Internal Audit Progress Report
Audit and Governance Committee (29th September 2023)

Fylde Borough Council

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Contents

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.

Executive Summary

This report provides an update to the Audit and Governance Committee in respect of the progress made in against the Internal Audit Plans for 2022/23 and 2023/24 and brings to your attention matters relevant to your responsibilities as members of the Audit and Governance 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 Governance Committee.

This progress report covers the period 7 July 2023 – 14 September 2023.

3 Executive Summary

Since the last meeting of the Audit and Governance Committee, there has been the focus on the following areas:

2022/23 Audit Reviews
The following reviews have been finalised: • Recruitment (substantial assurance level) • Mastergov Planning System Review (limited assurance level) Refer to Appendix C for details of Key Areas and Actions to be Delivered The reviews below are currently at draft report stage or are in progress: • Freedom of Information and Subject Access Requests (draft report) • Kirkham Regeneration (audit work concluding) • Payroll – Blackpool Controls (fieldwork) • Externally Managed Events (fieldwork)

2023/24 Audit Reviews

The reviews below are currently in progress:

Beach Safety (fieldwork)

Stock – Fleet Consumables (fieldwork)

Financial Controls - Cash (fieldwork)

Housing Inspections (fieldwork)

Temporary Accommodation (fieldwork)

Follow Ups

A summary of the current status of all follow-up activity is included at Appendix D, however, we would draw the committee's attention to the following:

Progress has been made on the outstanding actions raised by the previous in house audit team, with four remaining which are either not due or are in progress.

From the recommendations raised by MIAA all have either been completed or are in progress.

Audit Plan Changes

Audit Committee approval will be requested for any amendments to the original plan and highlighted separately below to facilitate the monitoring process.

The Changing Places Grant Award requires assurance from Internal Audit; therefore we propose to use time from the Contingency budget to complete this work.

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Added Value
Events [Understanding Anxiety in the workplace (18th October 2023)](#)

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 outs the overview of delivery for your Head of Internal Audit Opinion for 23/24:

HOIA Opinion Area	TOR Agreed	Status	Assurance Level	Audit Committee Reporting
Core Assurances				
Risk Management		Scheduled to commence Qtr 4		
Risk Based Assurances				
Beach Safety	✔	Fieldwork		
Stock Consumables	✔	Fieldwork		
Homelessness Budget Efficiency	✔	Fieldwork		
Financial Controls (Deep Dive)	✔	Fieldwork		
Housing Inspections	✔	Fieldwork		
Cyber Security		Scheduled to commence Qtr 3		

HOIA Opinion Area	TOR Agreed	Status	Assurance Level	Audit Committee Reporting
Food Safety		Scheduled to commence Qtr 3		
Business Continuity		Scheduled to commence Qtr 3		
Heritage Assets		Scheduled to commence Qtr 3		
Performance Management		Scheduled to commence Qtr 3		
Asset Management		Scheduled to commence Qtr 4		
Qtr 1	N/A	Complete	N/A	July 2023
Qtr 2	N/A	Complete	N/A	September 2023
Qtr 3	N/A	Scheduled to commence Qtr 3		
Qtr 4	N/A	Scheduled to commence Qtr 4		
Added Value / Support & Guidance				
Changing Places Grant Award Assurance	N/A	Fieldwork		
2022/23 Audit Plan				
MasterGov Planning System	✔	Complete	Limited	September 2023

HOIA Opinion Area	TOR Agreed	Status	Assurance Level	Audit Committee Reporting
Recruitment*	✔	Complete	Substantial	September 2023
Payroll Controls – Blackpool*	✔	Fieldwork		
Kirkham Regeneration*	✔	Fieldwork		
Freedom of Information and Subject Access Requests*	✔	Draft Report		
Externally Managed Events*	✔	Fieldwork		

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 2023/24 as requested by the Council, and as such will be included in the 2023/24 Head of Internal Audit Opinion.

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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.
Percentage of recommendations raised which are agreed	Each Audit Committee	Green	All recommendations have been agreed.
Percentage of recommendations which are implemented	Quarterly	Green	All recommendations due are either in progress or have been completed.
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	Recruitment			
Executive Sponsor	Head of Corporate Services			
Objective	To provide assurance on the systems and controls that the Council has in place for recruitment are appropriate and in line with policy and national standards.			
Recommendations	0 x Critical	0 x High	2 x Medium	0 x Low
Summary	Overall, the review identified that there were good systems of internal control in place, with some areas for improvement to enhance the control environment.			
	The Council has a number of Recruitment Policies and a Recruitment Guidebook in place which identify key responsibilities and are appropriately disseminated to staff and management. The policies are supported by the iRecruit and HR Selima IT systems to process vacancies and pre-employment compliance checking. These are overseen by Blackpool Council, as part of a Shared Service Agreement.			
	The review identified that the Fylde Council Recruitment Policy was issued in September 2013, and requires reviewing and updating with future review dates included. It was confirmed that the policy had been communicated to all staff via the intranet.			
	The Council has several different ways for staff to refresh their knowledge of recruitment processes through groups and team meetings. There is also training available to those council officers with recruitment responsibilities on the iPool IT system, with training completion rates being monitored regularly.			
	We sampled 25 new starters, and tested pre-employment checks, which identified some minor instances of inconsistent compliance with required processes.			

