



Fylde Borough Council


Internal Audit Plan 2022/2023

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 @MIAANHS

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 Councils
- ✓ Strong risk assessment
- ✓ Tailored plan focused on your risks
- ✓ Core assurances integral to your Strategic Risk Register
- ✓ 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 Strategic Risk Register 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 Strategic Risk Register. 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.

Your fees for 2022/23 are £88,900.



1.4 Your Internal Audit Team



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2 Your Assurance and Solutions Services

The Local Government landscape along with Health & Social Care in England continues to change, and the impact of COVID-19 is likely to be felt for many years to come.

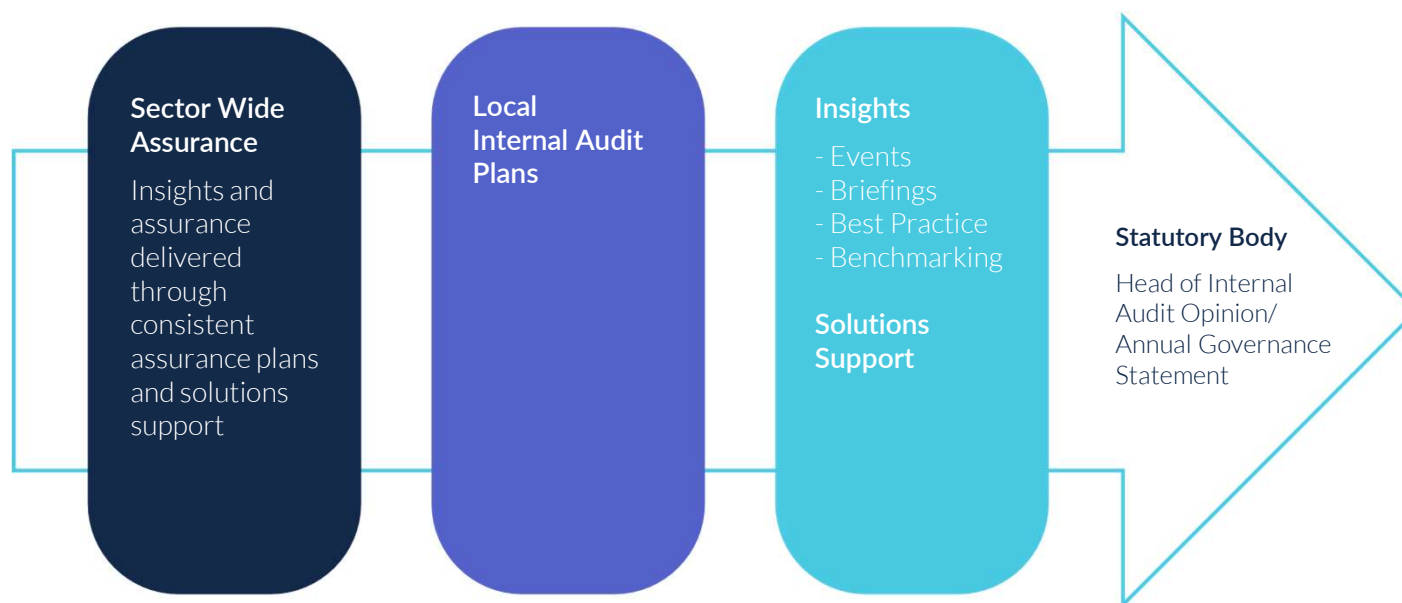
Our vision is for MIAA to continue to be a Trusted Advisor through the retention of personalised, local focus and relationships with the added benefits provided by an at scale provider.

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

MIAA continue to review and re-engineer 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, anti-fraud plans and advisory commissions to support organisations and local systems.

