



Internal Audit Service

Internal Audit Activities – Progress Report

October 2023

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1. Summary of Progress against Internal Audit Plan 2023/24

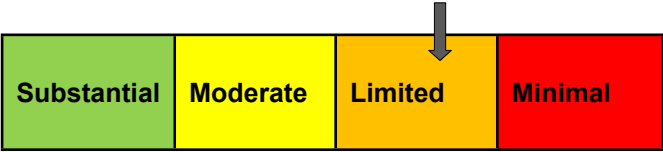
Assurance Audits	Stage of Audit	Audit Opinion	Reported to A&G committee
Parking Services	Final Report Issued	Limited	October 2023
Community Infrastructure Levy	Fieldwork Complete		
West Lancashire Gift Card	Final Report Issued	Moderate	October 2023
Starters/Movers/Leavers			
Aids & Adaptations - Private Sector Housing	Final Report Issued	Limited	October 2023
Money Advice Service	Final Report Issued	Moderate	October 2023
Cleaning Services			
Governance Review Project - CIPFA Audit Committee Guidance Compliance	Fieldwork		
New Homes Bonus / Council Tax	Fieldwork		
Procurement			
Rate Revaluation - Commercial Properties	Draft Report Issued		
Corporate Governance – Annual Review to support AGS 2022/23	Complete		
Grant Management - Cross Cutting	Final Report Issued	Limited	October 2023
Agency Staffing	Fieldwork		
Housing Benefits and CTRS	Fieldwork		
Creditors			
Debtors			
Business Rates			
Payroll			
Rents			
Main Accounting, incl. Treasury Management			
Information Governance			
Cyber Security			
NHS DPST submission	Complete		
Data Security	Fieldwork complete		
Fraud			
Managing the risk of Fraud and Corruption Self-Assessment	Fieldwork		
Tenancy Fraud	Fieldwork		

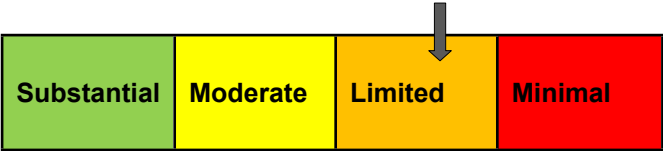
- 1.1 For the period 1 April 2023 to 15 October 2023 progress against the plan for the financial year 2023/24 has been satisfactory. As of 15 October 2023, 45% of planned audit work is either completed or in progress.
- 1.2 There remains a vacancy of one Internal Auditor within the service. Following a number of unsuccessful exercises to recruit a suitable replacement, the decision to replace this post with an Apprentice Auditor was approved and recruitment to this new role is progressing well.

2. Audit Assurance Reports

Summary details of the final reports, issued during the period 1 July 2023 to 15 October 2023 are as follows.

The definitions of the Priority Levels and Audit Assurance Ratings for Internal Audit reviews undertaken during 2023/24 are detailed in Appendix A.:

Aids and Adaptations													
<p>Priority Summary</p> <table border="1"> <thead> <tr> <th>Priority Level</th> <th>Number of Recommendations</th> </tr> </thead> <tbody> <tr> <td>Critical</td> <td>0</td> </tr> <tr> <td>High</td> <td>9</td> </tr> <tr> <td>Medium</td> <td>10</td> </tr> <tr> <td>Low</td> <td>0</td> </tr> <tr> <td>Advisory</td> <td>3</td> </tr> </tbody> </table>	Priority Level	Number of Recommendations	Critical	0	High	9	Medium	10	Low	0	Advisory	3	<p>Audit Assurance Rating</p>  <p>Key Findings:</p> <ul style="list-style-type: none"> • A check list should be in place to ensure that all the relevant documentation, checks and steps are taken in the DFG process. • Evidence is not always retained to demonstrate that appropriate checks for eligibility have been undertaken. • A review of the Agency Fee charged should be undertaken to ensure it is reflective of delivering the service.
Priority Level	Number of Recommendations												
Critical	0												
High	9												
Medium	10												
Low	0												
Advisory	3												