Report Title	MasterGov Planning System Review			
Executive Sponsor	Head of Corporate Services and Head of Planning			
Objective	To provide an assessment of the effectiveness of the control framework exercised by management over MasterGov and to highlight improvements where appropriate.			
Recommendations	0 x Critical	2 x High	1 x Medium	0 x Low
Summary	Whilst areas of good practice were identified and there were examples of controls in place and operating effectively, there are areas of weakness that would benefit from immediate remediation. The ability to recover the MasterGov system and underlying data to a backup location within acceptable timeframes following an event that results in service disruption is unproven and is partly based on a plan that was produced over a decade ago. Further, the current approach to business continuity did not involve consultation of the MasterGov Information Asset Owner and seems not to have considered the requirement to maintain permanent records of some MasterGov data. This could be linked to the lack of clarity over key roles and responsibilities in the area of MasterGov information governance. Additionally, the environment in which the servers hosting MasterGov is located does not incorporate some of the commonly encountered server-room controls, such as automatic fire suppression, effective air conditioning, removal of flood risk and the presence of a generator. Overall, the lack of these controls increases the risk of an event that could disrupt service provision. These weaknesses could have a significant impact upon the ability to continue service provision and to meet statutory requirements in the event of business disruption and as such are considered High risk. There has been a commitment from the respective teams to act on the high risk recommendations to negate any potential for business disruption going forward.			

Appendix D: Follow up of previous internal audit recommendations

The status of the actions is as at September 2023.

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

AUDIT TITLE (YEAR)	NO OF RECS MADE	ASSURANCE LEVEL	PROGRESS ON IMPLEMENTATION				COMMENTS
			✓/S	P	X	Not due	
2019/20							
Commercial Property	9	Limited	6	-	-	3	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. Agreed at Audit and Standards Committee to extend the deadlines for completion.
VAT	3	Moderate	2	1	-	-	Remaining action in progress. Still outstanding due to Civica input required.
TOTALS	**12**		**8**	**1**	**-**	**3**	

MIAA Internal Audit Recommendations

AUDIT TITLE (YEAR)	NO OF RECS	ASSURANCE LEVEL	PROGRESS ON IMPLEMENTATION				OUTSTANDING RECOMMENDATIONS				COMMENTS
			✓/S	P	X	Not due	C	H	M	L	
2021/22											
Project Management	1	Moderate	-	1	-	-	-	1	-	-	There is a lack of resource, as recruitment was unsuccessful and projects workload has increased.
Health & Safety	6	Moderate	6	-	-	-	-	-	-	-	All actions are complete.
Treasury Management	2	High	1	-	1	-	-	-	-	1	Remaining action expected to be completed by 31st December 2023.
S106	8	Moderate	5	-	-	3	-	1	2	-	Remaining actions not yet due.
Property Repairs and Maintenance	8	Limited	5	-	-	3	-	2	1	-	Remaining actions not yet due.
2022/23											
Homelessness	7	Moderate	5	-	-	2	-	-	2	-	Remaining actions not yet due.
Data Sharing Agreements	4	Limited	1	-	-	3	-	2	1	-	Remaining actions not yet due.

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AUDIT TITLE (YEAR)	NO OF RECS	ASSURANCE LEVEL	PROGRESS ON IMPLEMENTATION				OUTSTANDING RECOMMENDATIONS				COMMENTS
			✓/S	P	X	Not due	C	H	M	L	
Cyber Security & Mobile Devices			Confidential								
Conflicts of Interest	10	Substantial	8	-	-	2	-	-	-	2	Remaining actions not yet due.
Budgetary Control	2	High	-	-	2	-	-	-	-	2	Actions expected to be completed by 31st December 2023.
Apprenticeship	9	Moderate	5	2	-	2	-	-	2	2	Remaining actions in progress or not yet due.
Risk Management	4	Moderate	1	1	-	2	-	1	2	-	Remaining actions in progress or not yet due.
Key Financial Controls	2	Substantial	1	-	-	1	-	-	1	-	Remaining action not yet due.
Recruitment	2	Substantial	-	-	-	2	-	-	2	-	Actions not yet due.
Mastergov Planning	3	Limited	1	1	-	1	-	2	-	-	Remaining actions in progress or not yet due.
TOTALS	**68**		**39**	**5**	**3**	**21**	**-**	**9**	**12**	**7**	

Key to recommendations:

✓/S	Implemented or Superseded	C	Critical priority recommendation	L	Low priority recommendation
P	Partially implemented/recommendation in progress	H	High priority recommendation		
X	Recommendation not implemented/awaiting update	M	Medium priority recommendation		

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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: • the efficient and effective use of resources • the safeguarding of assets • the preparation of reliable financial and operational information • compliance with laws and regulations.
High	Control weakness that has or is likely to 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: • has a low impact on the achievement of the key system, function or process objectives; • has exposed the system, function or process to a key risk, however the likelihood of this risk occurring is low.
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.

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.

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