Internal Audit, Assurance and Solution Plans



Internal Audit



Anti Fraud



Healthcare Quality



Technology Services



Clinical Coding



Advisory Services



Insights

3 Internal Audit Risk Assessment

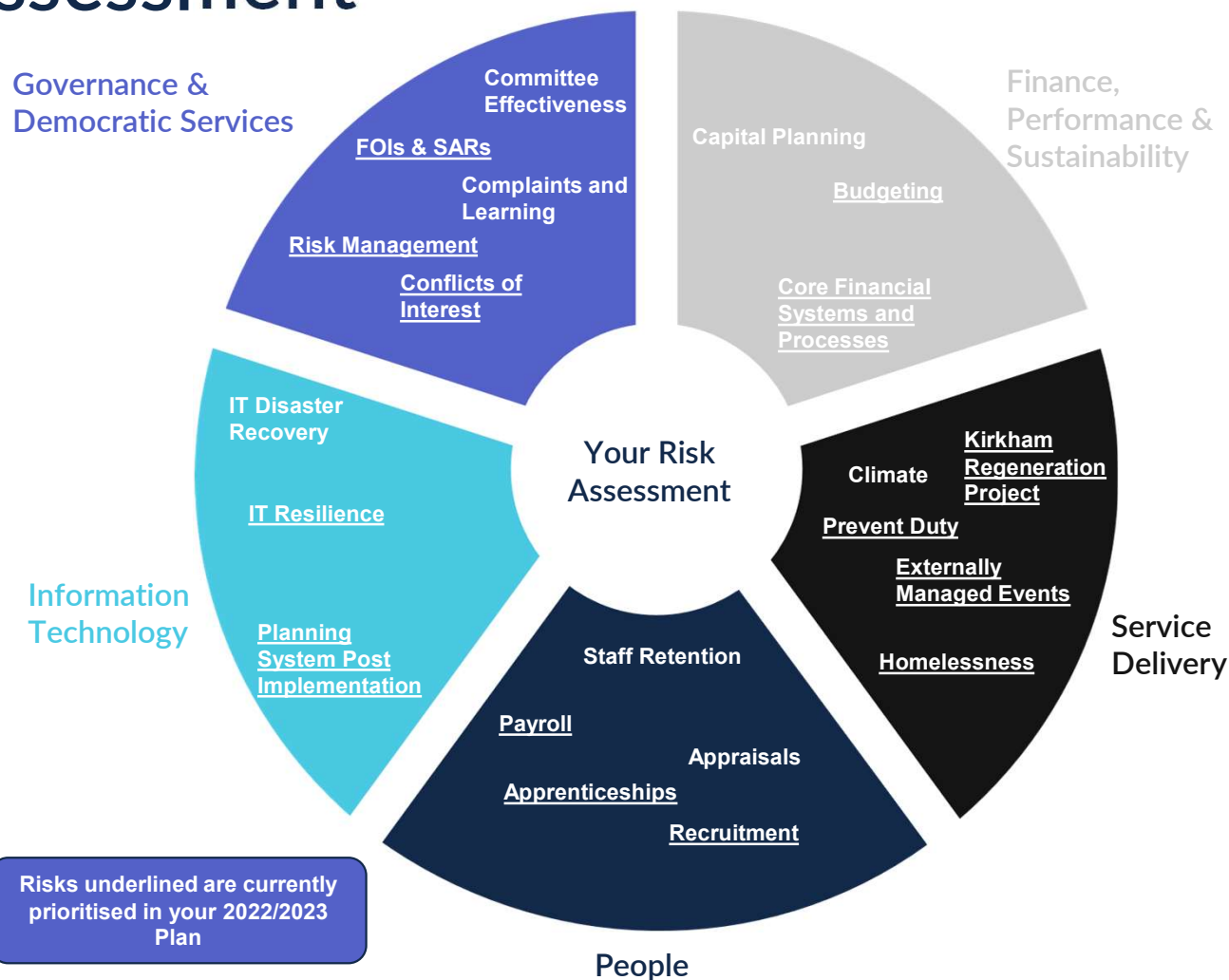
The Fylde Borough Council internal audit plan is built from a risk assessment which has considered national and local system risks, place based developments and your local strategic risk assessment, along with our breadth of experience and understanding of the challenges you face.

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.

Governance & Democratic Services



4 Internal Audit Plan on a Page

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

Planning Approach

- Risk Assessment of the external environment, system and organisation (including the Strategic Risk Register).
- Engagement of Audit and Standards Committee, Executive Directors and management to refresh and confirm the plan.
- Use of MIAA's client risk database to inform planning.
- Coverage of Critical Business Systems to support organisation's objectives through the strategic internal audit plan.
- Provision of sufficient resources and expertise.
- Compliance with Public Sector Internal Audit Standards (PSIAS).

