

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
SHARED HEAD OF INTERNAL AUDIT	AUDIT AND STANDARDS COMMITTEE	19 SEPTEMBER 2019	5
INTERNAL AUDIT INTERIM REPORT AS AT 30TH AUGUST 2019			

PUBLIC ITEM

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

SUMMARY

The report summarises the work undertaken in respect of the Internal Audit Plan 2019/20 for the period April 2019 to August 2019 and to give an appraisal of the Internal Audit Service's performance for the same period.

The report also contains details of a Skills and Knowledge self-assessment for members of the Committee.

RECOMMENDATIONS

1. That the Committee note the report.

SUMMARY OF PREVIOUS DECISIONS

None

CORPORATE PRIORITIES

Spending your money in the most efficient way to achieve excellent services (Value for Money)	✓
Delivering the services that customers expect of an excellent council (Clean and Green)	✓
Working with all partners (Vibrant Economy)	✓
To make sure Fylde continues to be one of the most desirable places to live (A Great Place to Live)	✓
Promoting Fylde as a great destination to visit (A Great Place to Visit)	✓

BACKGROUND

1. This is the first progress report for 2019/20 Internal Audit Plan and covers the period between 1st April 2019 and 30th August 2019.

INTERNAL AUDIT PLAN 2019/20

2. **Appendix A** provides a "snapshot" of the overall progress made in relation to the 2019/20 Internal Audit Plan, indicating which audits have been completed and their assurance rating, those that are in progress and those that have yet to start. Appendix 1 also shows the time planned and actually spent on individual audits.

3. The table below highlights the work undertaken during the period together with any control issues identified, where applicable;

Audit Area	Assurance Rating	Key Control Issues / Comments
Annual Governance Statement	Not applicable	Pro- active support with the 2019 Annual Governance Statement
Performance Management – Data Quality	Substantial	No key control issues identified.
Environmental Permitting Regulations	Limited	<p>Our work established that the Council has 19 installations of industrial and commercial processes that are regulated under the current regulations.</p> <p>Our review highlighted inconsistencies/errors with permits and a lack of documentation available for some establishments that had changed ownership and/or permit holder. Additional weaknesses were found with the records pertaining to inspections, risk assessments and ongoing monitoring that will impact on the Council's ability to demonstrate continuity of regulation and inspection and its ability to provide a robust public register that meets the requirements of the legislation.</p>
Fairhaven Lake	Not applicable	We are a member of the project team to provide advice and guidance on governance, control and risk.
Commercial Properties	Limited	<p>The Councils Estate and Asset Officer is relatively new to the organisation, and it is evident that in the short time he has overseen the administration of commercial properties that the quality of records and overall management of the Council's leases and licenses have improved. Our work, however, has identified that weaknesses remain with a general lack of proactive inspections undertaken to ensure that properties remain within a good state of repair; that all properties have been assessed for the risk of asbestos and legionella and that tenants are complying with the terms of their lease agreement.</p> <p>Due to the significance of the risks which are not being effectively mitigated, a Limited assurance rating has been awarded for this review.</p>
Audit Area	Assurance Rating	Key Control Issues / Comments
Coastal Defence Project	Not applicable	We are a member of the project team to provide advice and guidance on governance, control and risk.
Energy Management	Substantial	No key control issues identified
ICT Review (18/19 Plan)	Limited	We have been working closely with the ICT Manager and can confirm that progress has been made with the implementation of the agreed actions.

INTERNAL CONTROL SYSTEM

4. For the 2019/20 Internal Audit Plan, in total to date 4 reviews have been finalised and the following assurance ratings have been awarded:

Assurance Rating	Definition	Number of reviews
Full	There is a sound system of control designed to achieve the system objectives and manage the risks to achieving those objectives.	0
Substantial	While there is basically a sound system of control, there are some minor weaknesses, which may put some of the system objectives at risk.	2
Moderate	While there is basically a sound system of control, there are some more significant/serious weaknesses, which may put some of the system objectives at risk.	0
Limited	There are significant weaknesses in key areas in the systems of control, which put the system objectives at risk and leaves the system open to significant error or abuse	2

5. For all the reviews completed to date, management have accepted all the findings and the agreed actions in these reports will be followed up and reported on at future meetings of this committee.

LIMITED ASSURANCE RATING REPORTS UPDATE

6. It was agreed with members that an update would be provided on any reports issued with a limited assurance rating. From the 2018/19 Internal Audit Plan, only one review received a limited rating and the update on progress made with the implementation of agreed actions is detailed below.

Review	Number of agreed actions due for implementation at 31 st July 2019	Number of agreed actions implemented in full	Number of actions in progress with revised dates agreed
Maintenance and inspection regime - Trees	8	6	2

INTERNAL AUDIT PERFORMANCE

7. **Appendix B** provides information on Internal Audit performance as at the 30th August 2019. We are pleased to report that our performance indicators have been exceeded with the exception of:
- Percentage of Audit Plan completed. This is due to one report being at the draft report stage and has not yet been finalised.
 - Percentage of agreed actions implemented by management. Twenty six actions were due to be implemented by the end of July 2019, of which twenty have been implemented in full. The remaining six are in progress and revised implementation dates have been agreed.

AUDIT COMMITTEE EFFECTIVENESS

8. Following the Development Day delivered by CIPFA earlier this year, it was agreed that the Knowledge and Skills self-assessment contained within the CIPFA guidance – Audit Committees, Practical Guidance for Local

Authorities and Police 2018 would be issued for completion by all members of the Audit and Standards Committee. The purpose of the self-assessment is to ensure that members are fully equipped to meet the requirements of the best practice guidance and the Terms of Reference of the Committee.

9. The results of the self-assessment will be collated by Internal Audit and will be used to inform the Member Development Programme going forward.
10. A copy of the self-assessment is included at Appendix C and will be emailed to members of the Committee over the coming weeks.
11. The guidance also recommends that the Committee evaluates its performance / effectiveness against CIPFA best practice / criteria. This will be done in conjunction with the Chair over the coming weeks and presented to the Committee in November 2019.

IMPLICATIONS	
Finance	None arising from this report
Legal	There are no legal implications arising from this report, however the provision of an Internal Audit Service is a requirement of the Accounts and Audit Regulations 2015.
Community Safety	None arising from this report
Human Rights and Equalities	None arising from this report
Sustainability and Environmental Impact	None arising from this report
Health & Safety and Risk Management	There are no Health and Safety implications arising from this report. The Audit Plan has been developed using a risk based approach.

LEAD AUTHOR	CONTACT DETAILS	DATE
Dawn Highton	Dawn.highton@fylde.gov.uk Tel 01253 658413	2 nd September 2019

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Internal Audit Annual Plan	April 2019	Internal Audit Office, Town Hall

Attached documents

Appendix 1 – Internal Audit Plan as at 30th August 2019

Appendix 2 - Internal Audit Performance Indicators as at 30th August 2019

Appendix 3 – Knowledge and Skills self-assessment