



Internal Audit Service

Internal Audit Activities – Progress Report

January 2024

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

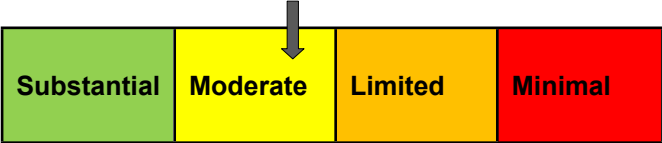
Assurance Audits	Stage of Audit	Audit Opinion	Reported to A&G committee
Parking Services	Final Report Issued	Limited	October 2023
Community Infrastructure Levy	Draft Report Issued		
West Lancashire Gift Card	Final Report Issued	Moderate	October 2023
Starters/Movers/Leavers			
Aids & Adaptations - Private Sector Housing	Final Report Issued	Limited	October 2023
Money Advice Service	Final Report Issued	Moderate	October 2023
Cleaning Services	Deferred		
Governance Review Project - CIPFA Audit Committee Guidance Compliance	Fieldwork		
New Homes Bonus / Council Tax	Draft Report Issued		
Procurement	To Commence Feb 2024		
Rate Revaluation - Commercial Properties	Final Report Issued	Moderate	January 2024
Corporate Governance – Annual Review to support AGS 2022/23	Complete	N/A	
Grant Management - Cross Cutting	Final Report Issued	Limited	October 2023
Agency Staffing	Fieldwork		
Housing Benefits and CTRS	Fieldwork		
Creditors	To Commence Jan 2024		
Debtors	To Commence Jan 24		
Business Rates	Draft Report		
Payroll	To Commence Feb 2024		
Rents	Fieldwork		
Main Accounting, incl. Treasury Management	Fieldwork		
Information Governance			
Cyber Security			
NHS DPST submission	Complete		
Data Security	Complete		
Fraud			
Managing the risk of Fraud and Corruption Self-Assessment	Fieldwork		
Tenancy Fraud	Fieldwork		

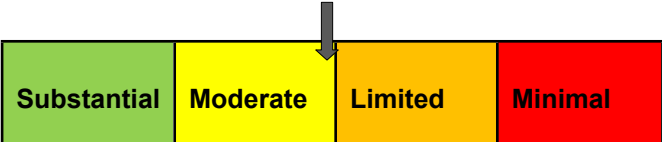
- 1.1 For the period 1 April 2023 to 15 January 2024 progress against the plan for the financial year 2023/24 has been satisfactory. As of 15 January 2024, 60% of planned audit work is either completed or in progress.
- 1.2 There has been a vacancy of one Internal Auditor within the service for over 12 months which has impacted on the completion of the Internal Audit Annual Plan. Following a number of unsuccessful exercises to recruit a suitable replacement, the decision to replace this post with an Apprentice Auditor was approved. The Council has successfully recruited an Apprentice Internal Auditor who commenced employment on 18th December 2023. The team is now at full capacity.
- 1.3 The Cleaning Services Audit review is to be deferred due to the service area undergoing a review.

2. Audit Assurance Reports

Summary details of the final reports, issued during the period 16 October 2023 to 15 January 2024 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.:

Rate Revaluation – Commercial Properties													
<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>0</td> </tr> <tr> <td>Medium</td> <td>5</td> </tr> <tr> <td>Low</td> <td>7</td> </tr> <tr> <td>Advisory</td> <td>2</td> </tr> </tbody> </table>	Priority Level	Number of Recommendations	Critical	0	High	0	Medium	5	Low	7	Advisory	2	<p>Audit Assurance Rating</p>  <p>Key Findings:</p> <ul style="list-style-type: none"> • Responsibility for appealing any new valuations of Council Property needs to be established. • A review of the Council's bases (e.g., Derby Street, Robert Hodge Centre, Sandy Lance) should be undertaken to ensure they have been accurately revalued by the Valuation Office. • Information in relation to a Council building being leased is not passed from the Estates Team to the Business Rates Team to enable the liability to be changed in a timely manner.
Priority Level	Number of Recommendations												
Critical	0												
High	0												
Medium	5												
Low	7												
Advisory	2												

