



CHIEF INTERNAL AUDITORS ANNUAL REPORT AND OPINION 2023-24

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Section One

Executive Summary

1.1 Introduction

In accordance with the Public Sector Internal Audit Standards (PSIAS), the Chief Internal Auditor is required to provide an annual opinion on the overall adequacy and effectiveness of the organisation's control and governance processes. This is traditionally achieved through the delivery of a comprehensive risk-based plan of work (the Internal Audit Plan), agreed with Officers and Members. For 2023-24 the Internal Audit Service delivered a comprehensive programme of work over the full twelve-month period up to the 31 March 2024, covering all of the in-year key risks to the Council, as detailed in this report, which is considered sufficient to support the delivery of the Chief Internal Auditor's annual opinion. This does not imply that Internal Audit has reviewed all risks and assurances relating to the organisation, however the opinion does form one of the key sources of assurance that underpins the Council's Annual Governance Statement.

1.2 Overall Assurance

In providing an opinion it should be noted that assurance can never be absolute. The work of Internal Audit can only provide reasonable assurance that there are no major weaknesses in the Council's control and governance processes. The opinion provided is based on the work completed by internal audit and reported to the Audit and Risk Management Committee. It must be noted that there may be weaknesses in the Council's systems of internal control that have not been identified if they did not form part of the programme of audit work completed or were excluded from the scope of individual internal audit assignments.

1.3 Opinion

It is important to acknowledge that external reports received by the Council in recent years have identified a number of areas for improvement across a number of Council systems and for which improvement plans have been in place and good progress made.

I have taken account of this and the impact on the control environment as well as the outcomes from the programme of audit work, that includes the identification of improvement and development opportunities across some key corporate systems for which actions are currently in hand and including my ongoing engagement with senior management. It is my opinion

therefore that the Council generally maintains adequate and effective control and governance processes overall. This opinion is based on audit work performed during 2023-24 and from cumulative knowledge of the organisation.

There has been positive engagement with management in agreeing recommendations where audit work has identified weaknesses in the design or application of controls. Action plans are in place to address all issues identified through the work of internal audit. The results of the follow up audits completed provide assurance that the actions agreed in response to audit reports are implemented in a timely fashion.

Section Two

Basis of the Opinion

2.1 Planned coverage and output

The Internal Audit Service delivered a comprehensive plan of audit work during 2023-24 that involved the completion of seventy-nine individual assignments in accordance with the agreed Internal Audit Plan for the year as endorsed by the Audit and Risk Management Committee in June 2023. These audits were designed to target key risks to the Council across a wide range of service areas with all of the actions identified in audit reports agreed with clients for implementation or management of the risk and subject to action plans for delivery. Regular updates were provided to Chief Officers and the Audit and Risk Management Committee during the year on progress towards the implementation of agreed recommendations by officers with appropriate escalation actions being taken in year.

The delivery of the Audit Plan of work for 2023-24 and its comprehensive coverage is considered sufficient and wide-ranging enough to allow a confident and evidence-based annual audit opinion. It is important to note that the overall opinion is based on internal audit work undertaken during 2023-24 and the significant level of support and challenge to the Council during the year regarding the implementation of some replacement key corporate systems. To date no significant issues or weaknesses arising from this work have been identified that would impact on the overall opinion.

2.2 Summary of work supporting the opinion

The audit work undertaken that forms the basis of the opinion includes:

- The work of Internal Audit in reviewing the Council's governance arrangements including challenging and supporting the arrangements implemented.
- Assessment of risk management arrangements across business areas including those implemented in response to emerging risks presented.
- Assessment of the range of audit opinions arising from audit assignments completed during the year. This assessment takes account of the relative materiality of areas audited and includes the development and

utilisation of audit programmes for key financial systems to evaluate the risks and impacts of mitigating actions taken by management.

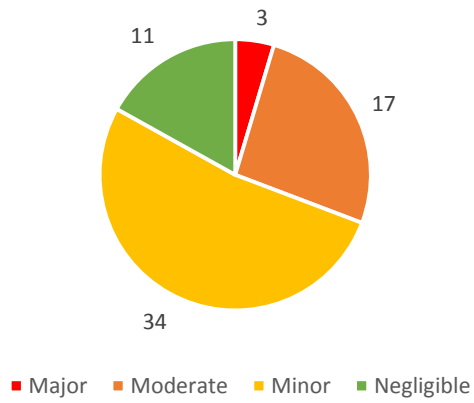
- The development and delivery of a plan of work for the Merseyside Pension Fund that included risk assessments, and for which separate reporting arrangements are in operation in accordance with the service level agreement.
- Assessment of management's responses to Internal Audit's recommendations and the progress made in addressing risks and issues identified through audit work.
- Discussions with senior managers from across the organisation to contribute to developing appropriate responses to evolving risks and threats presented in line with government requirements and best professional practice.