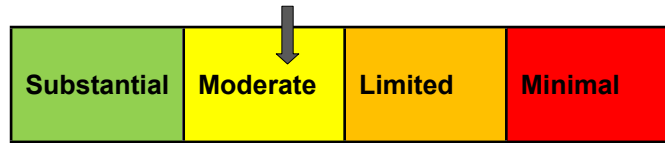
Grant Management													
<p>Priority Summary</p> <table border="1"> <thead> <tr> <th>Priority Level</th> <th>Number of Recommendations</th> </tr> </thead> <tbody> <tr> <td>Critical</td> <td>0</td> </tr> <tr> <td>High</td> <td>14</td> </tr> <tr> <td>Medium</td> <td>7</td> </tr> <tr> <td>Low</td> <td>1</td> </tr> <tr> <td>Advisory</td> <td>0</td> </tr> </tbody> </table>	Priority Level	Number of Recommendations	Critical	0	High	14	Medium	7	Low	1	Advisory	0	<p>Audit Assurance Rating</p>  <p>Key Findings:</p> <ul style="list-style-type: none"> • Grants are managed in the Service Area for which the grant relates and therefore there is no central register maintained of grants the Council awards or grants the Council receives. • Grant management processes must be improved with each grant having its own Project Officer, Civica Financial Code and Finance Business Partner assigned. • The relevant support functions, such as Procurement, Legal Services, Finance and Corporate Compliance and Governance are not always engaged at an early stage.
Priority Level	Number of Recommendations												
Critical	0												
High	14												
Medium	7												
Low	1												
Advisory	0												

Money Advice Service

Priority Summary

Priority Level	Number of Recommendations
Critical	0
High	3
Medium	5
Low	0
Advisory	0

Audit Assurance Rating



Key Findings:

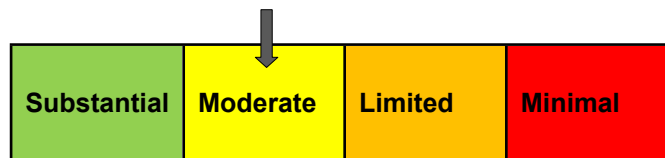
- Due to internal issues with the reporting system, one of the Key Performance Indicators was found to be displaying inaccurate information.

West Lancashire Gift Card

Priority Summary

Priority Level	Number of Recommendations
Critical	0
High	1
Medium	3
Low	1
Advisory	0

Audit Assurance Rating



Key Findings:

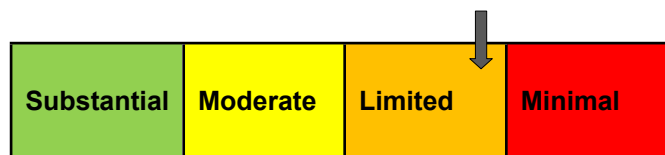
- Take up of the service was very poor and is now in the process of being withdrawn.

Parking Services

Priority Summary

Priority Level	Number of Recommendations
Critical	0
High	18
Medium	22
Low	7
Advisory	3

Audit Assurance Rating



Key Findings:

- Prompt action to upgrade the Pay and Display machines is required before the communication company ceases 3g.
- Adequate income reconciliation processes are not in place.
- There is no reconciliation process in place for enforcement fines paid or written off.
- There is no central management of Electric Vehicle Charging Points (EVCP).

3. Performance Indicators 2023/24

Indicator	Target	As of 15 October 2023
% Completion of the Internal Audit Annual Plan	90% of the audit plan completed by the end of the financial year, 31 st March 2024	45%
% Audit recommendations accepted by management, analysed by Priority Level: <div style="display: flex; flex-direction: column; align-items: center;"> <div style="background-color: red; color: white; padding: 2px 5px; margin-bottom: 2px;">Critical</div> <div style="background-color: orange; color: black; padding: 2px 5px; margin-bottom: 2px;">High</div> <div style="background-color: yellow; color: black; padding: 2px 5px; margin-bottom: 2px;">Medium</div> <div style="background-color: lightgreen; color: black; padding: 2px 5px; margin-bottom: 2px;">Low</div> <div style="background-color: lightblue; color: black; padding: 2px 5px;">Advisory</div> </div>	95% for all priorities	100%
Timely agreement and issue of the final report	80% of final reports (including agreement and completion of the Management Action Plan) issued within 5 weeks of the draft report.	100%
Customer Satisfaction Feedback	95% of feedback is Very Good, Good or Average rating	100%

4. Internal Audit Recommendation Status Summary Information

4.1 The reporting of recommendation implementation progress is provided to this committee at each meeting. To ensure that Internal audit recommendations are implemented the status of audit recommendation implementation is reported to CMT members on a weekly basis.

