

Appendix 1

Internal Audit Reports Issued Since November 2023

The following table summarises the audit assignments and similar work completed by Internal Audit between the 1 November 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)
Financial Appraisal – STCRF Applicants	07/11/23	Advisory Report Only		
Financial Appraisal – Glass Recycling	10/11/23	Advisory Report Only		
Financial Appraisal – Asbestos Services	14/11/23	Advisory Report Only		
Financial Appraisal – Kimberley LUF App.	05/12/23	Advisory Report Only		
Sundry Debtors	12/12/23	Substantial	0	0
Financial Appraisal – Prospective Tenant	13/12/23	Advisory Report Only		
Financial Appraisal – Wall Insulation	08/01/24	Advisory Report Only		
Payroll	11/01/24	Substantial	0	2
Financial Appraisal – Kimberley LUF App.	16/01/24	Advisory Report Only		
Financial Appraisal – Prospective Tenant	01/02/24	Advisory Report Only		
Financial Appraisal – Prospective Tenant	01/02/24	Advisory Report Only		
Financial Appraisal – UKSPF Applicants	21/02/24	Advisory Report Only		
Financial Appraisal – Renovations	13/03/24	Advisory Report Only		
Homelessness Prevention Grant	11/04/24	No issues noted		
Local Elections (Accounts)	24/04/24	Reasonable	0	1
Rents	07/05/24	Substantial	0	2
Chilwell Olympia	08/05/24	Substantial	0	0
Housing Repairs (Compliance)	10/05/24	Reasonable	0	3
Corporate Governance	20/05/24	Annual Governance Statement ‘approved’		
Tenancy Management	17/06/24	Reasonable	0	3
Financial Appraisal – Cremators	19/06/24	Advisory Report Only		
Council Tax	At the time of writing, it is anticipated that these audits will be completed (or substantially completed) by the date of this meeting. A verbal update will be provided by the Chief Audit and Control Officer at this meeting.			
Capital Works				
Housing Delivery Plan				
Kimberley Levelling Up Fund				

Remaining Internal Audit Plan

Audit Title	Progress
Disabled Facilities Grants	In Progress
Key Reconciliations	In Progress
Treasury Management	In Progress
Car Loans and Leases	In Progress
Benefits	Planning

Audit Title	Progress
Payroll	Planning
Allotments	Not yet commenced
NNDR (Business Rates)	Not yet commenced
Commercial Properties	Not yet commenced
Creditors and Purchasing	Not yet commenced
Damp and Mould	Not yet commenced
Declarations of Interest	Not yet commenced
Financial Inclusion	Not yet commenced
Homelessness	Not yet commenced
Housing Repairs (Reactive)	Not yet commenced
Human Resources	Not yet commenced
Leisure Management System	Not yet commenced
Major Projects Dashboard	Not yet commenced
Rents	Not yet commenced
Sanctuary Scheme	Not yet commenced
Stores	Not yet commenced
Sundry Debtors	Not yet commenced
UK Shared Prosperity Fund	Not yet commenced
Waste Management (Recycling)	Not yet commenced

Any significant issues identified in audits completed between the date of submission of this report and the date of this meeting of the Committee will be reported by way of a verbal update from the Chief Audit and Control Officer at this meeting.

Completed Audits

A report is prepared for each audit assignment and issued to the relevant senior management at the conclusion of a review that will:

- include an overall opinion on the effectiveness of the policies, procedures and other systems of control implemented by management in mitigation of the specific identified key risks relating to the area under audit. This opinion is categorised as either 'Substantial', 'Reasonable', 'Limited' or 'Little' assurance;
- identify inadequately addressed risks and ineffective control processes;
- detail the actions agreed with management and the timescales for completing those actions; and
- identify issues of good practice.

Recommendations made by Internal Audit are prioritised, with the agreed actions being categorised accordingly as follows:

- High Priority – Action considered necessary to avoid unmitigated exposure to significant risks

- Medium Priority – Action considered necessary to avoid unmitigated exposure to other key risks
- Low Priority (Best Practice) – Action recommended in order to improve existing procedures and other systems of internal control

The following audit reports have been issued with key findings as follows:

1. **Grant Return – Homelessness Prevention** **Return Submitted**

Internal Audit was requested by the Housing Operations Manager to review and submit a return to the Department for Levelling Up, Housing and Communities. The purpose of the return was to confirm that the grants awarded to the Council for the prevention of homelessness and rough sleeping during 2023/24 had been spent in accordance with the conditions of the grant. A confirmation of the total amount of grant monies spent was also required.

No issues were noted as part of this review and the return was submitted to Government accordingly.

2. **Local Elections (Accounts)** **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:

- The Elections Accounts may not be appropriately calculated taking account of all relevant costs and recharges.