2.3 Audit assignments completed

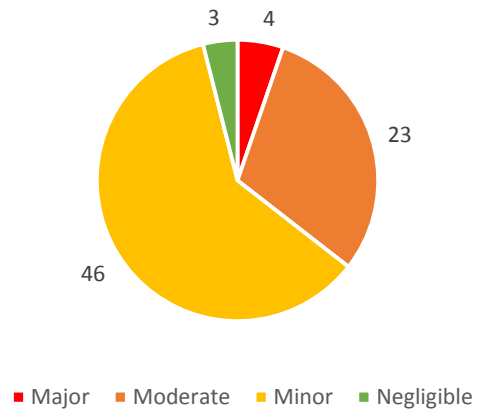
Seventy-nine individual audits were completed during 2023-24 that included a significant number of real-time consultancy challenge, advice and guidance assignments. A full list of these audits that have helped inform the overall opinion is provided in Appendix A. The list identifies a wide range of different types of audit activity undertaken during the year. Where actual planned audits have been completed each of these is graded in terms of the risk to the organisation and how well risks were managed in the area under review. Four different levels of opinion are used: major, moderate, minor and negligible. Definitions of the assurance levels are provided in Appendix B. Where audit work comprises consultancy work of an advisory and guidance type nature a risk opinion has been identified for this report based upon the nature of the risk presented and management actions being taken. This work often comprises either providing support and guidance or involvement in systems designed to address challenges presented. Audit involvement in these areas has been provided in compliance with best professional practice to support effective control and governance principles.

The charts below analyse the audit opinions identified for 2022-23 and 2023-24 allowing a reasonable comparison to be made over the period although it should be noted that slightly more work has been conducted during 2023-24 and might distort the figures a little. The outcomes for the two years are broadly similar with the majority of opinions provided falling within the moderate and minor categories with increases in both of these for the 2023-24 year at the expense of the negligible opinions. Overall, the percentage of audits classed as negligible and minor account for 64% of opinions in 2023-24 compared to 69% in the previous year, with an increase of one in audits assessed as major risk. Overall, the differences are not considered significant enough to warrant a change in my overall opinion.

Audit Organisational Risk Opinions 2022-23



Audit Organisational Risk Opinions 2023-24



In addition to the delivery of a comprehensive programme of audit work as detailed in the Annual Audit Plan the team is directly responsible for completing the annual Corporate Governance review that includes targeted work to evaluate the effectiveness of arrangements in accordance with the CIPFA/SOLACE Delivering Good Governance in Public Sector publication.

Other governance work included supporting the Council's Corporate Governance Group and providing input to the revision of the Code of Conduct for Employees

2.4 Summary of key issues arising in year

Issues have been identified in audit work completed during the year and reported to senior management for appropriate actions to be undertaken to mitigate any risks and strengthen and improve the respective control environment. All of these issues have been summarised and reported to the Audit and Risk Management Committee at regular scheduled meetings and appropriate actions taken by Members that have included relevant officers being invited to Committee meetings to provide updates including progress being made to implement agreed actions. Key issues identified and reported during 2023-24 as well as identified challenges that the Council faces are included in this section of the report. For all of the items listed actions have either been undertaken in year by senior management or are progressing and will be subject to further audit work during 2024-25:

2.4.1 Information Governance and GDPR Compliance

The Council remains committed to maintaining and improving effective information governance. Data breaches are reported to the Data Protection Officer (DPO) in accordance with the Council policy. There have been no data breaches in 2023-24 that have required notifying the Information Commissioner's Office. There continues to be an emphasis for staff on the safety and security of information and training is provided on FLO for staff to complete. All Freedom of Information (Fol) requests and complaints are responded to; however, some timed deadlines have been missed during the year. The Council is working on improving its transparency in this area and is looking to include indicators in respect of its ability to respond to information requests and customer complaints in its suite of corporate health indicators in 2024-25.

There remains a need for further action to ensure full compliance with the Payment Card Industry Data Security Standard (PCI DSS). Work to achieve compliance with the PCI DSS is continuing, with an approach and action plan in place as agreed with the Senior Leadership Team.

As the Council's estate reduces, action will be necessary to ensure that if there is any remaining documentation in closed offices it is appropriately managed. Internal Audit will continue to work with senior management and colleagues to ensure that best practice solutions are implemented in response to developing risks in this area and more targeted work is scheduled within the Internal Audit Plan for 2024-25.

Actions have been taken by senior management in year to improve controls in operation over Liquidlogic systems following audits undertaken, improving controls in operation to protect the integrity of data maintained on these systems and strengthening the effectiveness of the overall information governance arrangements in operation.

A number of key actions are ongoing to ensure that the Council continues to build on this progress and current arrangements must continue to be strengthened to ensure continued compliance with GDPR, especially in light of the corporate hybrid working arrangements in place and associated increased risks and threats presented.

