51 - 52
	<b>AUDIT INFORMATION ITEMS:</b>	

9	Regulation of Investigatory Powers Act 2000: Authorisations	53
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Contact: Sharon Wadsworth – Email: [democracy@fylde.gov.uk](mailto:democracy@fylde.gov.uk)

The code of conduct for members can be found in the council's constitution at  
<http://fylde.cmis.uk.com/fylde/DocumentsandInformation/PublicDocumentsandInformation.aspx>

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## INFORMATION ITEM

REPORT OF	MEETING	DATE	ITEM NO
MONITORING OFFICER	AUDIT AND STANDARDS COMMITTEE	16 MARCH 2023	4
<b>ISSUES RAISED WITH THE MONITORING OFFICER</b>			

### PUBLIC ITEM

This item is for consideration in the public part of the meeting.

### SUMMARY OF INFORMATION

The Monitoring Officer has been appointed as Proper Officer to receive allegations of failure to comply with the Code of Conduct regarding councillors, town and parish councillors and co-opted members. The Monitoring Officer has delegated authority, after consultation with the 'Independent Person', to determine whether an allegation of members' misconduct requires investigation and arrange such an investigation.

The Monitoring Officer should seek resolution of complaints without formal investigation wherever practicable and she has the discretion to refer matters to the Audit and Standards Committee where she feels it is inappropriate for her to take a decision on a referral for investigation. She should also periodically prepare reports for the Audit and Standards Committee on the discharge of this function.

In order to keep the Audit and Standards Committee informed as to the number and general nature of matters brought to her attention reports on the discharge of the function of Monitoring Officer are brought on a periodic basis.

It is a point of clarification that there are a number of stages in dealing with reported matters. Some matters are brought to the attention of the Monitoring Officer without merit. In instances where a breach may have been considered to arise, and in line with agreed procedures, wherever possible the Monitoring Officer should seek the resolution of complaints without the need for formal investigation.

### SOURCE OF INFORMATION

Monitoring Officer.

### WHY IS THIS INFORMATION BEING GIVEN TO THE COMMITTEE?

Periodic reports to the Audit and Standards Committee show all the matters which have been brought to the attention of the Monitoring Officer for review in order that members of the Audit and Standards Committee have an appreciation of all matters arising.

### FURTHER INFORMATION

Contact Tracy Manning, Monitoring Officer Tel: 01253 658521

## INFORMATION

1. The tables below shows the nature of the allegations made in the complaints since last reported to the Audit and Standards Committee in March 2022. Complainants do not need to specify a relevant part of the code where they believe a breach has occurred (and indeed some of these complaints relate to differing codes dependant on when the complaint originates). For the purpose of the table below, the Monitoring Officer has made a judgement and grouped them accordingly.

PARISH MATTERS	
Failure to treat others with respect	1
Bringing the authority into disrepute	0
Interests	0

BOROUGH MATTERS	
Failure to treat others with respect	0
Using position as a member to gain for yourself or another person an advantage and disadvantage	0
Bringing office or council into disrepute	7 *
Interests	1

*\*One complainant has made several complaints against different elected members.*

## DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
MIAA, INTERNAL AUDITORS	AUDIT AND STANDARDS COMMITTEE	16 MARCH 2023	5
<b>INTERNAL AUDIT CHARTER</b>			

### PUBLIC ITEM

This item is for consideration in the public part of the meeting.

### SUMMARY

The Internal Audit Charter is a requirement of the Public Sector Internal Audit Standards, which should be approved by the Audit and Standards Committee.

### RECOMMENDATION

The Committee is recommended to approve the Internal Audit Charter.

### SUMMARY OF PREVIOUS DECISIONS

None

### CORPORATE PRIORITIES

Economy – To create a vibrant and healthy economy	✓
Environment – To deliver services customers expect	✓
Efficiency – By spending money in the most efficient way	✓
Tourism – To create a great place to live and visit	✓

### REPORT

#### INTERNAL AUDIT CHARTER

1. The Internal Audit Charter is mandated through the Public Sector Internal Audit Standards (2016) and is a formal document that defines the internal audit activity's purpose, authority and responsibility. The internal audit charter establishes the internal audit activity's position within the organisation; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.
2. The Charter was last formally approved by the Audit and Standards Committee in July 2022 and therefore it is now appropriate for it to be reviewed.

IMPLICATIONS	
Finance	No implications
Legal	There are no legal implications from this report; however the provision of an Internal Audit Service is a requirement of the Accounts and Audit Regulations 2015.
Community Safety	No implications
Human Rights and Equalities	No implications
Sustainability and Environmental Impact	No implications
Health & Safety and Risk Management	No implications

LEAD AUTHOR	CONTACT DETAILS	DATE
Louise Cobain	<a href="mailto:louise.cobain@miaa.nhs.uk">louise.cobain@miaa.nhs.uk</a>	March 2023

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
None		

Attached documents

Internal Audit Charter

# Internal Audit Charter

Fylde Borough Council

# Contents

- 1 Introduction & Background
- 2 Standard 1000 – Purpose, Authority and Responsibility
- 3 Standard 1100 – Independence and Objectivity
- 4 Standard 1200 – Proficiency and Due Professional Care
- 5 Standard 1300 – Quality Assurance and Improvement Programme
- 6 Standard 2000 – Managing the Internal Audit Activity
- 7 Standard 2100 – Nature of Work
- 8 Standard 2200 – Engagement Planning
- 9 Standard 2300 – Performing the Engagement
- 10 Standard 2400 – Communicating Results
- 11 Standard 2500 – Monitoring Progress
- 12 Standard 2600 – Communicating the Acceptance of Risks
- 13 Definitions



## 1 Introduction

The Internal Audit Charter is mandated through the Public Sector Internal Audit Standards (2017) and is a formal document that defines the internal audit activity's purpose, authority and responsibility. The internal audit charter establishes the internal audit activity's position within the organisation; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

This Charter is structured around the Public Sector Internal Audit Standards (2017), the CIPFA Local Government Application Note (LGAN) and aligned to the Core Principles for the Professional Practice of Internal Auditing.

Public Sector Internal Audit Standards – Attribute Standards
1000 - Purpose, Authority and Responsibility 1100 - Independence and Objectivity 1200 - Proficiency and Due Professional Care 1300 - Quality Assurance and Improvement Programme
Public Sector Internal Audit Standards – Performance Standards
2000 - Managing the Internal Audit Activity 2100 - Nature of Work 2200 - Engagement Planning 2300 - Performing the Engagement 2400 - Communicating Results 2500 - Monitoring Progress 2600 - Communicating the acceptance of risks

MIAA confirms ongoing compliance with the Public Sector Internal Audit Standards.

<sup>1</sup> The Definition of Internal Auditing Copyright © 2009 by The Institute of Internal Auditors, Inc., 247 Maitland Avenue, Altamonte Springs, Florida 32710-4201 U.S.A. Reproduced with permission.

## 2 Standard 1000 – Purpose, Authority and Responsibility

Internal auditing is “an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes<sup>1</sup>”.

The provision of assurance services is the primary role for internal audit in the public sector. This role requires the internal auditor to provide an independent opinion based on an objective assessment of the framework of governance, risk management and control. The main purpose of internal audit activity within the Council is therefore to provide the Chief Executive with an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control. The Director of Internal Audit’s opinions is a key element of the framework of assurance that the Chief Executive needs to inform the completion of the Annual Governance Statement (AGS).

Internal audit also provides an independent and objective consultancy service which is advisory in nature, and generally performed at the specific request of the organisation. Such consultancy work is separate from but contributes to the opinion which internal audit provides on risk management, control and governance. When performing consulting services, the internal auditor will maintain objectivity and not take on management responsibility.

The above functions drive MIAA's Mission to support 'the transformation and effective delivery of public services by being a trusted partner in the provision of assurance and solution services that improve outcomes and really make a difference'.

Assurance Reviews will provide individual audit opinions to support the annual Director of Internal Audit Opinion. Formal agreement will be sought for the provision of third party assurances to other bodies in respect of the services provided by the Council.

The Internal Audit Section derives authority from the Audit and Standards Committee, the Council and statute (Section 151 Local Government Act 1972 and the Accounts and Audit Regulations 2015).

In accordance with the organisation's Financial Regulations, Internal Auditors will (without necessarily giving prior notice) have access to all records (including those of a confidential nature) and employees of the organisation.

### **3 Standard 1100 – Independence and Objectivity**

The internal audit activity must be independent, and internal auditors must be objective in performing their work. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity, the Director of Internal Audit will have direct and unrestricted access to senior management and the Audit and Standards Committee.

The Director of Internal Audit will confirm to the Audit and Standards Committee, at least annually, the organisational independence of the internal audit activity.

The Director of Internal Audit will report functionally to the Audit and Standards Committee, and establish effective communication with, and have free and unfettered access to, the Chief Executive and the Chair of the Audit and Standards Committee. In addition the Director of Internal

Audit also has direct access to the Council's Monitoring Officer, the S151 Officer and all senior management. This will include communicating and interacting directly with the Audit and Standards Committee.

Internal audit activity will be free from interference in determining the scope of internal auditing, performing work and communicating results. Internal auditors will have an impartial, unbiased attitude and avoid any conflict of interest. Conflicts of interest may arise where an auditor provides services other than internal audit to the organisation. Steps will be taken to avoid or manage transparently and openly such conflicts of interest, so that there is no real or perceived threat or impairment to independence in performing the audit role.