Internal Audit was pleased to report that no significant issues were identified in the course of this review. One recommendation relating to reconciliation to the general ledger (medium priority) was proposed by Internal Audit and agreed with management.

3. **Rents** **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:

- Rents may not be correctly calculated and billed.
- Billed amounts may not be efficiently collected and accounted for correctly.
- Refunds and write-offs may not be valid and/or authorised.
- Rent recovery procedures may not be appropriate.
- Regular performance reporting may not be occurring.

Internal Audit was pleased to report that no significant issues were identified in the course of this review. Two recommendations relating to the review of monthly reconciliations and system access levels (both medium priority) were proposed by Internal Audit and agreed with management.

4. **Chilwell Olympia** **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:

- Facilities bookings may not be managed in an efficient and effective manner.
- Income from facilities bookings may not be collected in an efficient and effective manner.
- Employee working hours may not be recorded accurately.

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.

5. **Housing Repairs (Compliance)** **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:

- Gas compliance works may not be completed in an appropriate and timely manner.
- Electrical compliance works may not be completed in an appropriate and timely manner.
- Legionella compliance works may not be completed in an appropriate and timely manner.
- Lift maintenance and compliance works may not be completed in an appropriate and timely manner.

Internal Audit was pleased to report that no significant issues were identified in the course of this review. Three recommendations relating to the accuracy of electrical records (medium priority), the documentation of the legionella testing procedure for void properties (medium priority) and the production of a lift maintenance policy and procedure document(s) ('best practice') were proposed by Internal Audit and agreed with management.

6. Corporate Governance Annual Governance Statement 'Approved'

As part of the Council's Corporate Governance Framework, the Chief Audit and Control Officer is required to review the draft Annual Governance Statement for 2023/24, approved by this Committee on 20 May 2024.

With regard to the audits completed during the year, no actions were classed as being critical where action was considered imperative to ensure that the Council was not exposed to high risks. Where a limited assurance opinion was issued, the outstanding actions from these audits are not thought to be significant to the preparation of the Annual Governance Statement.

Accordingly, the Chief Audit and Control Officer has confirmed that he considers that the current internal control environment is satisfactory such as to maintain the adequacy of the governance framework.

7. Tenancy Management 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:

- Adequate processes and procedures may not be in place to ensure appropriate and consistent case management and record keeping.
- Adequate processes and procedures may not be in place to manage potential fraud.
- Appropriate arrangements may not be in place to ensure the safety of lone workers.

Internal Audit was pleased to report that no significant issues were identified in the course of this review. Three recommendations relating to the documentation of counter-fraud procedures (medium priority), additional avenues for the identification of potential fraud (medium priority) and consistency of documentation and retention of evidence ('best practice') were proposed by Internal Audit and agreed with management.

8. 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.

Current Audit Performance

Progress on the Internal Audit Plan for 2024/25 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 is presented to this Committee as part of this same agenda.

Appendix 2

Internal Audit Follow-Up

Internal Audit has undertaken a review of progress made by management in implementing agreed actions within six months of the completion of the audit. The table below provides a summary of the progress made with high and medium priority agreed actions for such internal audit reports issued. Those audits where all actions have previously been reported as completed have been excluded from this list.

Audit Title	Report Issued	Original Assurance Opinion	Number of Actions (High Priority in brackets)	Progress
Business Support	30/03/23	Substantial	2 (0)	1 Outstanding

Further details of progress being made with high and medium priority agreed actions that have not yet been fully implemented are included below along with comments from management reflecting any updates on progress. Evidence of implementation will not be routinely sought for all actions as part of this monitoring process. Instead, a risk-based approach will be applied to conducting further follow-up work. Actions marked as 'superseded' refer to occasions where either 1) developments within the relevant Council department, or the environment within which the department operates, have occurred since the date of the original audit report and the action is no longer relevant or considered a priority in light of the consequent change to the Council's risk profile; or, 2) an alternative action has been implemented to mitigate the risk identified.

Where the 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.

Outstanding Actions**1. Business Support**

March 2023, Substantial, Actions – 2

1.1 Performance Monitoring and ReportingAgreed Action (Medium Priority)

A suite of Performance Indicators will be developed, in conjunction with the Projects and Performance Officer, which will form the basis of reporting to Senior Management and, via the quarterly performance reporting mechanism, to Members.

This will also include some reporting on 'customer satisfaction' with the service provided by the Business Support team to operational areas within the Council.

Managers Responsible

Head of Administrative Services
Business Support Manager

Target Date: 30 June 2023

Update from the Head of Administrative Services (on behalf of the Head of ICT and Corporate Services)

Service Level Agreement meetings are being arranged at which performance indicators will be reviewed. A performance satisfaction survey will be sent out prior to those meetings. Business Support have started to collect data which will also help to identify where resources should be focussed.

Revised Target Date: 30 September 2024