

## Report of the Chief Audit and Control Officer

**INTERNAL AUDIT PROGRESS REPORT**1. Purpose of Report

To inform the Committee of the recent work completed by Internal Audit.

2. Recommendation

**The Committee is asked to NOTE the report.**

3. Detail

Under the Council's Constitution and as part of the overall corporate governance arrangements, this Committee is responsible for monitoring the performance of Internal Audit. A summary of the reports issued and progress against the agreed Internal Audit Plan is included in the appendix. A summary narrative of the work completed by Internal Audit since the previous report to this Committee is also included.

Internal Audit has also reviewed progress made by management in implementing agreed actions within six months of the completion of the respective audits. Where agreed actions to address significant internal control weaknesses have not been implemented this may have implications for the Council. A key role of the Committee is to review the outcome of audit work and oversee the prompt implementation of agreed actions to help ensure that risks are adequately managed. At the present time there are no outstanding agreed actions.

Further progress reports will be submitted to each future meeting of this Committee. A final report detailing the overall performance of Internal Audit for 2023/24 will be presented to this Committee in July 2024.

4. Financial Implications

The comments from the Head of Finance Services were as follows:

The work of the Internal Audit section continues to provide crucial and independent assurance to management and Members over the key aspects of the Council's governance, risk management and internal control arrangements. The cost of Internal Audit is included within the established Finance Services budgets.

5. Legal Implications

The comments from the Head of Legal were as follows:

This report already sets out the legal framework for Internal Audit to provide a summary of Internal Audit work. It addresses the statutory obligations for local audit processes. The Local Government Act 1972 and subsequent legislation sets out a duty for the Council to make arrangements for the proper administration of its financial affairs. This report also complies with the requirements of the following:

- Local Government Act 1972
- Accounts and Audit Regulations 2015
- CIPFA/IIA: Public Sector Internal Audit Standards (PSIAS)
- CIPFA/IIA: Local Government Application Note for the UK PSIAS 33.

The provision of an Internal Audit service is integral to financial management at the Council and assists in the discharge of its duties.

6. Human Resources Implications

The comments from the Human Resources Manager were as follows:

Not Applicable.

7. Union Comments

The comments from the Union were as follows:

Not Applicable.

8. Climate Change Implications

There were no comments for Climate Change implications.

9. Data Protection Compliance Implications

This report does not contain any [OFFICIAL (SENSITIVE)] information and there are no Data Protection issues in relation to this report.

10. Equality Impact Assessment

As there is no change to policy an Equality Impact Assessment is not required.

11. Background Papers

Nil.

## APPENDIX

## INTERNAL AUDIT REPORTS ISSUED SINCE APRIL 2023

The following table summarises the audit assignments and similar work completed by Internal Audit between the 1 April 2023 and the date of submission of this report. Reports shaded in grey are those previously presented to this Committee (included here for reference) while work completed since the last report to this Committee is presented in bold at the end of the table.

Audit Title	Report Issued	Assurance Opinion	Actions (High Priority)	Actions (Medium / Low Priority)
Key Financial Reconciliations	18/04/23	LIMITED	1	0
Council Tax	26/04/23	Substantial	0	0
Former Council House Repurchasing	26/04/23	Substantial	0	2
Right-to-Buy	26/04/23	Substantial	0	1
Financial Appraisal – STCRF Applicants	09/05/23	Advisory report only		
Housing Lettings	10/05/23	Substantial	0	0
Treasury Management	11/05/23	Substantial	0	0
Financial Appraisal – Prospective Tenant	16/05/23	Advisory report only		
Liberty Leisure Limited – Governance	23/05/23	Reasonable	0	2
Operational Risk Management (Depot)	23/05/23	Reasonable	0	3
Financial Appraisal – Prospective Tenant	25/05/23	Advisory report only		
<b>Compliments and Complaints</b>	<b>30/06/23</b>	<b>Reasonable</b>	<b>0</b>	<b>1</b>
<b>Financial Appraisal – Consultancy</b>	<b>30/06/23</b>	<b>Advisory Report Only</b>		
<b>Benefits</b>	<b>11/07/23</b>	<b>Substantial</b>	<b>0</b>	<b>0</b>
<b>Financial Appraisal – Prospective Tenant</b>	<b>17/07/23</b>	<b>Advisory Report Only</b>		
<b>Financial Appraisal – Housing Adaptation</b>	<b>17/07/23</b>	<b>Advisory Report Only</b>		
<b>Section 106 Agreements</b>	<b>16/08/23</b>	<b>Reasonable</b>	<b>0</b>	<b>2</b>