All internal auditors will complete an annual declaration of interest identifying possible conflicts of interest and the actions taken to mitigate them. This process, and its outcomes, will be communicated to the Audit and Standards Committee annually through the Director of Internal Audit Opinion and Annual Report.

MIAA will also periodically review the specific audit manager assigned to the organisation to ensure that both parties are satisfied that relationships remain independent and objective.

If independence or objectivity is impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties. The nature of the disclosure will depend upon the impairment.

### **4 Standard 1200 – Proficiency and Due Professional Care**

Engagements will be performed with proficiency and due professional care. Internal auditors will possess the knowledge, skills, and other competencies needed to perform their individual responsibilities. The internal audit activity collectively will possess or obtain the knowledge, skills and other competencies needed to perform its

responsibilities. The Director of Internal Audit is professionally qualified and is responsible for ensuring access to the full range of knowledge, skills, qualifications and experience to meet the requirements of the Internal Audit Standards. MIAA internal auditors will ensure Continuing Professional Development and compliance with professional standards.

Internal auditors will apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility.

## 5 Standard 1300 – Quality Assurance and Improvement Programme

The Director of Audit will develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. The quality assurance and improvement programme will include both internal and external assessments.

- Internal assessment will include;
- Ongoing monitoring of the performance of the internal audit activity; and
- Periodic self-assessments or assessment by other persons within the organisation with sufficient knowledge of internal audit practices.

External assessments will also be conducted at least once every five years by a qualified, independent reviewer or review team from outside the organisation. The results of external quality reviews and any consequent improvement plans will to be reported to the Chief Executive and Audit and Standards Committee.

## 6 Standard 2000 – Managing the Internal Audit Activity

The Director of Internal Audit will develop and maintain an Internal Audit strategy designed to meet the main purpose of the internal audit activity and its service provision needs. This strategy will advocate a systematic and prioritised review, outlining the resources and skills required to meet the assurance needs of the Chief Executive, Full Council and Audit and Standards Committee. The strategy will take into account the relative risk maturity of the organisation, taking due regard of the assurance framework.

The Director of Internal Audit will establish risk based plans to determine the priorities of the internal audit activity consistent with the organisation's goals.

The Director of Internal Audit will include in the internal audit strategy the approach to using other sources of internal and external assurance. Periodic plans will include any work associated with placing reliance upon such work.

The Director of Internal Audit will agree the strategy and periodic plans with the Chief Executive and Audit and Standards Committee.

Where the Director of Internal Audit believes that the level of agreed resources will prevent the Chief Executive being provided with an opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control, the consequences will be brought to the attention of the Audit and Standards Committee.

The Director of Internal Audit will agree arrangements for interim reporting to the Chief Executive and Audit and Standards Committee in the course of the year and produce an annual report that incorporates his opinion.

The Director of Internal Audit will provide to the Chief Executive an opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control, timed to support the Annual Governance Statement.

## 7 Standard 2100 – Nature of Work

The internal audit activity will evaluate and contribute to the improvement of governance, risk management and control processes, using a systematic and disciplined approach.

The internal audit activity will also evaluate the potential for the occurrence of fraud and consider how the organisation manages fraud risk. CIPFA has issued a *Code of Practice on Managing the Risk of Fraud and Corruption*. While compliance with the code is voluntary, CIPFA strongly recommends that it is used as the basis for assessment of how an organisation manages its fraud risk. The Director of Internal Audit should be notified of all suspected or detected fraud, corruption or impropriety in order to inform the annual opinion and risk based plans. The Director of Internal Audit will liaise on a regular basis with the nominated Corporate Fraud Manager (CFM) for the organisation to identify any potential risk of fraud and ensure that any potential or actual frauds identified through internal audit activity are referred to the CFM for investigation.

The Director of Internal Audit will also liaise with the organisation's external auditors and other review bodies to facilitate the effective co-ordination of audit resources and assurances.

## 8 Standard 2200 – Engagement Planning

The Director of Internal Audit will establish a risk based Internal Audit Plan in conjunction with the client and with the agreement of the Audit and

Standards Committee. The plan will set out the priorities for Internal Audit activity, consistent with the organisation's goals and objectives.

Internal auditors will develop and document a terms of reference for each engagement, including the engagement's objectives, scope, timing and resource allocations, based on an evaluation of the nature and complexity of each engagement, time constraints and available resources. A work plan will be developed and documented that achieves the engagement objectives.

Internal audit will meet regularly with the external auditor to consult on audit plans and discuss matters of mutual interest.

## 9 Standard 2300 – Performing the Engagement

Internal audit will identify, analyse, evaluate and document sufficient information to achieve the engagement's objectives. Internal auditors will base conclusions and engagement results on appropriate analyses and evaluations. Internal auditors will document relevant information to support the conclusions and engagement results.

Engagements will be properly supervised to ensure objectives are achieved, quality is assured and staff are developed.

## 10 Standard 2400 – Communicating Results

Internal auditors will communicate the engagement results with appropriate parties, including the engagement's objectives and scope, as well as applicable conclusions, recommendations and action plans.

Working with the organisation, the Director of Internal Audit will ensure that communications are accurate, objective, clear, concise, constructive, complete and timely.

The Director of internal Audit will deliver an annual internal audit opinion and report that can be used by the organisation to inform its Annual Governance Statement.

The annual internal audit opinion will conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The annual report will incorporate;

- The opinion;
- A summary of the work that supports the opinion; and
- A statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

## 11 Standard 2500 – Monitoring Progress

The Director of Internal Audit will establish and maintain a follow-up process to monitor that management actions have been effectively implemented or that senior management has accepted the risk of not taking action. This will be operated to support the organisation in ensuring the implementation of actions, and reporting progress to the Audit and Standards Committee.

## 12 Standard 2600 – Communicating the Acceptance of Risks

When the Director of Internal Audit believes that senior management has accepted a level of residual risk that may be unacceptable to the organisation, the Director of Internal Audit will discuss the matter with senior management. If the decision regarding residual risk is not resolved,

the Director of Internal Audit will report the matter to the Audit and Standards Committee for resolution.

### Code of Ethics

MIAA will operate within the definition of Internal Auditing and ensure that the Code of Ethics (Institute of Internal Auditors, 2017) underpins the internal audit services provided to the organisation.

<b>INTEGRITY</b> <ul style="list-style-type: none"><li>• Honesty, diligence &amp; responsibility</li><li>• Legal &amp; professional disclosure</li><li>• Contribution to legitimate &amp; ethical objectives</li></ul>	<b>OBJECTIVITY</b> <ul style="list-style-type: none"><li>• Unbiased assessment</li><li>• Relationships</li><li>• Not subject to undue influence</li><li>• Conflict of interest disclosure</li></ul>
<b>CONFIDENTIALITY</b> <ul style="list-style-type: none"><li>• Prudence in use &amp; protection of information</li><li>• Not use information for personal gain or contrary to legal requirements</li></ul>	<b>COMPETENCY</b> <ul style="list-style-type: none"><li>• Knowledge, skills and experience</li><li>• Compliance with standards and professional practice</li><li>• Continuous improvement</li></ul>

## 13 Definitions

Board	The governing body of the organisation with overall responsibility for governance. For the local authority this role is performed by the Audit and Standards Committee and Full Council.
Chief Executive	Officer responsible and accountable for funds entrusted to the organisation.
Audit and Standards Committee	A sub-committee of the Full Council with overall responsibility for overseeing the establishment of an effective system of integrated governance, risk management and control across the organisation's activities.
Director of Internal Audit	Acts as the Chief Audit Executive as the independent corporate executive with overall responsibility for internal audit.
Senior Management	The overall lead director agreed by the organisation for each audit engagement.

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## DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
MIAA, INTERNAL AUDITORS	AUDIT AND STANDARDS COMMITTEE	16 MARCH 2023	6
<b>INTERNAL AUDIT PLAN 23-24</b>			

### PUBLIC ITEM

This item is for consideration in the public part of the meeting.

### SUMMARY

An Internal Audit Plan for 2023/24 has been compiled in consultation with the Deputy Chief Executive and Heads of Service following a detailed risk assessment. The approach ensures compliance with the Public Sector Internal Audit Standards (PSIAS) to produce a Head of Internal Audit Opinion.

### RECOMMENDATION

1. That the Committee approves the revised Internal Audit Plan 2023/2024.

### SUMMARY OF PREVIOUS DECISIONS

None.

### CORPORATE PRIORITIES

Economy – To create a vibrant and healthy economy	✓
Environment – To deliver services customers expect	✓
Efficiency – By spending money in the most efficient way	✓
Tourism – To create a great place to live and visit	✓

### REPORT

#### THE ROLES OF MANAGEMENT AND INTERNAL AUDIT

1. The responsibility for implementing a strong system of governance and internal control within the Council lies primarily with management. Directors and Heads of Service need to ensure that they maintain effective control procedures not least because services and business systems are subject to on-going change.
2. Internal Audit is an independent appraisal function whose prime objective is to evaluate and report on the adequacy of the Council's system of governance, risk and internal control. This is largely achieved through an annual programme of reviews.



## **AUDIT PLAN**

3. The revised 2023/24 Internal Audit Plan contains the programme of reviews for the current financial year and is shown at Appendix 1. This has been constructed following an assessment of audit need by considering a range of factors, such as significant changes in staffing, systems and procedures, the length of time since an area was last audited and items in the Corporate Plan and Strategic Risk Register. There has also been extensive consultation within each service which has taken an overview of audit requirements.