2.4.2 Cyber Security

Internal Audit have completed a number of cyber security related audits during the year and agreed recommendations to strengthen the control environment and mitigate risks in this key strategic area of operations. The Council, like many other organisations faces significant and constantly evolving threats to its digital infrastructure on a daily basis and is subsequently required to ensure that its internal controls remain robust and able to evolve in direct response to the threats posed. The Council has recently taken a number of actions that include the provision of training on managing information assets which is now available on the Councils e-learning platform and outlines the roles and responsibilities of all asset owners. In addition, the corporate rollout of the new Windows11 hardware and software should provide further protection to the Councils data assets as this inherently has more layers of security enabled. The Council has also taken steps during the year to develop its in-house Cyber Security Team with specific responsibilities for ensuring that the Council remains protected against ever increasingly complex threats and this should help the organisation protect itself against the type of security breach that other public sector bodies have encountered in recent years.

Cyber Security remains on the corporate risk register and more targeted work is identified in the Audit Plan for 2024-25 that includes some collaborative work with the new Cyber Security team.

2.4.3 Finance Resilience.

Grant Thornton's (GT) Annual Auditor's report for 2022-23 recognises the continuing progress the Council is making to recover from a period of significant financial challenge and acknowledges the success in balancing the budget. The external auditors recognise that the Council has taken a number of steps to improve its financial planning, management and budget monitoring including restructuring of the Finance team and strengthening committee oversight. The Independent Panel letter reported to the Policy and Resources Committee in January 2024 noted that the Panel was reassured that the Council would be able to set a balanced budget for 2024-25 and that the gaps for the subsequent two years would be manageable and that savings will be identified.

The Senior Leadership Team recognises that financial stability remains the Council's most pressing priority. There have been overspends within some budgets and underachievement of some savings, however processes have been put in place within the budget setting for 2024-25 to identify and remedy issues. The Independent Panel noted that the Corporate Plan and draft Medium Term Financial Strategy (MTFS) need better linking and there is a need to clearly match Council resources to stated priorities.

Grant Thornton report that there are a number of signs of financial stress that indicate a threat to financial sustainability in the short to medium term and conclude that their assessment of a significant weakness in the Council's arrangements for financial sustainability remains, although the direction of travel is positive. GT have highlighted the significant use of earmarked reserves and forecast future reserves balance as a major concern, concluding that the increased use of reserves and deteriorating balances may undermine the Council's ability to be financially sustainable in meeting its commitments in the short and medium term. GT's report included a key recommendation that all Members need to ensure there is a robust response to financial matters highlighted and that officers are supported in making the changes needed. The GT report also included an improvement recommendation that the Council must ensure there is a robust financial governance framework around the delivery of its Capital Programme. Work is ongoing during 2024-25 to refine the capital programme approach to ensure greater focus is given to the reprofiling of projects which should provide improved reporting and performance against budget.

The new Oracle Fusion system launched in 2023 and it is recognised that under the new Enterprise Resource Planning (ERP) system financial data is more accurate and up to date, improving forecasting and providing better oversight of budgets and expenditure. The new system is not yet fully embedded and there is more work to do to use the full

functionality of the system and to achieve the full benefits. Further work is also needed to embed the Finance Business Partner (FBP) model although the restructuring of Finance and Investments should support improvements in this area.

The Council continues to comply with the CIPFA Financial Management Code which provides guidance, standards, and principles for good and sustainable financial management in local authorities and evidences the Councils arrangements for financial sustainability through a robust framework.

Targeted audit work undertaken during 2023-24 identified a number of key items of note that included the positive impact that key officer appointments have had on the budget process and the associated improvements in processes, including increased internal scrutiny and more robust identification of budget savings, as well as improved processes in place to monitor the achievement of savings in-year. Further actions are still required to continue this improvement during 2024-25 to better inform budget setting decisions.

2.4.4 Corporate Procurement

The Senior Leadership Team (SLT) and Departmental Management Teams (DMT) have been working throughout the year with the Procurement team to develop and improve arrangements for the procurement of goods and services, reviewing contracts with a focus on any areas of non-compliance or exceptions to contract procedure rules and best practice. Improvements have included targeted officer training, support and guidance. This has resulted in:

- Reductions in the number of retrospective purchase orders.
- Reductions in exceptions and issues of non-compliance.
- Improvements in the management of the pipeline for the review and sign-off of contracts.

An area that needs strengthening further is the management of contracts as evidenced by the outcome of targeted audit work completed during the year and this is currently being addressed through the restructuring of the Procurement team and support provided to departments with workshops and other related events planned. In addition, it is planned to update the Contract Procedure Rules during 2024 to ensure compliance with the new Procurement Regulations.

The Internal Audit Service has included more targeted work in these areas during 2024-25 and will continue to contribute to the development of more robust corporate systems in these areas through the involvement with corporate working groups set up to oversee this activity, reporting outcomes and progress to the Audit and Risk Management Committee (ARMC).