2021/22

From the final reports issued for 2021/22, and at the time of reporting there are 109 open or partially completed recommendations. It should be noted that out of the 109 open recommendations, 63 are within their implementation date, leaving 46 (42%) overdue.

2022/23

From the final reports issued for 2022/23 to date, There are 129 open or partially completed recommendations with 70 within their implementation date, leaving 59 (46%) recently becoming due.

Open Recommendations by Priority Level for Financial Years 2020/21 – 2022/23

The Open recommendations have been analysed further to show the priority levels:

Financial Year	P1	P2	P3	Total
2021/22	21	63	25	109
2022/23	27	58	44	129
Total	48	121	69	238

Recommendation Status by Priority Level for Financial Year 2023/24

Priority Level	Number of Recommendations Made	Open	Closed (Implemented)	Overdue
Critical	0	0	0	0
High	45	42	3	9
Medium	47	45	2	5
Low	10	9	1	0
Advisory	6	4	2	1
Total	108	100	8	15

Appendix A. - Definition of Audit Assurance Opinions and Priority Levels for Recommendations for 2023/24

Audit Assurance Opinions	
<p>Records the overall level of assurance recognised by the Internal Audit at the time the audit work was carried out. The assurance opinion is based upon the priority levels of the findings and recommendations arising from the fieldwork carried out by Internal Audit.</p> <p>The following categories are used to record the level of assurance over the Council's risk management, control and governance processes.</p>	
Assurance Opinion	Assessment of Internal Control
Substantial Assurance	<p>Level of Assurance = High</p> <p>The controls evaluated are well designed, appropriate in scope and applied consistently and effectively. Any issues identified are minor in nature and should not prevent objectives being achieved.</p> <p>There is a low risk of fraud, negligence, loss or damage to reputation.</p>
Moderate Assurance	<p>Level of Assurance = Medium</p> <p>The controls evaluated are generally well designed, appropriate in scope and applied in the main consistently and effectively, but some weaknesses have been identified that require management attention. These issues increase the risk that some objectives may not be fully achieved.</p> <p>There is a medium/low risk of fraud, negligence, loss or damage to reputation.</p>
Limited Assurance	<p>Level of Assurance = Low</p> <p>Some controls evaluated are generally well designed, appropriate in scope and applied consistently and effectively. However, issues of poor design, gaps in coverage or inconsistent or ineffective implementation have been identified that require immediate management attention. The issues if unresolved, mean that objectives may not be achieved.</p> <p>There is a medium risk of fraud, negligence, loss or damage to reputation.</p>
Minimal Assurance	<p>Level of Assurance = Minimal or None</p> <p>Expected controls are absent, or where evaluated are flawed in design, scope or application leaving the system open to error or abuse. The auditor is unable to form a view as to whether objectives will be achieved.</p> <p>There is a high risk of fraud, negligence, loss or damage to reputation.</p>

Priorities for Recommendations

Critical	<p>Recommendation concerning the absence/failure of fundamental control/s which is critical to the success of the system. Major weakness which significantly impairs the overall control framework.</p> <p>Risk Exposure - Very High</p> <p><i>Action must be taken immediately.</i></p>
High	<p>Recommendation concerning absence or non-compliance with key control/s which creates significant risks within the organisation. Substantial weakness identified.</p> <p>Risk Exposure - High</p> <p><i>Action must be taken within one month.</i></p>
Medium	<p>Recommendation concerning absence or non-compliance with lower-level control, or an isolated instance of non-compliance with a key control. The weakness identified is not necessarily great, but controls would be strengthened, and the risks reduced if it were rectified.</p> <p>Risk Exposure - Moderate</p> <p><i>Action should be taken with six months.</i></p>
Low	<p>Recommendation concerning minor issue, which is not critical, but implementation would improve the system and/or strengthen controls.</p> <p>Risk Exposure - Low</p> <p><i>Action should be taken with twelve months.</i></p>
Advisory	<p>These are issues identified during the course of the review that do not adversely impact the service but include areas of enhancement to existing operations and the adoption of best practice.</p>