The following paragraphs summarise the areas that will be subject to audit coverage in 2023/24:

### **Management and Control**

- Head of Internal Audit Opinion & Annual Report and Annual Governance Statement
- 23/24 Audit Plan/Blackpool Liaison/QA papers/KPIs
- Corporate Governance Group
- Committee Reporting and Attendance
- Lancashire Head of Audit Group Attendance/EA liaison/AFS liaison
- Briefings

### **Risk based reviews of the following systems:**

- Risk Management
- Finance Deep Dive – Cash Income
- Stock (Consumables)
- Asset Management
- Homelessness Budget Efficiency
- Food Safety
- Business Continuity
- Housing Inspections
- Climate Change
- Beach Safety
- Heritage Assets
- Workforce Performance Management
- Cyber Security

### **General Areas**

- Following up management actions agreed in earlier audit reports.
- Responding to requests from management for unplanned reviews / investigations.

The reviews will be kept under consideration during the year for any emerging risks.

## **AUDIT DAYS**

4. The Internal Audit Plan for 2023/24 is based on a resource of 254 audit days as previously agreed.

IMPLICATIONS	
Finance	No implications
Legal	No implications
Community Safety	No implications
Human Rights and Equalities	No implications
Sustainability and Environmental Impact	No implications
Health & Safety and Risk Management	No implications

LEAD AUTHOR	CONTACT DETAILS	DATE
Louise Cobain	<a href="mailto:louise.cobain@miaa.nhs.uk">louise.cobain@miaa.nhs.uk</a>	March 2023

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Internal Audit Plan	March 2023	Internal Audit Team

Attached documents

Internal Audit Plan



# Fylde Borough Council

Internal Audit Plan 2023/2024

# Contents

1. Executive Summary
2. Your Internal Audit, Assurance and Solutions Services
3. Internal Audit Risk Assessment
4. Internal Audit Plan On A Page
5. Operational Internal Audit Plan 2023/24

**Appendix A:** Strategic Three Year Internal Audit Plan

**Appendix B:** Internal Audit Key Performance Indicator

**Appendix C:** MIAA Assurance and Solutions


## Your Internal Audit Team



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 @MIAANHHS

# 1 Executive Summary

## 1.1 Working in partnership with you

MIAA Assurance, providing cost effective assurance, insight and foresight. These services are delivered in partnership with you to ensure they are personal and responsive, ensuring the best possible customer experience.



### Working with you

- ✓ Strong relationships
- ✓ In depth knowledge and understanding of the council
- ✓ Strong risk assessment
- ✓ Tailored plan focused on your risks
- ✓ Core assurances integral to your assurance Framework
- ✓ Focus on areas for improvement
- ✓ Flexible and responsive
- ✓ Strong service KPIs and delivery
- ✓ Insights from our wider client base, at both organisation and system levels
- ✓ Benchmarking insights
- ✓ Events and Networking
- ✓ Advisory support
- ✓ Fully compliant External Quality Assessment

## 1.2 Your Risk Assessment

A strong risk assessment underpins the Internal Audit Plan. This has focused upon your Assurance Framework as this represents **Fylde Borough Council (the Council)** own assessment of the risks to achieving its strategic objectives. These are summarised in Appendix A. We have clearly set out the risks which have been prioritised within the audit plan and those which are not.

## 1.3 Your Internal Audit Plan

Your Internal Audit service includes core assurances, national and regional risk areas and strategic risks from your assurance framework. The draft plan is based on an initial risk assessment and provides indicative coverage for the Council. The plan will remain flexible to allow for responses to emerging challenges that the Council may face.

Your operational annual plan in Section 5 forms part of the Council's three year Strategic Plan (shown in Appendix A). This will be reviewed as part of our ongoing risk assessment process to ensure that it remains focused on the Council's key risks and challenges and adds value.

We will actively engage across the organisation to ensure we have a full and detailed understanding of your risks and can ensure we focus our work to best effect.

MIAA insights, including benchmarking, briefings and events will be integral to your plan.

As part of the 2023/24 planning MIAA are currently planning to propose to uplift to contracts of 1.8%, based on the inflationary uplift of 2.9% net of an anticipated efficiency requirement of 1.1%. This would result in your fees for 2023/24 being £90,424. Given the current uncertainties regarding the public sector pay award position the anticipated uplift may be subject to change and we will update you on this accordingly.

## 2 Your Internal Audit, Assurance and Solutions Services

### Internal Audit, Assurance and Solution Plans

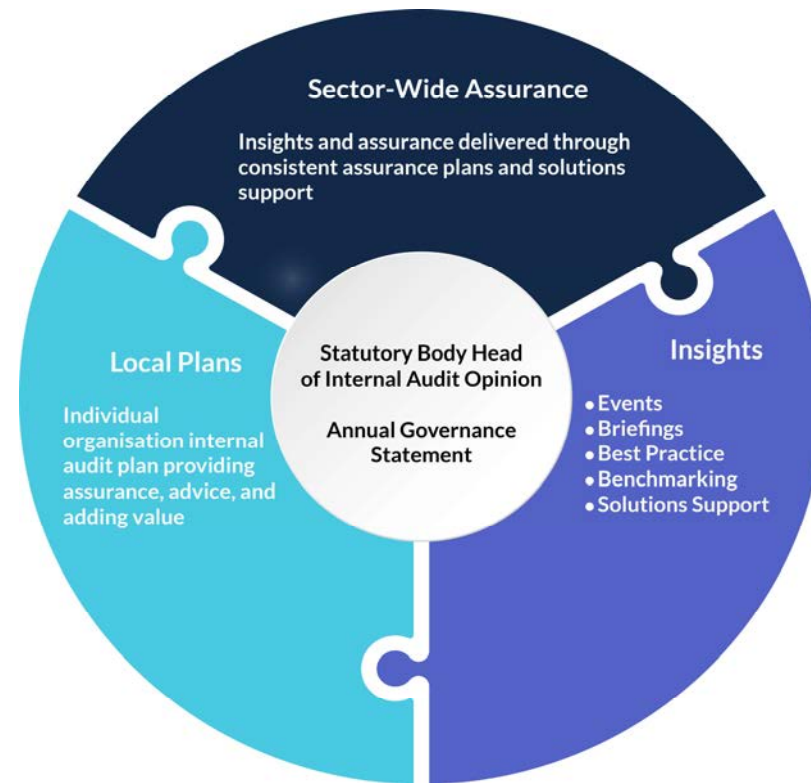
The public sector landscape in England continues to change, and the impact of COVID-19, international issues and economic challenges are likely to be felt for many years to come.

Our vision is for MIAA to continue to be a Trusted Advisor through the retention of personalised, local focus and relationships with the added benefits provided by an at scale provider.

This is about MIAA continuing to build on its shared services capability to create a comprehensive offering, which provides insight, adds value and supports transformational change whilst operating efficiently.

MIAA continue to review and adapt our audit service and the way we provide assurance to meet your needs in the changing landscape.

This is about risk assessment at every level and regrouping audit plans and advisory commissions to support organisations and the wider public sector.



## 2 Your Internal Audit, Assurance and Solutions Services – Adding Value





## 2 Your Internal Audit, Assurance and Solutions Services – Adding Value



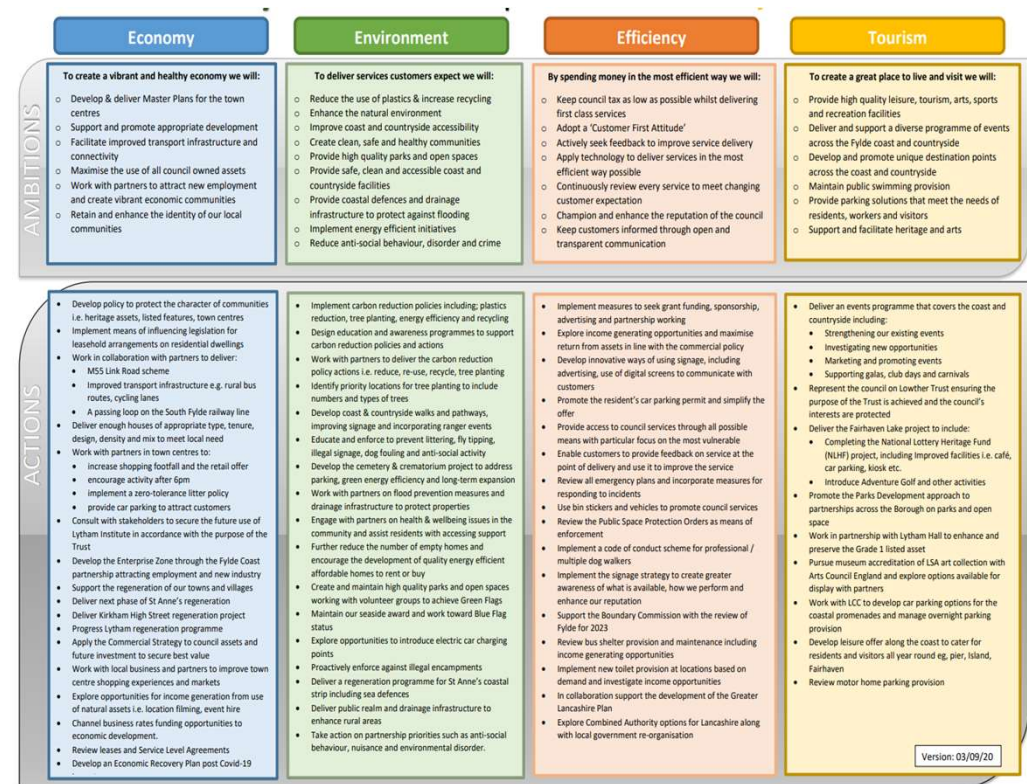
### Understanding Your Vision, Objectives and Risks

A key focus of our strategic risk assessment is understanding your vision and ensuring that the internal audit plan contributes to your objectives. This in turn ensures that the assurances provided are built around your risks.