2.4.5 Risk Management

The Council has well established risk management arrangements in place for corporate and departmental risks. The risk management strategy and policy has been reviewed this year, with a new Risk Management Framework presented to ARMC on 26th March 2024. Revised training and publicity for the new framework is scheduled to take place during 2024-25. An audit of risk management arrangements is due to take place during 2024 by auditors from Cheshire East Council to ensure independence as the responsibility for risk management currently sits under the Council's Chief Internal Auditor . The Corporate Risk Register is reported to SLT on a regular, quarterly schedule, and reported regularly to appropriate committees. A review of programme and project risk management has been undertaken within the Programme Office to consider the effectiveness and consistency of arrangements.

Actions to develop and improve risk management arrangements relating to revised guidance, training and awareness are to be implemented during 2024-25. There have already been improvements in the risk information provided to Members and included in committee reports. It is recognised there is still work to do to support Members' understanding of risk, including their roles in respect of risk management on service committees and ARMC. In addition, work is currently underway to strengthen the resourcing of the risk function.

2.4.6 Business Continuity

The implementation of the new financial and procurement system prompted a review and update of business continuity (BC) plans across the Council. In addition, the office relocation to Mallory has also highlighted the need for robust plans and special arrangements during a transition period of working from home and the move to the new building. Recent structure and personnel changes will be the focus of reviewing plans in the coming months to ensure BC plans are fit for purpose, starting with the annual business continuity awareness week in May 2024. Business Continuity workshops have been held during 2023-24 to further raise awareness of these matters amongst the workforce, however it is recognised that

there is more to be done during 2024-25 to raise the profile of business continuity and test the robustness of existing arrangements and the related documentation in place.

2.4.7 Merseyside Pension Fund

The following audits of systems in operation at the Merseyside Pension Fund were completed during the year to evaluate and provide assurances regarding the effectiveness of the controls in operation and the overall environment:

Northern Pool – Governance Arrangements
McCloud Remedy Compliance
Contribution Income

Pensions Payroll
General Ledger – Oracle Fusion Data Migration
Benefits Payable

The work undertaken and reports completed identified a number of actions to improve systems in operation and strengthen the control environment, although none of these were significant and the overall outcomes identified that during 2023-24 there was a sound system of control in place overall and this was being consistently applied.

2.4.8 Regeneration – Governance Arrangements

At the request of the Chief Executive, the Internal Audit team have continued to be involved in completing audit work to review ongoing corporate work and initiatives to strengthen the governance arrangements supporting the Regeneration Programme. A baseline review of all projects was undertaken during the year which informed a Regeneration Workplan that has been used to direct the development work. Areas involved included:

- A review and refresh of the structure of the programme governance and reporting arrangements in place. This included the role and purpose of the various programme boards, how these link through the Regeneration Programme Board and other officer groups and the overarching arrangements for Member and Partner involvement including the Wirral Regeneration Partnership Board.
- Arrangements for the prioritisation of projects, linked to the need to deliver key Pathfinder grant funded projects within agreed deadlines.

A resourcing review reported to Policy & Resources Committee.

- A review of programme and grant administration procedures including the Regeneration Programme Management Office (PMO) arrangements.
- A workshop for Members of the Economy, Regeneration and Housing Committee.

The review has involved significant work and focus in recent months and arrangements are soon to be finalised. The operation of these new arrangements will be subject to further targeted Internal Audit challenge and review as part of planned work in the 2024-25 Audit Plan.

2.4.9 Key Financial Systems

Following on from the Audit Team input during the development stage of the new Oracle Fusion ERP system in 2022-23, the work undertaken during 2023-24 on the key financial systems primarily focused on the various ERP modules that went live in April 2023. The objective of each audit was to evaluate the impact of the module on the operation of the relevant key financial system in order to provide stakeholders with assurance that the key risks following implementation of Oracle Fusion have been identified, investigated, and mitigated where appropriate. Audits of the following modules have been completed and the overall findings indicate that operations remain effective although a number of recommendations have been agreed for implementation to enhance the control environment.

Accounts Receivable	Cash Management	Collections
Accounts Payable	General Ledger	

2.4.10 Adults Social Care Direct Payments

During the year a comprehensive audit was undertaken of the Adults Direct Payments system in operation by the Council in order to assess the adequacy and effectiveness of the associated controls for the identification, recording and monitoring of payments made to adults receiving care packages. A significant number of areas for improvement were identified and actions agreed with senior management to alleviate and mitigate risks presented across a range of activities including the monitoring and reporting on client account activity and administration of the provision of care by designated providers.

It is encouraging to note that actions are being taken by senior management of the Council to address concerns and that good progress is now being made to strengthen control and management arrangements in what is traditionally a high risk

area of operations that is often subject to ongoing attempted fraudulent activity across the public sector. Internal Audit will continue to monitor progress in this area during 2024-25 and have included targeted follow up work in the 2024-25 Audit Plan.

2.4.11 Climate Emergency

Follow up work on outstanding recommendations from the 2021-22 Climate Emergency audit has continued during the year with targeted audit work to evaluate progress. Significant progress has been made during the year with the majority of the required actions having been completed and arrangements strengthened. The Climate Emergency and Procurement officers are now working collaboratively to address the remaining recommendations. The Internal Audit team continues to monitor developments to ensure that the recommendations are fully implemented as the climate response and achieving net zero remain a key corporate risk.