Your Plan

The outcome of your risk assessment is summarised below:

Organisational Reviews

Provision of assurances across core and risk based reviews

- Risk Management
- Key Financial Systems
- Budgeting
- IT Infrastructure
- Planning System Post Implementation
- FOIs and SARs
- Conflicts of Interest
- Recruitment
- Payroll
- Apprenticeships
- Kirkham Regeneration Project
- Homelessness
- Prevent Duty
- Externally Managed Events

Follow Up and Contingency

Outcomes

Head of Internal Audit Opinion to inform the AGS

Assignment assurance levels

Recommendations, advice, and guidance to enhance the control environment

Insights through briefings, thought leadership events and benchmarking.

5 Operational Internal Audit Plan 22/23

Review & Scope	Strategic Risk / Rationale	Planned Delivery	Executive Lead
Governance & Democratic Services			
Risk Management – Core Controls: To provide assurance that core risk management controls have established and maintained.	HOIA Opinion Requirement/PSIAS requirement	Q4	Director of Resources
Freedom of Information Requests and Subject Access Requests – To evaluate the systems and controls the organisation has in place to process FOIs and SARs.	Management Request	Q2	Director of Resources
Conflicts of Interest – To evaluate the design and operating effectiveness of the arrangements that the organisation has in place to manage conflicts of interest.	Core Assurance	Q3	Director of Resources
Finance, Performance & Sustainability			
Key Financial Controls: To provide assurance that the most significant key controls are appropriately designed and operating effectively in practice. In addition, to ensure that the financial position of the organisation is being reported appropriately during the financial year.	Core Assurance	Q3	Chief Finance Officer
Budgetary Controls: To evaluate the systems and processes the organisation has in place for Budgetary Control and the monitoring of financial performance.	Funding Cuts Strategic Risk	Q3	Chief Finance Officer
Service Delivery & Business Support			
Kirkham Regeneration Project: To evaluate the processes in place to complete and embed any actions arising from the external review of project effectiveness.	Kirkham Regeneration Strategic Risk	Q4	Chief Executive Officer
Homelessness: To evaluate the design and operating effectiveness of the arrangements in place to comply with statutory duties in the Homelessness Reduction Act 2017	Management Request	Q2	Chief Executive Officer
Prevent Duty: To evaluate the design and operating effectiveness of the arrangements in place to comply with statutory duties in the Counter Terrorism and Security Act 2015	Management Request	Q3	Chief Executive Officer
Externally Managed Events: To evaluate the design and operating effectiveness of the arrangements in place for events managed by third parties on Council property and land.	Management Request	Q4	Chief Executive Officer

Review & Scope	Strategic Risk / Rationale	Planned Delivery	Executive Lead
People			
Payroll: To evaluate the robustness and effectiveness of controls that support the Payroll system to ensure validity, accuracy, and timeliness of payments to employees.	Core Assurance	Q2	Chief Executive Officer
Apprentices: To evaluate the systems and processes the organisation has in place for Apprenticeships.	Recruitment Strategic Risk	Q3	Chief Executive Officer
Recruitment: The overall objective of this review is to identify and evaluate the controls in place at the organisation to manage staff recruitment.	Recruitment Strategic Risk	Q4	Chief Executive Officer
Information and Technology			
Planning System Post Implementation Review: To evaluate the stability and security of the system.	ICT Strategic Risk	Q3	Chief Executive Officer
IT Resilience: To assess the effectiveness of the Council's IT Resilience.	ICT Strategic Risk	Q3	Chief Finance Officer
Follow up & Contingency			
Follow up and Contingency	PSIAS requirement	Q1 – Q4	
Planning & Reporting			
Planning, Management, Reporting & Meetings	PSIAS requirement	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 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
Covid – 19	Strategic Risk Register	This will be included as a consideration in all audit reviews, rather than a separate review
Commercial Strategy	Strategic Risk Register & Management Request	Not considered to be a priority. To be considered for future plans
Enforcement	Strategic Risk Register	New team in place. To review when new systems and processes are embedded.
Climate Change	Strategic Risk Register & Management Request	Plans and actions not mature enough to be reviewed. To be considered in future plans.
Levelling Up	Strategic Risk Register	Not considered to be a priority. To be considered in future plans.
Planning Management Review	Strategic Risk Register & Management Request	To be subject to an LGA external review.
St Annes Sea Defences Project	Management Request	Kirkham Project considered to be a priority. To be considered in future plans.
Fairhaven Lake & Gardens	Management Request	Not considered to be a priority. To be considered in future plans
Land Charges	Management Request	Not considered to be a priority. To be considered in future plans.