#### Assurance Built Around Your Risks

- *Climate change*
- *Cyber security*
- *Delivery of key change programmes*
- *Workforce*
- *Asset Management*

We map your strategic objectives and strategic risks to the 3 Year Strategic Internal Audit Plan (Appendix A). This is reviewed as part of the risk assessment process to ensure that the plan remains focused on the Council's key risks and challenges and adds value.





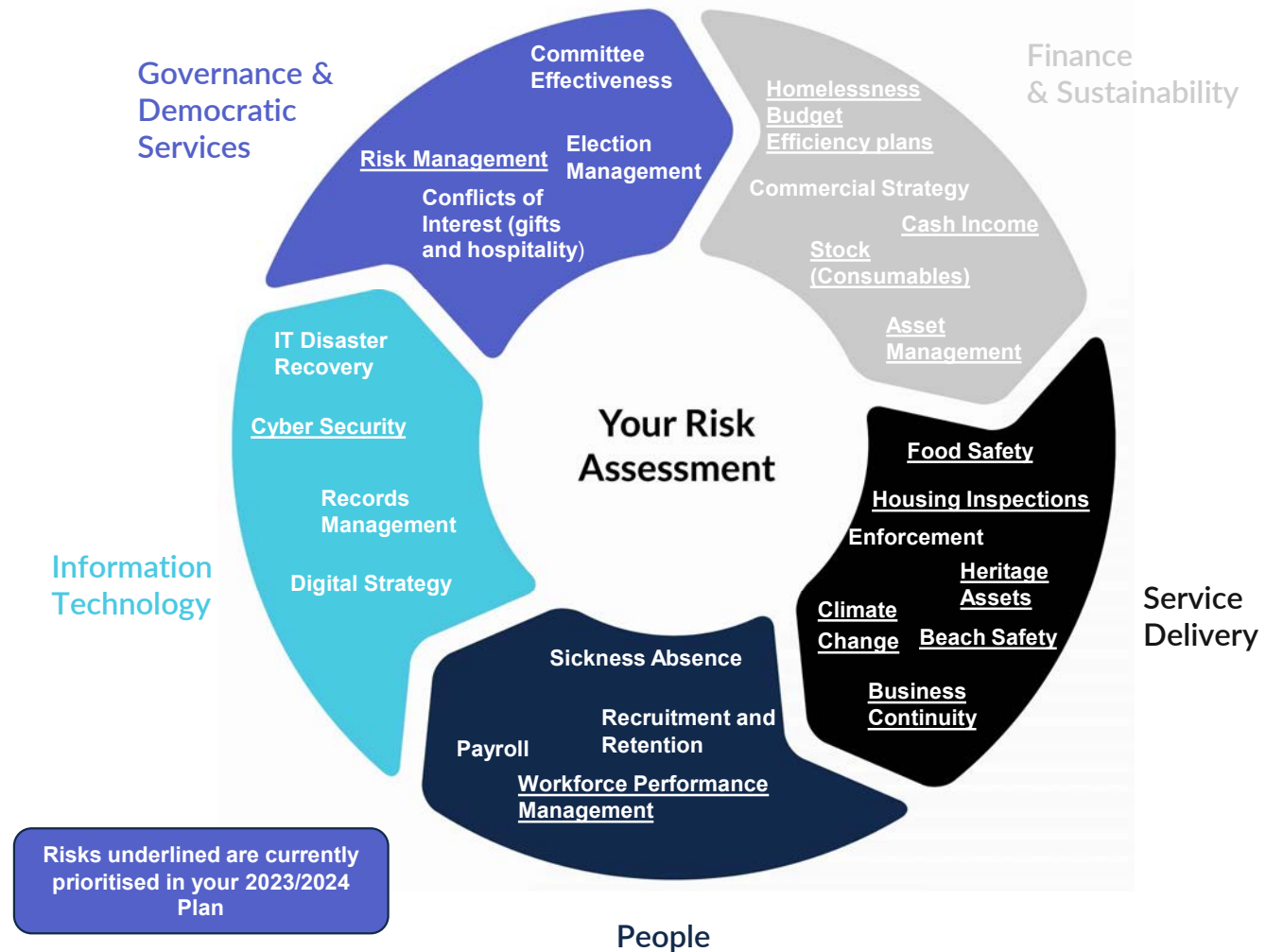
### 3 Internal Audit Risk Assessment

The Fylde Borough Council internal audit plan is built from a risk assessment which has considered national and local system risks, place based developments and your local strategic risk assessment, along with our breadth of experience and understanding of the challenges you face.

A key focus of our strategic risk assessment is understanding your vision and ensuring that the internal audit plan contributes to your objectives. This in turn ensures that the assurances provided are built around your risks.

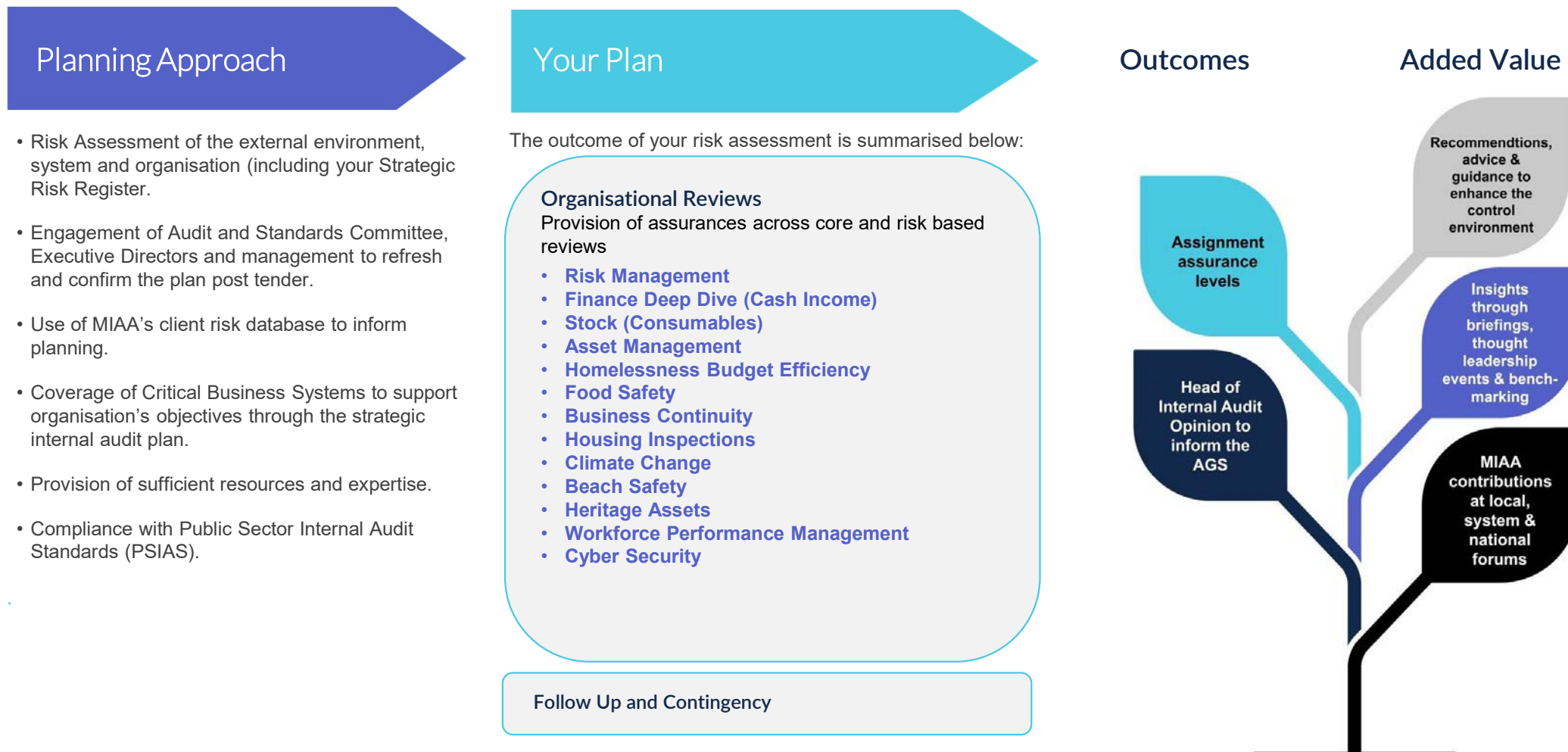
The initial strategic risk assessment and internal audit risk assessment has considered:

- **Organisation intelligence** – including review of your Strategic Risk Register, Strategy and Committee papers
- **Assurance mapping** – utilisation of the 3 lines of assurance model and professional standards to ensure focused coverage.
- **Core assurance** – including core systems assurances and Public Sector Internal Audit Standards requirements.
- **Previous Internal Audit coverage** – we have reviewed your previous Internal Audit coverage to ensure the proposed plan does not duplicate coverage.
- **Follow Up** – Internal Audit coverage will also include follow up of outstanding internal audit actions.



