



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 2026/27, MRWA purchased 50 days of internal audit work from St Helens Borough Council. This report covers work completed up to 26th May 2026 and summarises:
 - Progress against the 2025/26 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 26th May 2026, the main points can be summarised as follows:

- Three internal audit report were issued, summarised in **Appendix A**, and one audit review is currently at draft reporting stage.
- There are 12 recommendations which have passed their agreed date of implementation. See **Appendix B**.
- There are three high priority recommendation from previous audit reviews which have not yet been implemented. See **Appendix C**.

4 Plan Changes

4.1 The agreed Audit Plan 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 recommendations
- Appendix C – Detail of outstanding high and critical priority recommendations.
- Appendix D – Internal Audit opinion methodology

Appendix A - Reports Issued

Internal Audit Reports issued as final between 1st April 2025 to 26th May 2026.

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
Future Waste Procurement Services	The review provided 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.	24-Apr-2026	Reasonable	4	0	0	4	0
Procurement System	Following a Limited assurance report published in 2022, a follow up review has been completed to ensure improvement in the Authority's general procurement processes in relation to revenue and capital expenditure.	16-Mar-26	Reasonable	6	0	2	3	1

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.	Fieldwork has been completed and a draft report is currently being finalised.

Appendix B – Outstanding Audit Recommendations

The following table highlights audit actions of critical, high, and medium priority audit recommendations that had a target date on or before 26th May 2026, which were not confirmed as implemented at the report date.

Audit Title	Total	Critical	High	Medium
Contract Management	1	0	0	1
Performance Management Framework	2	0	0	2
Fraud Arrangements	4	0	1	3
Procurement	4	0	2	2
Future Waste Procurement Services	1	0	0	1
Total	12	0	3	9

Appendix C – Detailed High Priority 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
Fraud Arrangements	<p>A fraud risk assessment should be undertaken and:</p> <ul style="list-style-type: none"> a) All known risks which could affect the authority should be identified. b) Any existing mitigations identified. c) All fraud risks should be scored. d) Suitable controls should be identified. e) Risk owners should be allocated, and 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.
Procurement	To ensure an adequate segregation of duties, separate monthly purchase logs should be maintained by each credit card holder and all purchases recorded on the log.	Will be implemented in accordance with the recommendation.	01/04/2026	Director of Finance	In progress

Audit	Recommendation	Agreed action	Target Date	Responsible Officer	Current Status
Procurement	To ensure an adequate segregation of duties, an alternative officer to the Chief Executive's PA should undertake the task of reconciling the purchasing log to the receipts and credit card statement.	Will be implemented in accordance with the recommendation.	01/04/2026	Director of Finance	In progress

Appendix D - 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.