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 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	2022/23	2023/24	2024/25
Principal Objective: Economy - to create a vibrant healthy economy					
1	Commercial Strategy <i>Failure to embrace the Commercial Strategy</i>	4		Commercial Strategy Review	
7	Management of key assets <i>Failure to manage council owned key assets</i>	6		Stock and Stores Review	Asset Management
9	Recruitment / Succession Planning <i>Failure to have a skilled workforce to deliver council priorities</i>	12	Recruitment Review Apprentices Review	Appraisals	Absence Management
Principal Objective: Environment – To deliver services customers expect					
2	Enforcement <i>Increased pressure on enforcement resource in relation to licensing / PSPOs / beggars / Travellers / planning issues</i>	12		Enforcement Review CCTV & Surveillance Review	
5	Infrastructure <i>Lack of infrastructure in local areas to meet residents needs</i>	4		Planning Management Review	Public Consultations Review Complaints Review
12	Climate change <i>That the authority fails to assess the relative significance of climate change risks</i>	9		St Annes Sea Wall Defences Project Review	Climate Change Review

BAF REF	Strategic Risk	Risk Score	2022/23	2023/24	2024/25
Principal Objective: Efficiency – By spending money in the most efficient way					
8	Procurement <i>Failure to achieve value for money / non compliance with Contract Procedure Rules / lack of corporate co-ordination / missed opportunities</i>	4			Procurement Review VFM Advisory Services
4	ICT Systems <i>Failure to support Council priorities through ineffective ICT systems</i>	20	Planning System Post Implementation Review Cyber/Infrastructure Review	System Review Cyber/Infrastructure Review	System Review Cyber/Infrastructure Review
6	LCC Funding Cuts <i>Funding cuts impacting upon FBC residents</i>	12	Key Financial Controls Budgeting Review	Key Financial Controls Capital Review Land Charges Review	Key Financial Controls Housing Benefits
3	Fylde Council / Lancashire County Council <i>Potential for a unitary council. Levelling Up White paper expected with options for local government reorganisation</i>	6		Electoral Services Review	
Principal Objective: Tourism – To create a great place to work and live					
11	Kirkham Futures Regeneration Programme <i>Failure to deliver the multi-stranded programme within the agreed timeframes</i>	12	Kirkham Futures Regeneration Review		
10	COVID 19 <i>Failure to react to the changing service demand due to the recovery of COVID 19 (incorporating our role to support employees / the community / businesses / financial impacts)</i>	9			

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 & Standards Committee date / Workplan)
Completion of annual plan within agreed timetable and budget	100%	Annual (measured through HOIA opinion) plus in year reporting to Audit & Standards Committee
Presentation of the Head of Internal Audit Opinion to the Audit & Standards Committee	100%	Annual (measured as per agreed Audit & Standards Committee date / Audit & Standards Committee Workplan)
Delivery of audit reports to audit and standards committee as per the plan	100%	Bi monthly (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 & Standards Committee publication with completed cover sheets as required	100%	Bi monthly (measured as per agreed Audit & 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 & Standards Committee dates)
Operation of systems to ISO Quality Standards and compliance with Public Sector Internal Audit Standards.	100%	Bi monthly (measured as per agreed Audit & Standards Committee dates)
Commitment to training and development of audit staff. Maintenance of 65% Qualified (CCAB, IIA etc) 35% Part Qualified	100%	Bi monthly (measured as per agreed Audit & Standards Committee dates)

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.