# 4 Internal Audit Plan on a Page

For Fylde Borough Council, this is the planning approach we will adopt:



# 5 Operational Internal Audit Plan 23/24



Review & Scope	Risk / Rationale	Planned Delivery	Executive Lead
Governance & Leadership			
<b>Risk Management</b> –To provide assurance that core risk management controls have established and maintained.	<b>HOIA Opinion Requirement/ PSIAS requirement</b>	Q4	Head of Corporate Services
Finance & Sustainability			
<b>Finance Deep Dive (Cash Income):</b> To provide assurance that the most significant key controls are appropriately designed and operating effectively in practice.	<b>Core Assurance</b>	Q2	Chief Financial Officer
<b>Stock (Consumables):</b> To provide assurance that the most significant key controls are appropriately designed and operating effectively in practice. In respect of consumable stocks held at the depot.	<b>Management Request</b>	Q2	Head of Place and Culture
<b>Asset Management:</b> To provide assurance that the most significant key controls are appropriately designed and operating effectively in practice.	<b>Asset Management Strategic Risk</b>	Q4	Head of Technical Services
<b>Homelessness Budget Efficiency:</b> To provide assurance that the budget expenditure for Homelessness is being appropriately managed in line with legislative requirements.	<b>Management Request</b>	Q2	Head of Environmental and Housing Services
Service Delivery			
<b>Food Safety:</b> To provide assurance that the most significant key controls are appropriately designed and operating effectively in practice to ensure compliance with Statutory requirements.	<b>Management Request</b>	Q3	Head of Environmental and Housing Services
<b>Business Continuity:</b> To review the arrangements the council has in place to fully restore services after an event or incident. This will include reviewing the Councils emergency response plan and individual services business continuity arrangements.	<b>COVID 19 Strategic Risk</b>	Q3	Head of Corporate Services
<b>Housing Inspections:</b> To evaluate the design and operating effectiveness the Council has in ensuring rental properties meet statutory requirements and do not endanger residents.	<b>Management Request</b>	Q2	Head of Environmental and Housing Services

Review & Scope	Risk / Rationale	Planned Delivery	Executive Lead
Service Delivery Cont'd			
<b>Climate Change:</b> To provide assurance around the projects and the on-going sustainability agenda.	<b>Climate Strategic Risk</b>	Q4	Head of Environmental and Housing Services
<b>Beach Safety:</b> To provide assurance that the Council are fulfilling their obligations to provide a beach safe environment.	<b>Management Request</b>	Q2	Head of Place and Culture
<b>Heritage Assets:</b> To review the systems and processes in place to manage Heritage Assets.	<b>Asset Management Strategic Risk &amp; Management Request</b>	Q3	Head of Place and Culture
People			
<b>Performance Management:</b> To review the systems and processes in place to manage staff performance including appraisals, capability and performance improvement programmes.	<b>People Strategic Risk &amp; Management Request</b>	Q3	Head of Corporate Services
Information Technology			
<b>Cyber Security:</b> To assess the effectiveness of the Council's IT Resilience.	<b>ICT Strategic Risk</b>	Q3	Head of Corporate Services
Follow up & Contingency			
<b>Follow up and Contingency (to include any grant work which may occur)</b>	<b>PSIAS requirement</b>	Q1 – Q4	
Planning & Reporting			
<b>Planning, Management, Reporting &amp; Meetings</b>	<b>PSIAS requirement</b>	Q1 – Q4	

*The Internal Audit Risk assessment and plan will be reviewed on an ongoing basis throughout the year and any requests for change discussed and approved via the Audit and Standards Committee. A formal 6 month review of the plan will also take place.*

The following risk areas were identified as part of the annual risk assessment (refer above), but are not currently prioritised within the Internal Audit Plan coverage.

Risk Area	Review Origin	Rationale
St Annes Sea Wall Defence Project	Risk Assessment	The Project is in the design phase. To be considered on 2024/25
Bereavement Services	Management Request	There is a new team and system in place. To be reviewed when they have embedded in 2024/25
Planning Peer Review	Management Request	An action plan is being put in place. To review the completion and embedding of the actions in 2024/25
Fleet management	Management Request	A new team is being put in place. To review in 2024/25 when established.
Food wastage	Management Request	Food wastage statutory requirements expected in 2025. Content not yet known.
Enforcement	Risk Assessment	The team structure is currently being reviewed and not considered a priority
Land Charges	Management Request	Additional funding in place to complete and not considered a priority.
Commercial Strategy	Risk Assessment	Strategy in place and not considered a priority.
Procurement	Risk Assessment	Recently reviewed and not considered a priority.
Payment Card Industry Data Security Standards (PCI):	Management Request	There is an annual assessment completed on an annual basis. Not considered a priority.

*The Internal Audit Risk assessment and plan will be reviewed on an ongoing basis throughout the year and any requests for change discussed and approved via the Audit and Standards Committee. A formal 6 month review of the plan will also take place.*

# Appendix A – 3 Year Strategic Internal Audit Plan

We have mapped your strategic objectives and strategic risks to the 3 Year Strategic Internal Audit Plan. This will be reviewed as part of the risk assessment process to ensure that it remains focused on the Council's key risks and challenges and adds value.

REF	Strategic Risk	Risk Score
<b>Principal Objective: Economy</b>		
1.1	Commercial Strategy	8
1.2	Management of key assets	12
1.3	Recruitment / Succession Planning	12
<b>Principal Objective: Environment</b>		
2.1	Enforcement	8
2.2	Climate Change	12
2.3	Fylde Council / Lancashire County Council	9
2.4	Hacking/Virus/Malware	15
<b>Principal Objective: Efficiency</b>		
3.1	Management of Key Assets	12
3.2	ICT Systems	25
<b>Principal Objective: Tourism</b>		
4.1	Kirkham Regeneration Programme	12
4.2	Covid 19	9

Review Area by BAF reference

		4.1 St Annes Regeneration
4.2 – Business Continuity		3.2 – Critical App
3.1 – Asset Management	4.1 – St Annes Sea Wall Project	2.4 – Cyber Security
2.4 - Cyber Security	2.4 -Cyber Security	2.1 – Enforcement
2.1 - Climate Change	2.1 – Electoral Processes	2.1– CCTV Compliance
1.2 – Heritage Assets	1.2 – Fleet Management	1.2 – Statutory Compliance
1.3 – Workforce Performance	1.3 – Absence Management	1.3 - Payroll
Core/Mandated Reviews	Core/Mandated Reviews	Core/Mandated Reviews
23/24	24/25	25/26

## Appendix B – Internal Audit Key Performance Indicators

An efficient and effective internal audit service is delivered in partnership. It is important that clear expectations are established and a range of KPIs are in place to support this. It is important that organisations ensure an effective Internal Audit Service. Whilst input and process measures offer some assurance, the focus should be on outcomes and impact from the service. Our annual Head of Internal Audit Opinion will provide you with a range of impact and effectiveness measures, as well as confirmation of our compliance with Public Sector Internal Audit Standards and accreditations.

In addition, the following operational KPIs have been proposed for you.

Operational KPI	Target	Measurement and Frequency
Agreement of Annual Plan prior to the start of the year	100%	Annual (measured as per agreed Audit and Standards Committee date / Audit and Standards Committee Workplan)
Completion of annual plan within agreed timetable and budget	100%	Annual (measured through HOIA opinion) plus in year reporting to Audit and Standards Committee
Presentation of the Head of Internal Audit Opinion to the Audit and Standards Committee	100%	Annual (measured as per agreed Audit and Standards Committee date / Audit and Standards Committee Workplan)
Delivery of audit reports to audit and standards committee as per the plan	100%	Quarterly (measured as per annual operational delivery plan)
Terms of reference agreed with management at least 10 working days before commencement of audit	100%	Quarterly (measured as per TeamMate system) – requires MIAA and Council to deliver KPI (for urgent requests this may be shorter depending on the nature of the request)
Draft reports issued within 10 days of completion meeting	100%	Quarterly (measured as per TeamMate system)
Final audit report issued within 10 days of receiving management response	100%	Quarterly (measured as per TeamMate system)
Final audit reports are agreed by the nominated executive director, who will ensure consultation has taken place with relevant council officers	100%	Quarterly (measured as per annual operational delivery plan)
Receipt of all internal audit reports in accordance with timelines for Audit and Standards Committee publication with completed cover sheets as required	100%	Quarterly (measured as per agreed Audit and Standards Committee dates)
Proportion or recommendations accepted by management	95%	Quarterly (measured as per TeamMate system) – the target allows for advisory recommendations (we would expect 100% of high risk recommendations).
Monitor and Follow Up implementation of accepted recommendations by due date	95%	Quarterly (measured through follow up reports) - requires Council and MIAA to deliver KPI
Issue of client satisfaction survey following completion of each review	100%	Quarterly (measured as per agreed Audit and Standards Committee dates)
Operation of systems to ISO Quality Standards and compliance with Public Sector Internal Audit Standards.	100%	Quarterly (measured as per agreed Audit and Standards Committee dates)

## Appendix C – MIAA – Assurance and Solutions

MIAA, as an NHS not for profit shared service provides internal audit assurance and a range of specialist advisory support. Advisory support is not restricted to audit clients. Where advisory support is provided to audit clients, there is a clear separation of duties and no interdependencies. There is however an effective interrelationship to inform planning.

### MIAA Internal Audit Assurance

*Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.*

- Internal Audit operates to the Public Sector Internal Audit Standards, compliance with which is confirmed through independent external quality assessment.
- We develop risk-based plans to determine the priorities of our internal audit activity which is consistent with the organisation's goals.
- Whilst we undertake consulting/advisory activities these are completed in the context of the activities' potential to improve the management of risks, add value and improve the organisation's operations. These engagements must be reflected in the internal audit plan.
- Public sector requirement for an annual statement to be made by the Head of Internal Audit on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control
- We report to and are accountable to the Audit and Standards Committee.