2.4.12 Matrix Contract

Following an audit review of the Matrix system during the year a number of actions have been implemented by senior management to improve corporate systems in operation and address underlying risks that has included a number of initiatives to strengthen arrangements in place over the management of this key contract. In particular the development of a wide range of activity outside of the contract to support delivery as well as improving performance monitoring and reporting on the utilisation and effectiveness of the contract arrangements. In addition, and looking forward a number of actions have been taken in conjunction with other local authorities to ensure that all alternative solutions are considered for the delivery of this type of service and that any future arrangements remain fit for purpose, commercially viable and offer good value for money. Internal Audit will continue to monitor progress in this area and have included some scheduled follow up work in the Audit Plan for 2024-25.

2.4.13 Hind Street Regeneration Development

The Council has acted upon concerns raised in last year's report that reflected on audit reviews undertaken, including the developing processes regarding the Hind Street project and identified some concerns around governance and the decision-making processes. Significant improvements have now been made to these arrangements that include the establishment of a Regeneration Portfolio Board reporting to the Economy, Housing, Regeneration Committee. In addition, a Hind Street Project Team and Master Development Agreement Steering Group has been initiated to ensure appropriate scrutiny of plans and actions including the clarification of reporting lines and accountability. These governance

developments are essential for the continued delivery of this major project in an efficient and effective manner. Further targeted audit reviews are scheduled as part of the Internal Audit Plan of work for the 2024-25 financial year to continue to test the effectiveness of these arrangements for efficiency and effectiveness.

2.4.14 Health, Safety and Wellbeing

Internal Audit have undertaken work during the year to evaluate progress made to implement actions agreed previously to strengthen arrangements in this area and have acknowledged that improvements are being made by the Senior Leadership Team through the development of the Health, Safety and Wellbeing Strategic Board and Health, Safety and Wellbeing Operational Group to enhance the overall governance processes. Strategic leadership of Health and Safety has been a Senior Leadership Team priority during the year with the Chief Executive chairing the Strategic Health, Safety and Wellbeing Board. Improvements have been made with Governance Assurance Statements for Directorate's now requiring specific assurances annually regarding the effectiveness of health and safety arrangements and compliance with corporate policy. The internal Health and Safety Team now also maintain a suite of comprehensive Health & Safety management arrangements covering the Council's and Schools' statutory responsibilities and a new strategic Health and Safety Risk Register has been developed that identifies key organisational risks and mitigation controls for risk owners to manage. In addition, a health and safety inspection programme has commenced to review the evidence of compliance against corporate policy and management arrangements and the Health and Safety Policy is being updated for consideration by Members. The Council is also reviewing health and safety compliance in its own assets through the development of the Corporate Landlord model.

More work though is required to ensure that clarification and communication of the Health and Safety Policy and Strategy across all areas of the Council is suitably robust and messages consistent, and that actions identified by internal health and safety inspections are implemented promptly to alleviate identified risks. This has been highlighted by recent issues around health and safety compliance within schools and reinforces the need to review the focus across all departments on the Council's offer to schools and its monitoring of their compliance. The Council has responded positively to a reported asbestos incident at a school and the subsequent HSE correspondence and work is ongoing to strengthen arrangements including how best to provide health and safety support to schools into the future. Health and Safety remains a significant risk to the organisation and Internal Audit will continue to monitor developments and evaluate progress through targeted work included in its Audit Plan for 2024-25.

2.4.15 Performance Management

In response to feedback from Grant Thornton the Council has continued to develop and improve its performance management and reporting arrangements optimising its extensive live performance database reporting through PowerBI. The Performance Insight packs, and Corporate Dashboard now support performance management at DMT, SLT and Operational Performance Group (OPG) and inform the bimonthly meetings the Chief Executive and Director of Finance have with Directors to oversee Directorate performance. The Monthly OPG operates at a strategic level to review performance with focussed interventions and highlighted risks and issues reported to SLT. Performance dashboards are increasingly being reported to committees. The Council is exploring how it can further use data to support change through the role of business change analysts.

2.5 Follow-up audit assignments completed

In accordance with the requirements of the Public Sector Internal Audit Standards follow-up audit assignments are normally routinely completed for all audits. These audits examine the progress that management has made in implementing previously agreed audit recommendations. Revised opinions are subsequently issued where appropriate, informed by the extent to which the issues identified in the original audit report have been addressed. Good progress has been made during 2023-24 by management in response to these audits. Any failure to implement agreed recommendations within agreed timescales are routinely reported to the Audit and Risk Management Committee.

2.6 Limitations placed on internal audit

During the year, there have been no matters arising which have impacted on the independence of the Internal Audit Service and there have been no inappropriate scope or resource limitations on internal audit work.

2.7 Conformance with the Public Sector Internal Audit Standards (PSIAS)

The Council's external PSIAS assessment was completed during 2019 and the overall conclusion was that the Council's internal audit arrangements 'fully conform' with all aspects of the standards. A further review is scheduled for later this year.

