ST HELENS
BOROUGH COUNCIL

# Internal Audit Progress Report

## 1 Internal Audit Role

1.1 Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. The Authority's Internal Audit function is provided by St Helens Borough Council, who conform with the Global Internal Audit Standards (GIAS).

1.2 The Chief Audit Executive (Head of Audit and Risk) is required to give an annual opinion on the Authority's governance, risk, and control environment. The opinion given is based on the work carried out by the service during the year and other known areas of assurance.

1.3 Internal Audit will also highlight any significant risks that have been identified during audit and assurance work and will report on action taken to mitigate risk to within organisational tolerance.

1.4 Progress reports summarise work completed to deliver the approved Annual Internal Audit Plan for the financial year and highlight any significant changes to that plan.

## 2 Background

2.1 This report summarises the progress made by Internal Audit to provide assurance to Authority members and the Audit Committee on the effectiveness of risk management, governance, and the control framework. The progress reports will also provide details of any significant risks that have been identified together with the progress made to mitigate previously identified risks or issues.

2.2 For the year 2025/26, MRWA purchased 50 days of internal audit work from St Helens Borough Council. This report covers work completed up to 20th October 2025 and summarises:

- Progress against the Internal Audit Plan.
- Details of audit recommendations which are outstanding.
- The assurance level opinion and recommendation priority definitions.

## 3 Overall Comment

3.1 Based on the work finalised or undertaken to 20th October, the main points can be summarised as follows:

- One internal audit report was issued, summarised in **Appendix A**. One audit review is currently ongoing, and the remaining two have been scheduled for quarter 4.
- There are three high priority recommendations from previous audit reviews which have not yet been implemented. See **Appendix B**.

## 4 Plan Changes

4.1 The Plan agreed for 2025/26 is an agile plan and is subject to regular review. There have been no changes made to the audit plan since its approval.

## 5 Appendices

- Appendix A – Internal Audit Plan progress
- Appendix B – Summary of outstanding high and critical priority recommendations.
- Appendix C – Internal Audit opinion methodology

## Appendix A - Reports Issued

Internal Audit Reports issued as final between 1st April to 10th October 2025.

| Audit Name | Scope | Date Published | Assurance Opinion | Recommendations | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | Total | C | H | M | L |
| Contract Management | The review considered compliance with the payment mechanism for both income and expenditure, year-end adjustments and bonuses, and contract monitoring for the Authority's contract with Veolia. | 23-Jul-2025 | Substantial | 0 | 0 | 0 | 0 | 0 |

The following provides an update on the remaining audits:

| Audit Name | Scope | Status |
|---|---|---|
| IT Cyber Security | The review will consider the effectiveness of the Authority's cybersecurity framework, policies, and controls in protecting information assets against cyber threats. | Scheduled to be completed in Quarter 4. |
| Future Waste Services Procurement | To provide advice and guidance on the effectiveness of the project currently being undertaken to consider the replacement service for of the Waste Management and Recycling Contract, which is due to expire in 2029. | Scheduled to be completed in Quarter 4. |
| Procurement System | Following a Limited assurance report published in 2022, a follow up review will be completed to ensure improvement in the Authority's general procurement processes in relation to revenue and capital expenditure. | This audit is currently in progress. |

## Appendix B – Outstanding audit recommendations

The following table gives the detail for all critical and high priority recommendations made and the progress made to implementation.

| Audit | Recommendation | Agreed action | Target Date | Responsible Officer | Current Status |
|---|---|---|---|---|---|
| Procurement | • Credit cards should be always kept on the cardholder's person; and<br>• Internet usage of card details should be restricted to the nominated cardholder only. | i) Cardholders are to be notified of the requirement for cards to be always kept on the cardholder's person.<br>ii) For internet transactions, Microsoft Teams will be used to facilitate the cardholder personally entering card details by taking control of shared screens whilst on-line transactions are being performed. | 30/11/2022 | Director – Business Services and Strategy | Training was provided via Microsoft Team in January 2023.<br>The policy in respect of credit card use is currently under review. |
| Business Continuity | The full business wide test of the business continuity arrangements, including issues and incident management, should be undertaken in accordance with the requirements of the current Plan. | Agreed as per recommendation. | 30/11/2023 | Business Services Manager | A full test is scheduled and an update will be provided at the meeting. |

| Audit | Recommendation | Agreed action | Target Date | Responsible Officer | Current Status |
|---|---|---|---|---|---|
| Fraud Arrangements | A fraud risk assessment should be undertaken and:<br><br>a) All known risks which could affect the authority should be identified.<br>b) Any existing mitigations identified.<br>c) All fraud risks should be scored.<br>d) Suitable controls should be identified.<br>e) Risk owners should be allocated, and<br>f) The risk register should be subject to regular review and updated when required. | As per recommendation | 31/03/2025 | Director of Finance | This is being reviewed, and an update will be provided to board members in February 2026. |

## Appendix C - Internal Audit Opinion Methodology

### Assurance Levels

| Assurance Level | Definition |
|---|---|
| Substantial | A sound system of governance, risk management and control exist with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited. |
| Reasonable | There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited. |
| Limited | Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited. |
| No | Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited. |

**Recommendation Priorities**

| Priority Level | Definition |
|---|---|
| Critical | Failure to address the risk could potentially lead to catastrophic loss of council services; loss of life; significant environmental damage or major financial loss; with national press coverage and substantial damage to the council's reputation. Remedial action must be taken immediately. |
| High | Failure to address the address the risk could potentially lead to failure to achieve organisational objectives, serious injuries, significant disruption to council business or to users of its services, high financial loss, inefficient use of resources, failure to comply with law or regulations, damage to the council's reputation. Remedial action must be taken urgently. |
| Medium | Failure to address the risk could potentially lead to an impact on operational objectives, moderate injuries, moderate financial loss, moderate breach of law or regulations, moderate reputational damage. Prompt specific action should be taken. |
| Low | Matters that individually have no major impact on achieving the service's objectives. Specific remedial action is desirable. |