### MIAA Solutions

MIAA has taken the step of establishing a separate advisory service offer. Agile support to any organisation including, but not restricted to NHS organisations.

- We provide expert delivery, advice and guidance in respect of system development, known system challenges and/or subject matter expertise to address corporate challenges and transformation.
- There is no annual plan. All commissions are on an agreed project basis.
- Projects may be cross system or at scale (e.g. region wide) and delivered to any organisation. Some may be internal audit clients, many are not.
- This service is managed and delivered independently of MIAA Assurance.
- Our advisory services are commissioned by and report to Executive leads.



## Public Sector Internal Audit Standards

Our work was completed in accordance with Public Sector Internal Audit Standards and conforms with the International Standards for the Professional Practice of Internal Auditing.

## Limitations

Our work does not provide absolute assurance that material errors, loss or fraud do not exist. Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Reports prepared by MIAA are prepared for your sole use and no responsibility is taken by MIAA or the auditors to any director or officer in their individual capacity. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose and a person who is not a party to the agreement for the provision of Internal Audit and shall not have any rights under the Contracts (Rights of Third Parties) Act 1999.



## DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
MIAA, INTERNAL AUDITORS	AUDIT AND STANDARDS COMMITTEE	16 MARCH 2023	7
<b>INTERNAL AUDIT PROGRESS REPORT</b>			

### PUBLIC ITEM

This item is for consideration in the public part of the meeting.

### SUMMARY

This report provides an update to the Audit & Standards Committee in respect of the progress made in against the Internal Audit Plan for 2021/22 and 2022/23 and draws attention to matters relevant to members responsibilities.

### RECOMMENDATION

1. To receive, consider and comment on the Internal Audit Progress Report which is attached to this covering report.

### SUMMARY OF PREVIOUS DECISIONS

Internal Audit Plan 2021/22 approved by the Audit and Standards Committee on 15<sup>th</sup> July 2021.

Internal Audit Plan 2022/23 approved by the Audit and Standards Committee on 17<sup>th</sup> March 2022.

CORPORATE PRIORITIES	
Economy – To create a vibrant and healthy economy	✓
Environment – To deliver services customers expect	✓
Efficiency – By spending money in the most efficient way	✓
Tourism – To create a great place to live and visit	✓

### REPORT

1. The attached report has been prepared by the Council's internal auditors, MIAA. It provides an update to the Audit and Standards Committee in respect of the assurances, key issues and progress against the Internal Audit Plans 2021/22 and 2022/23. Comprehensive reports detailing findings, recommendations and agreed actions are provided to the organisation, and are available to Committee Members on request.
2. MIAA will present the report to the meeting.

IMPLICATIONS	
Finance	No implications
Legal	No implications
Community Safety	No implications
Human Rights and Equalities	No implications
Sustainability and Environmental Impact	No implications
Health & Safety and Risk Management	No implications

LEAD AUTHOR	CONTACT DETAILS	DATE
Louise Cobain	<a href="mailto:louise.cobain@miaa.nhs.uk">louise.cobain@miaa.nhs.uk</a>	October 2022

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Internal Audit Plan	15 July 2021	Internal Audit Team
Internal Audit Plan	17 March 2022	Internal Audit Team

Attached documents

Internal Audit Progress Report

# Internal Audit Progress Report Audit & Standards Committee (March 2023)

Fylde Borough Council

# Contents

## 1 Introduction

## 2 Key Messages for Audit & Standards Committee Attention

### Appendix A: Contract Performance

### Appendix B: Performance Indicators

### Appendix C: Key Areas from our Work and Actions to be Delivered

### Appendix D: Follow-up of Previous Audit Actions

### Appendix E: Assurance Definitions and Risk Classifications

## Your Team

Name	Role	Contact Details
Louise Cobain	Engagement Lead	Louise.Cobain@miaa.nhs.uk 07795 564916
Fiona Hill	Engagement Manager	Fiona.Hill@miaa.nhs.uk 07825 592842

## Limitations

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. Whilst every care has been taken to ensure that the information in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regards to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Reports prepared by MIAA are prepared for your sole use and no responsibility is taken by MIAA or the auditors to any director or officer in their individual capacity. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose and a person who is not a party to the agreement for the provision of Internal Audit and shall not have any rights under the Contracts (Rights of Third Parties) Act 1999.

## Public Sector Internal Audit Standards

Our work was completed in accordance with Public Sector Internal Audit Standards.

## 1 Introduction

This report provides an update to the Audit and Standards Committee in respect of the progress made in against the Internal Audit Plans for 2021/22 and also 2022/23 and brings to your attention matters relevant to your responsibilities as members of the Audit and Standards Committee.

This progress report provides a summary of Internal Audit activity and complies with the requirements of the Public Sector Internal Audit Standards.

Comprehensive reports detailing findings, recommendations and agreed actions are provided to the organisation, and are available to Committee Members on request. In addition, a consolidated follow up position is reported on a periodic basis to the Audit and Standards Committee.

This progress report covers the period 9 January 2023 – 6 March 2023.

## 2 Executive Summary

There has been the focus on the following areas:

2021/22 Audit Reviews	<p>Since the previous Audit and Standards Committee, the 2021/22 Internal Audit Plan has been completed and the following review has been finalised:</p> <ul style="list-style-type: none"><li>• <b>Property Repairs and Maintenance</b> (Limited Assurance)</li></ul> <p>Refer to Appendix C for details of Key Areas and Actions to be delivered.</p>
2022/23 Audit Reviews	<p>Since the previous Audit and Standards Committee, the following reviews have been finalised:</p> <ul style="list-style-type: none"><li>• <b>Conflicts of Interest</b> (Substantial Assurance)</li><li>• <b>Budgetary Control</b> (High Assurance)</li><li>• <b>Prevent Duty</b> (Briefing Note assurance level not provided)</li></ul> <p>Refer to Appendix C for details of Key Areas and Actions to be delivered.</p> <p>The following 2022/23 reviews are at draft report stage or are in progress:</p> <ul style="list-style-type: none"><li>• <b>Apprenticeships</b> (Draft Report)</li><li>• <b>MasterGov Planning System Review</b> (Draft Report)</li><li>• <b>Key Financial Controls</b> (In progress)</li><li>• <b>Freedom of Information and Subject Access Requests</b> (In progress)</li></ul> <p>The following 2022/23 reviews have agreed Terms of Reference and are due to start imminently or are being scoped:</p> <ul style="list-style-type: none"><li>• <b>Kirkham Regeneration Project Review</b></li><li>• <b>Risk Management</b></li><li>• <b>Recruitment</b></li></ul>

	<ul style="list-style-type: none"> <li>• <b>Externally Managed Events</b></li> <li>• <b>Payroll – Blackpool Controls</b></li> </ul> <p>Appendix A provides an overview of the delivery of your Head of Internal Audit Opinion for 2022/23.</p> <p>Appendix B provides information on Internal Audit performance.</p>
Follow Up	<p>Good progress has been made on the outstanding actions raised by the previous audit team, with just six remaining. However, two of the Commercial Property Review actions are with regard to the creation of an Asset Management Group and an Asset Management Plan, we understand that these are not expected to be completed until April 2024 and September 2024 respectively.</p> <p>From the recommendations raised by MIAA all have either been completed or are in progress, except for those which are not yet due.</p> <p>For information, a summary of the status of follow-up activity is included in Appendix D.</p>
Audit Plan Changes	<p>Audit and Standards Committee approval will be requested for any amendments to the original plan and highlighted separately below to facilitate the monitoring process.</p> <ul style="list-style-type: none"> <li>• There are no current proposals to amend the approved audit plan.</li> </ul>
MIAA Quality of Service Indicators	<p>MIAA operate systems to ISO Quality Standards. Public Sector Internal Audit Standards (PSIAS) require MIAA to 'develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity.' This programme must include internal and external assessments.</p> <p>External assessments must be conducted at least once every five years. Our last external assessment was completed in 2020 and concluded MIAA fully complies with PSIAS (as previously reported to Audit Committee).</p> <p>We also undertake regular internal assessments to ensure our ongoing compliance with requirements. We have recently completed our annual self-assessment of compliance with PSIAS and can confirm full compliance with PSIAS.</p>
Cyber Essentials	<p>MIAA are committed to delivering and demonstrating the highest standards of information governance and cyber security in order to protect not only our information and systems but to protect the data we collect and create through our audit and advisory activities with clients.</p> <p>We have consistently submitted a compliant NHS Data Security and Protection Toolkit return and have, for several years, been certified to the national Cyber Essentials standard.</p>

	<p>This October, however, we enhanced this further becoming one of only circa 20 NHS organisations certified to the more exacting Cyber Essentials Plus standard. Certification to this standard required rigorous independent testing of our cyber security controls across our devices. That we have achieved this certification is a demonstration not only of the security of our devices but also a validation of the proactive monitoring and maintenance that we have in place to protect data and systems from malicious threats.</p>
Insights	<p>Collaborative Masterclass Events</p> <ul style="list-style-type: none"><li>• <a href="#">Outlook for the Public Sector 2023 - MIAA</a> (20<sup>th</sup> April 2023)</li><li>• <a href="#">MIAA Audit Committee Members Event - MIAA</a> (21<sup>st</sup> June 2023)</li></ul>



## Appendix A: Contract Performance

The Public Sector Internal Audit Standards (PSIAS) state that ‘The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.’