Section Three

Performance, Quality Assurance and Improvement Programme

3.1 Performance

The Internal Audit service measures its ongoing performance against an agreed set of key targets in line with current best practice and as identified below. These indicators form part of the overall service performance reporting information for senior management and the Audit and Risk Management Committee.

The table below details the key performance targets relating to the Internal Audit Service and identifies actual performance during 2023-24, indicating that all of the targets were achieved:

IA Performance Indicator	Target	Actual
Percentage of Audit Plan Delivered	100	100
Percentage of High priority recommendations agreed with clients.	100	100
Percentage of returned client survey forms indicating 'satisfaction' with the IA service.	90	100

3.2 Quality Assurance

The development and maintenance of a Quality Assurance and Improvement Programme (QAIP) is a requirement within PSIAS. The purpose of the QAIP is to ensure that the Internal Audit service operates in accordance with PSIAS and the Local Government Application Note (LGAN) and maintains consistently high standards. The Internal Audit Service operates a QAIP that is designed to provide all stakeholders with reasonable assurance that the service performs its work in accordance with this, the Internal Audit Charter, Strategy and Code of Ethics. The QAIP is designed to cover all

elements of internal audit activity in accordance with PSIAS Standard 1300 ensuring compliance, adding value and helping improve organisational operations. Key elements of the quality assurance improvement programme are described below:

- The Internal Audit team is made up of appropriately trained and qualified staff with significant local government experience. All of the team complies with ethical rules, technical standards and professional practice laid down by Wirral Internal Audit Services and respective professional bodies;
- Internal audit work is based upon a detailed risk-based audit plan, which is agreed in consultation with management and is approved by the Audit and Risk Management Committee;
- Internal Audit employs an audit methodology that is in accordance with professional standards;
- Terms of reference are developed with key stakeholders for each audit assignment which set out the agreed coverage;
- Robust management review is undertaken of all audit files and reports prior to issue;
- Post audit assessments are undertaken for all audit assignments completed and performance evaluated;
- There is a well-developed system of regular reporting of progress against the audit plan and the performance of the Internal Audit Service against key targets to the Audit and Risk Management Committee;
- All Internal Audit staff complete annual declarations confirming their compliance with the Code of Ethics;
- There is a commitment to the continuing professional development of all internal audit staff through a range of learning and development opportunities including ongoing auditor skills appraisal. These include professional training, on the job training, e-learning, webinars and attendance at relevant training events and workshops.

An annual report is presented to the Audit and Risk Management Committee on this evaluating the effectiveness of the Internal Audit Service against key criteria with the last report being presented in January 2024.

3.3 Feedback from audit clients

Internal Audit invites feedback on the quality of service provided by issuing a 'customer satisfaction questionnaire' at the end of each audit. This is an important process in terms of identifying how the audit was received by the service area. It is also an important means of identifying aspects of the audit process that can be improved.

The feedback received in the year was very positive, a small sample of the comments received through the post audit questionnaires are included below:

- *“thorough and professional. extremely useful recommendations outlined in the report to improve things”*
- *“very productive process” “a platform for improvement”*
- *“a very challenging review that helped improve systems in place”*
- *“professional and supportive”*

3.4 Areas for Development

Wirral Council faces many challenges and opportunities going forward that bring with them significant risks, it is important that the Internal Audit Service targets its resources in these areas during 2024-25 to evaluate the effectiveness of the arrangements in place to manage and mitigate these risks effectively. Consequently, the Internal Audit Service has developed a highly comprehensive Internal Audit Plan for the year that is intentionally flexible and dynamic to allow it to evolve in line with the evolving risk landscape. Some of the issues that the Council will face include the following:

Financial Pressures

Significant Regeneration development delivery

Challenging Governance Issues

Increased Cyber and Information governance threats

It is important that the Internal Audit Service develops its processes, procedures and audit approaches to these challenges in a way that adds value to the organisation whilst at the same time remaining fully in compliance with professional best practice:

Outcomes from reviews during 2023-24 identified some areas of corporate operations and governance systems for improvement and actions are underway by the Council to identify and implement systems to strengthen arrangements in these areas. The Internal Audit Service has an important role to play, assisting and supporting the organisation in evaluating and assessing progress in a number of these areas and inclusions have been made to the Audit Plan to accommodate targeted work in some of these areas and programmes will be developed to undertake this work during 2024-25.

A number of key corporate initiatives are currently being implemented that will require the Internal Audit Service to develop a more robust and refined audit approach to certain operations during 2024-25 that include the delivery of numerous major corporate regeneration projects across the borough. Each of these will involve a different model of delivery and include working directly with partners from outside of the organisation, to develop joined up collaborative solutions to risk and control issues presented.

The constantly changing landscape and increased demands and challenges that the organisation and the Internal Audit Service faces does however provide ongoing opportunities to constantly challenge the way that the team operates and to implement some improvements to working practices. The service is currently going through an enabling services review that should provide objective challenge to the way in which the team delivers its services and potentially identify opportunities for development including increased flexibility and purpose refocussing that is beneficial to both the organisation and the workforce whilst ensuring that performance management and quality control arrangements remain paramount.

