

Internal Audit Progress Report

Audit and Governance Committee (30th November 2023)

Fylde Borough Council

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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 15 September 2023 – 20 November 2023.

3 Executive Summary

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

Audit Reviews

The following reviews have been finalised:

- Freedom of Information and Subject Access Requests (Limited assurance level)
- Temporary Accommodation Review (Moderate Assurance)

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:

- Kirkham Regeneration (draft report)
- Financial Controls - Cash (draft report)
- Beach Safety (draft report)
- Payroll – Blackpool Controls (fieldwork concluding)
- Externally Managed Events (fieldwork)
- Stock – Fleet Consumables (fieldwork)
- Housing Inspections (fieldwork)

Follow Ups

A summary of the current status of all follow-up activity is included at Appendix D, as at September 2023 and we would draw the committee's attention to the following:

A summary of the status of moderate and limited assurance rated reports was provided at the previous Audit and Governance Committee in September. We will continue to follow-up outstanding actions and will provide a further update at the February 2024 meeting.

A follow-up of the Mastergov Planning System has been completed, as discussed at the Audit and Governance Committee in September. From an IT perspective all actions have been demonstrated as completed. The Council still have work to do to refresh the Business Continuity Plans, this is planned to start in January 2024. MIAA will consider the progress of Business Continuity Plans as part of the reviews on IT Service Continuity and Resilience and the Business Continuity Review.

Audit Plan Changes

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

It is proposed to replace the Heritage Assets Review, with an extension of the scope on the Fleet Consumable Stock Review. This review will now incorporate expenditure controls over repairs and maintenance. The Heritage Assets Review will be included in the Internal Audit Plan for 2024/25, once the assets have been moved to the Lytham Hall.

Added Value

Briefings







Our latest briefing is:


- [23/24 MIAA Checklist Series - Risk Management \(Local Authorities\)](#)






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 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		Draft Report		
Stock Consumables		Fieldwork		
Homelessness Budget Efficiency		Complete	Moderate	November 2023
Financial Controls (Deep Dive)		Draft Report		
Housing Inspections		Fieldwork		
IT Service Continuity and Resilience		Fieldwork		

HOIA Opinion Area	TOR Agreed	Status	Assurance Level	Audit Committee Reporting
Food Safety		Planning		
Business Continuity		Scheduled to commence December		
Performance Management		Planning		
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	In progress		
Qtr 4	N/A	Scheduled to commence Qtr 4		
Added Value / Support & Guidance				
Changing Places Grant Award Assurance	N/A	Complete		
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 concluding		
Kirkham Regeneration*		Draft Report		
Freedom of Information and Subject Access Requests*		Complete	Limited	November 2023
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.

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 and Standards 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 and Standards 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	Freedom of Information and Subject Access Requests			
Executive Sponsor	Head of Governance			
Objective	To review and provide an assessment of the effectiveness of the controls being exercised by management regards subject access (SAR), freedom of information (FOI) and environmental information requests (EIR). Taking into consideration the legal framework governing the use of personal confidential data and the fundamental principles of the Data Protection Act 2018 / UK General Data Protection Regulations (the UK GDPR)), Freedom of Information Act 2000 and the Environmental Information Regulations 2004.			
Assurance Level	Limited			
Recommendations	0 x Critical	3 x High	3 x Medium	0 x Low
Summary	<p>Whilst the review identified some areas of good practice, there were also opportunities to strengthen controls in a number of key areas including ensuring sufficient resources for management of requests, documented processes, request management and assurance reporting.</p> <p>The Council had adopted the Information Commissioner’s (ICO) model publication scheme via its website and was proactively publishing information. The website included information advising individuals how to make FOI and EIR requests. The links were tested and found to be operating as expected. The website also included multiple privacy notices advising staff, councillors and citizens how their personal information was being processed and how to request information via a SAR.</p> <p>However, the Council’s ability to respond to and manage FOI / SAR and EIR requests had been impacted due to key staff absences and staff leaving. It is acknowledged that there were plans for a departmental restructure, though at the time of the review a single member of staff was responsible for overseeing and managing requests. The Council also advised that at the time of the review there was no resilient system for managing requests, and changes to the management of network drives and key staff absence meant</p>			

	<p>historical information had not been transitioned. Although there had been no complaints received, there was a risk that any requests received during the initial period of staff absence may have been missed.</p> <p>There was limited assurance reporting and the use of a spreadsheet for tracking requests received and performance monitoring had also ceased, with limited evidence available to confirm requests were being tracked, managed and responded to in line with statutory requirements. Although, an interim solution using One Drive and folders was demonstrated, this was not a robust system and was reliant on the same individual member of staff and undocumented processes.</p>
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Report Title	Temporary Accommodation			
Executive Sponsor	Head of Environmental and Housing Sevices			
Objective	To evaluate the controls in place to manage the Temporary Accommodation income and expenditure budget, whilst also ensuring that accommodation suitability requirements are met for residents.			
Assurance Level	Moderate			
Recommendations	0 x Critical	1 x High	3 x Medium	3 x Low
Summary	<p>Whilst some controls were in place and operating effectively to manage the Temporary Accommodation income and expenditure budget, weaknesses were noted, particularly with regard to a lack of formality around the appointment of, and subsequent agreements with, accommodation providers.</p> <p>The Housing Team have worked hard to keep costs down and concentrate resources on moving clients on with the introduction of a Moving on Team dedicated to accommodating those in priority need. Support Workers and Personal Plans were in place to find long term accommodation. The Team also provided intermediary services with landlords to prevent eviction and have sourced external funding to loan advance rent payments and pay rent arrears.</p>			

Testing showed that the Council received favourable rates for accommodation; however, the Constitution Contract Procedure Rules were not being adhered to on the appointment of providers and there were no formal agreements in place.

The budget assigned to the Bed and Breakfast Temporary Accommodation for 2023/24 was based on the expectation of a decrease in demand following Covid. However, this has not materialised and as a result the existing budget is inadequate to meet current expenditure levels.

Although the Council received Housing Benefit income in respect of those in Temporary Accommodation, or where residents were in employment invoices were raised for payment contributions, process weaknesses were identified in the arrangements to reconcile payments received, raising invoices and the follow up of outstanding amounts.

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 31 st 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.

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 31 st 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

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"> 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: <ul style="list-style-type: none"> 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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