## REMAINING INTERNAL AUDIT PLAN 2023/24

Audit Title	Progress
Corporate Communications	In progress
NNDR (Business Rates)	In progress
Legal Services	In progress
Human Resources	In progress
Payroll	In progress
Damp and Mould	Planning
Housing Repairs – Reactive	Planning
Asset Management Strategy	Not yet commenced
Emergency Planning	Not yet commenced
Chilwell Olympia	Not yet commenced
Financial Resilience	Not yet commenced
Housing Delivery Plan	Not yet commenced
Kimberley ‘Levelling Up’	Not yet commenced
Leisure Management System	Not yet commenced



- Complaints handling may not be completed in accordance with policy and procedures.
- Appropriate performance monitoring and reporting may not be undertaken.

Internal Audit was pleased to report that no significant issues were identified in the course of this review. One recommendation (medium priority) relating to the provision of further training to relevant departmental managers was proposed by Internal Audit and agreed with management.

## 2. **Financial Appraisals**

### **Advisory Reports Only**

Internal Audit is frequently requested to provide financial appraisals of companies, non-incorporated businesses and other organisations as part of the Council's 'due diligence' processes prior to the commencement of any commercial or similar relationship with the organisation in question.

For each appraisal, Internal Audit provides a confidential report which summarises the results of a review of information provided by the organisation, information provided by third-party organisations (such as credit-referencing agencies and the National Anti-Fraud Network) and any other publicly available information.

## 3. **Benefits**

### **Assurance Opinion – Substantial**

The primary purpose of the audit was to provide assurance over the effectiveness of the policies, procedures and other systems of control implemented by management in mitigation of the following specific identified key risks:

- Claims for Housing Benefit and Council Tax Support may not be assessed in an accurate and timely manner.
- Benefit overpayments may not be identified and recovered in a timely manner.
- Write offs may not be appropriately validated and authorised.
- Performance reporting and monitoring against service targets may be inadequate.
- Reconciliations to other primary financial systems may not be completed in an accurate and timely manner.
- Sensitive personal information may not be handled in an appropriate manner.

- Effective processes may not be in place to manage potential fraudulent activity.

Internal Audit was pleased to report that no significant issues were identified in the course of this review. Accordingly, no specific recommendations to address deficiencies in internal control were made.

#### 4. **Section 106 Agreements** **Assurance Opinion – Reasonable**

The primary purpose of the audit was to provide assurance over the effectiveness of the policies, procedures and other systems of control implemented by management in mitigation of the following specific identified key risks:

- Opportunities for Section 106 Agreements may not be correctly and effectively identified.
- Existing Section 106 Agreements may be inadequately recorded and monitored.
- Utilisation of funds available through Section 106 Agreements may not be made in accordance with the relevant agreement(s) or within the required time limit.

Internal Audit was pleased to report that no significant issues were identified in the course of this review. Two recommendations relating to the monitoring of the spending of Section 106 funds and individual developer fulfilment of non-monetary obligations (both 'medium priority') were proposed by Internal Audit and agreed with management.

#### **Current Audit Performance**

Progress on the Internal Audit Plan for 2023/24 is considered to be satisfactory with full completion anticipated by the end of the financial year. A final report on the performance of the Internal Audit Service for 2023/24 will be presented to this Committee in July 2024.