Below sets out the overview of delivery for your Head of Internal Audit Opinion for 2022/23:

HOIA Opinion Area	Status	Assurance Level
Risk Management		
Risk Management	Planning	
Risk Based Assurances		
Payroll – Blackpool Controls	Qtr 4	
Homelessness	Complete	Moderate
Freedom of Information and Subject Access Requests	In progress	
Cyber Security and Mobile Devices Follow-up	Complete	Confidential
Conflicts of Interest	Complete	Substantial
Budgetary Controls	Complete	High
Prevent Duty	Complete	Not Applicable
Apprenticeships	Draft Report	
Key Financial Controls	In progress	
Planning System Review	Draft Report	
Externally Managed Events	Qtr 4	
Recruitment	Qtr 4	
Kirkham Regeneration	Planning	
Follow-Up		
Quarter 1	Complete	
Quarter 2	Complete	

HOIA Opinion Area	Status	Assurance Level
Quarter 3	Complete	N/A
Quarter 4	Complete	

#### 2021/22 Audit Reviews

Property Repairs and Maintenance*	Complete	Limited
Data Sharing Protocols *	Complete	Limited
Section 106*	Complete	Moderate

#### Management

Head of Internal Audit Opinion/Annual Report/Annual Governance Statement	Ongoing	N/A
Planning and Management		
Reporting and Meetings		
Contingency	Resource used to perform Local Authority Test and Trace Support Payment Scheme Funding Opinion and Energy Grant Advisory work.	N/A

If due to circumstances beyond our control we are unable to achieve sufficient depth or coverage, we may need to caveat opinions and explain the impact of this and what will be done to retrieve the position in future.

\*These reviews were delivered during 2022/23, as requested by the Council and as such will be included in the 2022/23 Head of Internal Audit Opinion.

## Appendix B: Performance Indicators

The primary measure of your internal auditor's performance is the outputs deriving from work undertaken. The following provides performance indicator information to support the Committee in assessing the performance of Internal Audit.

Element	Reporting Regularity	Status	Summary
Delivery of the Head of Internal Audit Opinion (Progress against Plan)	Each Audit Committee	Green	There is ongoing engagement and communications regarding delivery of key reviews to support the Head of Internal Audit Opinion.
Issue a Client Satisfaction Questionnaire following completion of every audit.	Ongoing	Green	Questionnaire issued with each audit report.
Percentage of recommendations raised which are agreed	Quarterly	Green	Actions agreed by the Council on all recommendations raised.
Percentage of recommendations which are implemented – reports issued pre April 2021.	Quarterly	Amber	Most recommendations have been implemented or are in progress. However, there are still some outstanding from reports issued before 2020.
Percentage of recommendations which are implemented - reports issued post April 2021	Quarterly	Green	Recommendations not yet due for follow up have been completed or are in progress.
Qualified Staff	Annual	Green	MIAA have a highly qualified and diverse workforce which includes 75% qualified staff. The Senior Team delivering the Internal Audit Service to the Council are CCAB/IIA qualified.
Quality	Annual	Green	MIAA operate systems to ISO Quality Standards. The External Quality Assessment, undertaken by CIPFA, provides assurance of MIAA's compliance with the Public Sector Internal Audit Standards. MIAA conforms with the Public Sector Internal Audit Code of Ethics.

## Appendix C: Key Areas from our Work and Actions to be Delivered

Report Title	Property Repairs and Maintenance			
Executive Sponsor	Head of Technical Services			
Objective	To provide assurance that repairs and maintenance activities for Council owned properties are adequately controlled and managed and that competitive prices are obtained for services and materials provided.			
Assurance Level	Limited			
Recommendations	0 X Critical	3 x High	4 x Medium	1 x Low
Summary	<p>The review has identified that whilst management were confident maintenance activities were in place, record keeping evidencing these undertakings was lacking and required significant improvement. Additionally, the team resources, which were already modest, had been significantly impacted because of the pandemic, and long-term sickness within the team. In August 2022, the Estates and Asset Manager also left the team.</p> <p>The priority areas identified for improvement relate to a lack of individual property planned maintenance schedules, with only ad hoc and reactive maintenance being completed. Additionally, maintenance condition survey reporting had paused due to the pandemic and had only resumed in October 2022. Whilst management were confident that Statutory compliance testing was being carried out, there was a lack of comprehensive record keeping. These areas should be rectified with the recent introduction of the Concerto Asset Software. The system allows all assets to be recorded along with their maintenance and Statutory compliance records.</p> <p>It was unclear whether the Council were achieving value for money for works completed. However, with the introduction of a new supplier Framework, this should be achieved going forward.</p> <p>The Council would benefit from a Policy to detail the processes to be followed for the management of the Corporate Property with detailed supporting records.</p>			

Report Title	Conflicts of Interest
Executive Sponsor	Deputy Chief Executive

Objective	To evaluate the design and operating effectiveness of the arrangements that the Council has in place to manage conflicts of interest and gifts and hospitality, including compliance with the Code of Conduct requirements.			
Assurance Level	Substantial			
Recommendations	0 X Critical	0 x High	3 x Medium	7 x Low
Summary	<p>The review highlighted that whilst there was generally a good system of control, there were some weaknesses in the designed system in relation to managing conflicts of interest, and gifts and hospitality and as such we have noted some areas for further enhancement.</p> <p>The key issues identified related to the design of the controls in place relating to the information recorded within the Officer's Register of Personal Interests and improvements to be made to declarations required in the procurement and tendering processes.</p> <p>The Council had an electronic and paper-based systems in place to enable Officers and Members to declare any conflicts of interests and gifts and hospitality, the maintenance of registers of interests and gifts and hospitality; declarations of interests are a standing agenda item at Council and decision making committees with outcomes recorded within their minutes, and the availability of guidance in the form of the Code of Conduct for Members and Officer Code of Conduct with regards to the declaration of interests and gifts and hospitality.</p>			

Report Title	Budgetary Control			
Executive Sponsor	Chief Financial Officer			
Objective	To review and provide an opinion on the system of Budgetary Control, and provide assurance that financial reports provided accurate and sufficient information to enable the Council to meet its business objectives.			
Assurance Level	High			
Recommendations	0 X Critical	0 x High	0 x Medium	2 x Low
Summary	<p>Overall, the review identified that controls were strong and operating effectively.</p> <p>As of January 2023, the Council are performing well against their original budget. It was confirmed that in March 2022 a forecast budgeting requirement of £11.4m was set with the Council currently forecasting an outturn of £11.4m</p>			

and forecast financing of £11.8m (resulting in a £0.4m surplus of resources which are proposed to be transferred into the capital investment reserve).

The Councils Constitution and Financial Procedure Rules set out the budgetary responsibilities for the Councils key officers further strengthened by the Chief Financial Officer delivering a budget and control monitoring paper to the Councils management team. Although the Council did set out the budgetary responsibility for its Senior Officer Team, controls could be strengthened by ensuring the importance of budget monitoring is communicated to its budget holders.

Our review highlighted that the 2022/2023 budget had been formally approved by Council and uploaded into Civica financial system prior to the new financial year after being prepared and presented by the Finance and Democracy Committee on recommendations from the Councils other Programme Committees. It was further confirmed that the 2023/2024 budget is currently on course to be agreed prior to April 2023.

In year monitoring of budgets took place, both strategically and at service level. At a service level, it was noted that budget holders are required to provide reasoning on any variances over £5k on a quarterly basis with these being published on the Councils website for public viewing. Budget holders also receive monthly revenue monitoring reports; however, controls could be strengthened to ensure that accuracy of these are confirmed. At a strategic level, it was confirmed that there is regular presentation of the Councils revenue monitoring report to Programme Committees for note purposes with the Finance and Democracy Committee also having oversight of the Budget via the MTFS (Medium Term Financial Strategy) updates which are presented on a frequent basis.

## Appendix D: Follow up of previous internal audit recommendations

The status of the actions is as at March 2023.

Previous Fylde Borough Council Audit Team Recommendations from Limited or Moderate Rated Reports. No risk ratings were assigned to recommendations.

AUDIT TITLE (YEAR ISSUED)	NO OF RECS MADE	ASSURANCE LEVEL	PROGRESS ON IMPLEMENTATION				Comments
			✓/S	P	X	Not due	
Commercial Property (2019/20)	9	Limited	6	1	2	-	Remaining actions relate to the creation of an Asset Management Group and Plan. These are not expected to be completed until 2024, due to changes in Committee and departmental structures and emerging priorities.
Environmental Permitting Regs (2019/20)	6	Limited	6	-	-	-	All actions have been completed.
Fuel Consumption (2019/20)	9	Limited	9	-	-	-	All actions have been completed.
Event Management (2019/20)	15	Limited	15	-	-	-	All actions have been completed.
Contract Procedure Rules (2020/21)	5	Moderate	4	1	-	-	One action outstanding regarding training. Action is in progress.
Sundry Debtors (2019/20)	8	Moderate	7	1	-	-	One action outstanding regarding implementation of performance indicators, expected to be completed imminently.
VAT (2019/20)	3	Moderate	2	1	-	-	Remaining action in progress. Still outstanding due to staff absence.
Heritage Assets (2019/20)	5	Moderate	5	-	-	-	All actions have been completed.
Payroll (2020/21)	10	Moderate	10	-	-	-	All actions have been completed or are superseded.
TOTALS	70		64	4	2	-	