Appendix A

Summary of Internal Audit Activity During 2023-24

The Internal Audit Plan for 2023-24 was approved for delivery by the Audit and Risk Management Committee in June 2023 and identified a number of themed areas that reflected key risks to the organisation following the completion of an extensive planning exercise. During 2023-24 audit attention has been focussed in these areas and various audit assignments were completed that have included systems reviews, focussed and targeted audits and testing, input to developing systems and processes as well as ongoing advice, guidance and support. In addition, a number of audits of an investigatory and counter fraud nature have also been completed during the year that includes for the first time a significant number of Revenues and Benefits frauds following the transfer of this function into the team during the year. The completion of all this work has ensured that that the Internal Audit Plan has been fully delivered for the year and supports the delivery of the annual audit opinion for 2023-24. A summary of the audit work completed in the year is set out below, identifying the nature of the audit work and including the assurance ratings and number and priority of recommendations where appropriate.

Definitions of the organisational risk opinion can be found at Appendix B.

No	Audit Assignment	Organisational Risk Opinion	High Recs	Med Recs	Low Recs	Recs Impl / In Progress
1	Woodchurch CE Primary School	Minor	0	7	1	In Progress
2	Wirral Growth Company – BCD Contract Management	Moderate	2	14	0	Implemented
3	MPF - Treasury Management Follow Up	Minor	0	0	5	In Progress
4	Finance - Transfers In/Aggregation Follow Up	Minor	0	1	0	Implemented
5	The Observatory School	Moderate	3	4	2	In Progress

No	Audit Assignment	Organisational Risk Opinion	High Recs	Med Recs	Low Recs	Recs Impl / In Progress
6	The Mosslands School	Moderate	4	8	1	Implemented
7	St Werburgh's Catholic Primary School	Minor	0	3	1	Implemented
8	St Andrews CE Primary School	Minor	0	2	1	In Progress
9	Selfserve System Bank Account Controls	Minor	0	2	2	In Progress
10	Ridgeway High School	Minor	4	2	0	In Progress
11	Corporate Governance Group	Minor	Real time advice & guidance provided			
12	Heat Network Grant Claim	Minor	Claim verified against grant criteria for compliance, accuracy and correctness			
13	Corporate Governance Review	Minor	Review culminates in preparation of AGS for 2023-24			
14	MPF Northern Pool – Governance	Minor	0	0	2	Implemented
15	Payroll System Access Governance	Moderate	1	6	0	Implemented
16	Millfields Primary School	Minor	0	4	2	In Progress
17	Income Control Follow Up	Minor	0	1	1	In Progress
18	Payment Card Industry Data Security Standards Working Group	Moderate	Real time challenge, advice & guidance provided through membership of group			

No	Audit Assignment	Organisational Risk Opinion	High Recs	Med Recs	Low Recs	Recs Impl / In Progress
19	Birkenhead Central Gateway Grant (x 2)	Minor	Claims verified against grant criteria for compliance, accuracy and correctness			
20	Payments Indemnity Process	Moderate	Real time challenge, advice & guidance			
21	Heygarth Primary School	Minor	0	1	0	Implemented
22	Personal Finance Unit Follow Up	Moderate	1	2	0	Implemented
23	Performance Management – Business Planning Follow Up	Minor	1	1	0	Implemented
24	HB Subsidy Claim Follow Up	Moderate	1	10	2	Implemented
25	Grove Street Primary School	Minor	1	2	0	Implemented
26	Head Teachers Cluster Group	Minor	Real time support & guidance			
27	Hamilton Park and Northside Grant	Minor	Claim verified against grant criteria for compliance, accuracy and correctness			
28	New Ferry Town Centre Grant	Minor	Claim verified against grant criteria for compliance, accuracy and correctness			
29	School Business Managers	Minor	Real time support & guidance			
30	Governance Arrangements of Wirral Placed Based Partnership Board	Moderate	3	3	0	Implemented
31	MPF General Ledger Data Migration - Oracle	Negligible	0	0	0	Implemented

No	Audit Assignment	Organisational Risk Opinion	High Recs	Med Recs	Low Recs	Recs Impl / In Progress
32	Fraud Risk Assessment	Minor	0	0	0	Implemented
33	MPF Cyber Assurance Follow Up	Moderate	3	4	0	In Progress
34	Information Governance Board	Minor	Real time challenge, advice & guidance			
35	Liscard Town Centre Grant	Minor	Claim verified against grant criteria for compliance, accuracy and correctness			
36	CRSTS Grant	Minor	Claim verified against grant criteria for compliance, accuracy and correctness			
37	EVR / EVS Employment Schemes	Minor	2	1	1	Implemented
38	Electoral System – Access Governance	Moderate	4	3	0	In Progress
39	MPF – McCloud Remedy Compliance	Negligible	0	0	1	In Progress
40	Mayors Charity Fund	Minor	0	2	0	Implemented
41	Museums – Storage and Information Governance	Moderate	5	1	0	Implemented
42	Contract Governance	Major	9	3	5	In Progress
43	Irby Primary School	Minor	0	2	0	Implemented
44	Matrix Contract	Major	3	3	0	Implemented
45	Hind Street Regeneration – Systems Review Follow Up	Moderate	2	4	0	Implemented