Community Infrastructure Levy (CIL)													
<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>2</td> </tr> <tr> <td>Medium</td> <td>13</td> </tr> <tr> <td>Low</td> <td>24</td> </tr> <tr> <td>Advisory</td> <td>5</td> </tr> </tbody> </table>	Priority Level	Number of Recommendations	Critical	0	High	2	Medium	13	Low	24	Advisory	5	<p>Audit Assurance Rating</p>  <p>Key Findings:</p> <ul style="list-style-type: none"> • Administration costs for 2022/23 were not recovered. • Inconsistent approach to the coding of projects to enable a reconciliation to be undertaken. • The CIL funding programme is not articulated to the Finance Business Partner to ensure that projects agreed are documented in the Capital Programme. • A review of the risks maintained on Pentana have not been reviewed and where applicable updated for some time.
Priority Level	Number of Recommendations												
Critical	0												
High	2												
Medium	13												
Low	24												
Advisory	5												

Follow Up Reviews

Voids			
Priority Summary		Audit Assurance Rating - Original	
Priority Level	Number of Recommendations		
	Original	Outstanding	
1	25	9	Audit Assurance Rating - Updated
2	28	7	
3	2	0	
			Key Findings to be Addressed: <ul style="list-style-type: none"> - A QL Processes and procedures manual should be designed and implemented for all staff to utilise. - Up to date QL training should be provided to all staff with access to the system. - The charging for works on Council Crash Pads needs to be reviewed.

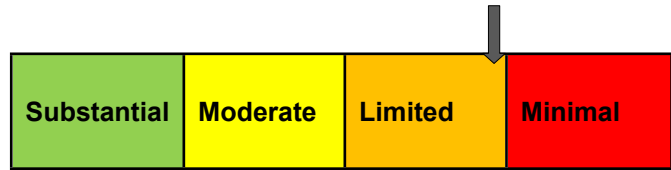
Gas			
Priority Summary		Audit Assurance Rating – Original	
Priority Level	Number of Recommendations		
	Original	Outstanding	
1	18	4	Audit Assurance Rating - Updated
2	5	1	
3	1	0	
			Key Findings to be Addressed: <ul style="list-style-type: none"> • Information in Gastag is not up to date. • Procedures for "other heating" types are required.

D100 – QL Order/Invoice Processing

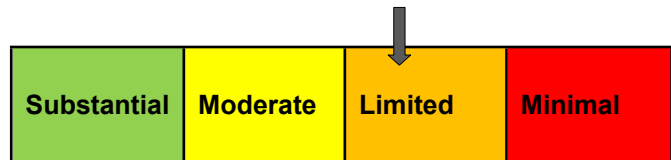
Priority Summary

Priority Level	Number of Recommendations	
	Original	Outstanding
1	0	0
2	13	13
3	0	0

Audit Assurance Rating – Original



Audit Assurance Rating - Updated



Update:

A task and finish group is to be set up in order to review the processes in place for the D100 and look at how this can be improved utilising the new Civica financials and upgraded QL systems. Internal Audit have been provided with a copy of the project scope and will attend the project meetings as required.

All the recommendations made in the audit will be addressed by the task and finish group when designing and implementing the new processes.

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	60%
% 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: black; padding: 2px; margin-bottom: 2px;">Critical</div> <div style="background-color: orange; color: black; padding: 2px; margin-bottom: 2px;">High</div> <div style="background-color: yellow; color: black; padding: 2px; margin-bottom: 2px;">Medium</div> <div style="background-color: lightgreen; color: black; padding: 2px; margin-bottom: 2px;">Low</div> <div style="background-color: lightblue; color: black; padding: 2px;">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 84 open or partially completed recommendations. It should be noted that out of the 84 open recommendations, 36 are within their implementation date, leaving 48 (57%) overdue.

2022/23

From the final reports issued for 2022/23 to date, there are 107 open or partially completed recommendations with 57 within their implementation date, leaving 50 (46%) overdue.

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	41	22	84
2022/23	19	44	44	107
Total	40	85	66	191

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	51	37	14	24
Medium	56	43	13	3
Low	17	9	8	3
Advisory	8	4	4	0
Total	132	93	39	30

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>