## MIAA Internal Audit Recommendations

AUDIT TITLE (YEAR)	NO OF RECS	ASSURANCE LEVEL	PROGRESS ON IMPLEMENTATION				OUTSTANDING RECOMMENDATIONS			
			✓/S	P	X	Not due	C	H	M	L
Asset Disposals (2021/22)	7	Limited	6	1	-	-	-	1	-	-
Housing Benefits (2021/22)	3	Substantial	3	-	-	-	-	-	-	-
Project Management (2021/22)	1	Moderate	-	1	-	-	-	1	-	-
Risk Management (2021/22)	7	Moderate	7	-	-	-	-	-	-	-
Health & Safety (2021/22)	6	Moderate	5	1	-	-	-	-	-	1
Shared Service and Third Party Assurance (2021/22)	4	Substantial	3	1	-	-	-	-	-	1
Treasury Management (2021/22)	2	High	1	-	-	1	-	-	-	1
Key Financial Controls (2021/22)	8	Substantial	8	-	-	-	-	-	-	-
NNDR & Council Tax (2021/22)	5	Substantial	5	-	-	-	-	-	-	-
S106 (2021/22)	8	Moderate	4	-	-	4	-	1	2	1
Data Sharing Agreements (2022/23)	4	Limited	1	-	-	3	-	2	1	-
Cyber Security & Mobile Devices (2022/23)	Confidential									
Property Repairs and Maintenance (2021/22)	8	Limited	3	-	-	5	-	2	3	-
Conflicts of Interest (2022/23)	10	Substantial	-	-	-	10	-	-	3	7
Budgetary Control (2022/23)	2	High	-	-	-	2	-	-	-	2
<b>TOTALS</b>	<b>75</b>		<b>46</b>	<b>4</b>	<b>-</b>	<b>25</b>	<b>-</b>	<b>7</b>	<b>9</b>	<b>13</b>



Key to recommendations:

- ✓/S Implemented or Superseded
- P Partially implemented/recommendation in progress
- X Recommendation not implemented
- ND Not due for follow up
- C Critical priority recommendation
- H High priority recommendation
- M Medium priority recommendation
- L Low priority recommendation

**Asset Disposals** – The GRACE system requires update along with the Corporate Verification document, these are in progress and expected to be completed by the end of March 2023

**Housing Benefits** – All actions are in progress and expected to be completed by November 2022.

**Project Management** – Recruitment of a Senior Project Manager underway to assist in the creation of Project Management Framework templates.

**Risk Management** – Actions have been superseded with the 2022/23 review which will follow-up the outstanding actions.

**Health & Safety** – Outstanding low priority recommendation is for computer training to be made available at the depot, this along with other options is being explored.

**Shared Service and Third Party Assurance** – One low priority recommendation in progress.

**Treasury Management** – One low priority recommendation not yet due.

**Key Financial Controls** – All recommendations completed or superseded.

**NNDR & Council Tax** – All recommendations completed.

**S106** – Outstanding recommendations not yet due.

**Data Sharing Agreements** - Outstanding recommendations not yet due.

**Cyber Security and Mobile Devices** – To be followed up for the July Audit and Standards Committee.

**Property Repairs and Maintenance** – Outstanding recommendations not yet due.

**Conflicts of Interest** - Outstanding recommendations not yet due.

## Appendix E: Assurance Definitions and Risk Classifications

Level of Assurance	Description
High	There is a strong system of internal control which has been effectively designed to meet the system objectives, and that controls are consistently applied in all areas reviewed.
Substantial	There is a good system of internal control designed to meet the system objectives, and that controls are generally being applied consistently.
Moderate	There is an adequate system of internal control, however, in some areas weaknesses in design and/or inconsistent application of controls puts the achievement of some aspects of the system objectives at risk.
Limited	There is a compromised system of internal control as weaknesses in the design and/or inconsistent application of controls puts the achievement of the system objectives at risk.
No	There is an inadequate system of internal control as weaknesses in control, and/or consistent non-compliance with controls could/has resulted in failure to achieve the system objectives.

Risk Rating	Assessment Rationale
Critical	Control weakness that could have a significant impact upon, not only the system, function, or process objectives but also the achievement of the organisation's objectives in relation to: <ul style="list-style-type: none"> <li>the efficient and effective use of resources</li> <li>the safeguarding of assets</li> <li>the preparation of reliable financial and operational information</li> <li>compliance with laws and regulations.</li> </ul>
High	Control weakness that has or could have a significant impact upon the achievement of key system, function, or process objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall organisation objectives.
Medium	Control weakness that: <ul style="list-style-type: none"> <li>has a low impact on the achievement of the key system, function, or process objectives.</li> <li>has exposed the system, function, or process to a key risk, however the likelihood of this risk occurring is low.</li> </ul>
Low	Control weakness that does not impact upon the achievement of key system, function, or process objectives; however, implementation of the recommendation would improve overall control.

## DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
DEPUTY CHIEF EXECUTIVE	AUDIT AND STANDARDS COMMITTEE	16 MARCH 2023	8
<b>CONSTITUTION WORKING GROUP – CLOSURE REPORT</b>			

### PUBLIC ITEM

This item is for consideration in the public part of the meeting.

### SUMMARY

The current term of office for the council will end in May 2023 with the Borough elections and the return of a new group of elected members. The Boundary Commission Review means that there will be a reduction in the number of elected members from 51 to 37 and the governance review undertaken in response to the reduced membership of the council will see the creation of an executive policy committee and scrutiny arrangements. The council from May 2023 will have new governance that will require different working arrangements. At the final meeting of each committee for the current term of office the working groups and boards that have been established and appointed by the committee will be formally closed and disbanded where appropriate to create the opportunity for the new council to review and determine the most appropriate arrangements under the new governance structure.

### RECOMMENDATIONS

That the committee disband the Constitution Working Group and acknowledges that the members of the Group appointed by the committee have fulfilled the intended objectives and aims set by the committee.

### SUMMARY OF PREVIOUS DECISIONS

The Working Group was formed by the Audit and Standards Committee on 17 March 2022 with a remit:

“To undertake a time-bound piece of work to review the constitution, proposing any changes to the Audit and Standards Committee for its agreement, prior to the council being invited to endorse any changes prior to the May 2023 local election.”

### CORPORATE PRIORITIES

Economy – To create a vibrant and healthy economy	✓
Environment – To deliver services customers expect	✓
Efficiency – By spending money in the most efficient way	✓
Tourism – To create a great place to live and visit	✓

### REPORT

- The Constitution Working Group was established in March 2022 by this committee. The terms of reference for the group are included below:

*“To undertake a time-bound piece of work to review the constitution, proposing any changes to the Audit and Standards Committee for its agreement, prior to the council being invited to endorse any changes prior to the May 2023 local election.”*

2. The Audit and Standards committee received a report on changes to the Constitution from May 2023 at its meeting held on 19 January 2023. The changes were approved at full Council on 6 February 2023 to take effect from May 2023.
3. The Constitution Working Group has fulfilled the remit set by this committee and members of the group are thanked for their hard work, dedication, and contribution.

IMPLICATIONS	
Finance	There are no financial implications arising directly from this report.
Legal	There are no legal implications
Community Safety	There are no community safety implications
Human Rights and Equalities	There are no human rights or equalities implications
Sustainability and Environmental Impact	There are no sustainability or environmental implications
Health & Safety and Risk Management	There are no health & safety or risk management implications

LEAD AUTHOR	CONTACT DETAILS	DATE
Tracy Manning	<a href="mailto:tracy.manning@fylde.gov.uk">tracy.manning@fylde.gov.uk</a>	3/3/23

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Audit & Standards Committee	Various dates / most meetings	<a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a>

# INFORMATION ITEM

REPORT OF	MEETING	DATE	ITEM NO
HEAD OF GOVERNANCE	AUDIT AND STANDARDS COMMITTEE	16 MARCH 2023	9
<b>REGULATION OF INVESTIGATORY POWERS ACT 2000: AUTHORISATIONS</b>			

## PUBLIC ITEM

This item is for consideration in the public part of the meeting.

## SUMMARY OF INFORMATION

Councillors are obliged to review the use of covert surveillance and covert human intelligence sources by the council at least quarterly. In the period to March 2023, there were no authorised operations.

## SOURCE OF INFORMATION

Head of Governance

## INFORMATION

1. The Regulation of Investigatory Powers Act 2000 ("RIPA") regulates covert investigations by a number of bodies, including local authorities. It was introduced to ensure that individuals' rights are protected while also ensuring that law enforcement and security agencies have the powers they need to do their job effectively.
2. Fylde Council is therefore included within RIPA framework with regard to the authorisation of both directed surveillance and of the use of covert human intelligence sources.
3. Directed surveillance includes the covert surveillance of an individual in circumstances where private information about that individual may be obtained. A covert human intelligence source ("CHIS") is a person who, pretending to be someone that they are not, builds up a relationship of trust with another person for the purpose of obtaining information as part of an investigation.
4. Directed surveillance or use of a CHIS must be authorised by the chief executive or deputy chief executive and confirmed by a Justice of the Peace. All authorisations are recorded centrally by the Head of Governance.
5. This is the required report on the use of RIPA. The information in the table below is about authorisations granted by the council during the quarter concerned.

Period	Directed surveillance	CHIS	Total	Purpose
19 January 2023 – 16 March 2023	0	0	0	

Figures correct when report published. Officers will verbally update members if the figures have changed by the date of the meeting.

## WHY IS THIS INFORMATION BEING GIVEN TO THE COMMITTEE?

Regulations under the Regulation of Investigatory Powers Act 2000 ("RIPA") require councillors to consider a report on the use of RIPA at least quarterly.

## FURTHER INFORMATION

Contact Ian Curtis on 01253 658506 or at [ian.curtis@fylde.gov.uk](mailto:ian.curtis@fylde.gov.uk).