No	Audit Assignment	Organisational Risk Opinion	High Recs	Med Recs	Low Recs	Recs Impl / In Progress
46	Liquidlogic System (Childrens) – Access Governance - F Up	Major	6	10	0	Implemented
47	Creditors Details Transfer to New System Portal	Minor	Real time advice & guidance provided			
48	Refuse Collection and Street Cleansing	Minor	Real time challenge, advice & guidance provided through membership of group			
49	Financial Resilience	N/A	Work currently ongoing			
50	Liquidlogic System (Adults) – Access Governance	Moderate	5	5	1	Implemented
51	Clare Mount Sports College	Moderate	4	0	2	In Progress
52	Health and Safety Review Follow Up	Moderate	4	2	0	In Progress
53	MPF – Contributions Income	Minor	Report being finalised, no significant issues			
54	Employee Benefits - P11D Follow Up	Moderate	2	3	2	In Progress
55	Gifts Hospitality and Conflicts Follow Up	Minor	0	6	1	Implemented
56	Direct Payments - Adults	Major	5	4	0	In Progress
57	Social Worker Transfer	Minor	Real time challenge, advice & guidance			
58	Fraud Investigations	N/A	237 Revenues and Benefits Frauds Referrals investigated/closed.			
59	Market Referral	N/A	Ongoing/concluding			

No	Audit Assignment	Organisational Risk Opinion	High Recs	Med Recs	Low Recs	Recs Impl / In Progress
60	Creditor Payments	Moderate	1	3	0	Implemented
61	Creditors – Duplicate Payments	Moderate	2	1	0	Implemented
62	Calday Grange School – Spring Audit	Minor	0	13	1	Implemented
63	Bidston Village Primary School	Minor	0	8	0	In Progress
64	Castleway Primary School	Moderate	1	6	0	Implemented
65	ERP Impact Review – Cash Management	Minor	0	0	1	In Progress
66	Ganneys Meadow School and Hub	Moderate	5	8	0	Implemented
67	ERP Impact Review – General Ledger	Minor	1	3	1	In Progress
68	St Anselms School – Spring/Summer and Annual Scrutiny Audits	Minor	0	11	6	Implemented
69	ERP Impact Review – Collections	Minor	0	2	0	In Progress
70	MPF Benefits Payable	Minor	Work ongoing, no significant issues			
71	Wirral Grammer School – Spring/Summer and Annual Audits	Minor	0	10	0	Implemented
72	Calday Grange School – Spring/Summer and Annual Audits	Minor	0	3	0	Implemented
73	MPF – Pensions Payroll	Minor	0	3	2	In Progress

No	Audit Assignment	Organisational Risk Opinion	High Recs	Med Recs	Low Recs	Recs Impl / In Progress
74	ERP – Impact Review – Accounts Receivable	Minor	0	3	0	In Progress
75	ERP Impact Review – Accounts Payable	Moderate	1	2	0	In Progress
76	Freedom of Information Requests/Process	Negligible	Real time advice & guidance provided			
77	Regeneration Governance	Moderate	Targeted audit work/input to challenge/support actions being taken to strengthen programme governance arrangements.			
78	Corporate HR Investigations	Minor	Real time advice & guidance provided			
79	OFLOG Best Value Task and Finish Group	Minor	Real time challenge, advice, guidance and support provided			

Appendix B

Organisational Risk Opinions

Conclusion from Audit Findings	Risk Level
<p><i>A Major organisational risk opinion indicates that the likelihood/impact of the risks identified during the review, should these materialise, would leave the Council open to a major risk of a fundamental or material nature. This opinion suggests that there are some potentially serious weaknesses in the design and/or operation of the control environment that may have a significant impact on the achievement of systems and/or corporate objectives if not addressed.</i></p>	<p>Major</p>
<p><i>A Moderate organisational risk opinion indicates that the likelihood/impact of the risks identified during the review, should these materialise, would leave the Council open to a moderate risk of a fundamental or material nature. This opinion suggests that there are some weaknesses in the design and/or operation of the control environment that may have varying degrees of impact on the achievement of systems and/or corporate objectives.</i></p>	<p>Moderate</p>
<p><i>A Minor organisational risk indicates that the likelihood/impact of the risks identified during the review, should they materialise, would leave the Council open to minor non fundamental or material risk.</i></p>	<p>Minor</p>
<p><i>A Negligible organisational risk indicates that there were no weaknesses identified during the audit review and that the Council is not exposed to any risks directly associated with the findings.</i></p>	<p>Negligible</p>

