

Appendix 1

Internal Audit Reports issued since April 2024

The following table summarises the audit assignments and similar work completed by Internal Audit between 1 April 2024 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)
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	02/07/24	Substantial	0	1
Capital Works	08/07/24	Reasonable	0	3
Key Reconciliations	01/08/24	Substantial	0	2
Car Loans and Leases	22/08/24	Reasonable	0	5
Housing Delivery Plan	28/08/24	Reasonable	0	3
Kimberley Levelling Up Fund	23/09/24	Reasonable	0	2
Major Projects Dashboard	23/09/24	Report presented at previous meeting		
Disabled Facilities Grants	23/09/24	Substantial	0	0
Financial Appraisal – Prospective Tenant	09/10/24	Advisory Report Only		
Financial Appraisal – Construction	22/10/24	Advisory Report Only		
Financial Appraisal – Consultancy	23/10/24	Advisory Report Only		
Treasury Management	24/10/24	Substantial	0	0
Benefits	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 on any significant matters arising will be provided by the Chief Audit and Control Officer at this meeting.			
Damp and Mould				
Creditors and Purchasing				
Payroll				
Sanctuary Scheme				

Remaining Internal Audit Plan

Audit Title	Progress
Allotments	In progress
Financial Inclusion	In progress
Homelessness	In progress
Stores	In progress
NNDR (Business Rates)	Not yet commenced

Audit Title	Progress
Commercial Properties	Not yet commenced
Housing Repairs (Reactive)	Not yet commenced
Human Resources	Not yet commenced
Leisure Management System	Not yet commenced
Housing Rents	Not yet commenced
Sundry Debtors	Not yet commenced
Waste Management (Recycling)	Not yet commenced
UK Shared Prosperity Fund	Proposed for consideration in 2025/26*
Declarations of Interest	Proposed for consideration in 2025/26*

*See appendix 2 to this report.

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
- 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. Disabled Facilities Grants 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:

- Grant applications may not be administered in an appropriate and timely manner.
- Works completed may not be assessed appropriately before processing invoices for payment.
- Invoices received and payments processed may not be appropriately authorised.
- Budget and performance monitoring and reporting may not be performed in an appropriate manner.

Internal Audit was pleased to report that no significant issues were identified in the course of this review, with no formal recommendations being deemed necessary.

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. Treasury Management 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:

- Governance arrangements, including policies, procedures, performance reporting and monitoring for compliance with the CIPFA Code of Practice for Treasury Management in the Public Services, may not be adequate.
- Cash flow (including overdraft management and the timing of loans and investments) may not be optimised.
- Treasury transactions may not be subject to appropriate review and authorisation prior to execution.
- Accounting arrangements (including reconciliations) may not be adequate.
- System access rights (including relevant authorisation levels) may not be appropriate.

Internal Audit was pleased to report that no significant issues were identified in the course of this review, with no formal recommendations being deemed necessary.

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 relatively minor adjustment to the plan is proposed in appendix 2 to ensure that recent events/emergent risks are adequately addressed in this financial year. A final report on the performance of the Internal Audit Service for 2024/25 will be presented to this Committee in July 2025.

Appendix 2

Revision to Internal Audit Plan

As noted in Appendix 1, progress on the Internal Audit Plan for 2024/25 is considered to be satisfactory with substantive completion anticipated by the end of the financial year. The need to perform a relatively minor adjustment to the Internal Audit Plan has, however, been identified. This has arisen for two reasons.

The first reason is that, in the light of the much-publicised issues relating to financial systems at the Post Office, the Chief Audit and Control Officer determined that an increased focus be made (and therefore increased audit time be spent) on substantive testing of the Council's Key Financial Systems (such as Payroll, Council Tax, NNDR and similar). Such a course of action was deemed necessary to ensure that Internal Audit can continue to offer the high level assurance over such Council systems as is done so presently, and it is emphasised that this is not due to any specific concerns that have arisen in relation to the Council's Key Financial Systems.

The second reason is in response to the recently publicised conviction of an employee at a neighbouring authority for offences relating to fraudulent acts committed over a number of years. It is proposed that Internal Audit complete a review of the internal controls in place regarding system access rights of key systems across the Council, focussing on the administration and control of the in-system abilities of users with due regard to matters such as segregation of duties and other risk-mitigating measures. This is proposed to be performed as a discrete audit during 2024/25 across all key systems.

Accordingly, the following revision to the Internal Audit Plan is proposed:

Audit Title	Progress
Allotments	Retain in 2024/25
Homelessness	Retain in 2024/25
Stores	Retain in 2024/25
NNDR (Business Rates)	Retain in 2024/25
Commercial Properties	Retain in 2024/25
Financial Inclusion	Retain in 2024/25
Housing Repairs (Reactive)	Retain in 2024/25
Human Resources	Retain in 2024/25
Leisure Management System	Retain in 2024/25
Housing Rents	Retain in 2024/25
Sundry Debtors	Retain in 2024/25
Waste Management (Recycling)	Retain in 2024/25
System Access Rights	New Audit for 2024/25
UK Shared Prosperity Fund	Defer for consideration in 2025/26
Declarations of Interest	Defer for consideration in 2025/26

Appendix 3

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
Local Elections	24/04/24	Reasonable	1 (0)	Complete
Rents	07/05/24	Substantial	2 (0)	Complete
Housing Repairs (Compliance)	10/05/24	Reasonable	3 (0)	3 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 Reporting	
<u>Agreed Action (Medium Priority)</u>	
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.	
<u>Managers Responsible</u>	
Head of Administrative Services	Target Date: 30 June 2023
Business Support Manager	
<u>Update from the Head of ICT and Corporate Services</u>	
Service Level Agreements are in place for all service areas. Review meetings occur on a regular basis. A list of performance indicators is being further developed as part of the review meetings. A report requesting small structural changes and additional resources has already been agreed and the Council has recruited into all vacant posts from this report.	
Revised Target Date: 30 November 2024	
2. Housing Repairs (Compliance)	May 2024, Reasonable, Actions – 3
2.1 Accuracy of Electrical Records	
<u>Agreed Action (Medium Priority)</u>	
Along with the process already commenced to improve the controls around electrical compliance, there will be a review of the information within the Capita system and that shown on ‘Housing Web’ reports to ensure the information produced by the reports is accurate.	
<u>Managers Responsible</u>	
Head of Housing	Target Date: 31 August 2024
Repairs and Compliance Manager	
<u>Update from the Repairs and Compliance Manager</u>	
Resourcing issues over the summer have impacted on the ability of the department to implement this action in line with the agreed target date. A plan is in place for completion by the end of the year.	
Revised Target Date: 31 December 2024	
2.2 Legionella Procedure for Void Properties	
<u>Agreed Action (Medium Priority)</u>	
A procedure will be produced to ensure appropriate legionella plans are in place in relation to void properties and that records of actions completed are maintained.	
<u>Managers Responsible</u>	

Head of Housing
Repairs and Compliance Manager

Target Date: 31 July 2024

2.3 Lift Maintenance Policy and Records

Agreed Action (Best Practice)

Policy and procedure document/s will be produced in relation to lifts to document the responsibility to inspect, maintain and keep an up-to-date record of lifts in use within the Council's housing stock.

Managers Responsible

Head of Housing
Repairs and Compliance Manager

Target Date: 31 July 2024

Update from the Repairs and Compliance Manager

A cross-departmental plan to review all compliance policies and procedures, including those for legionella (2.2) and lift maintenance (2.3) is in progress between the Housing, Health and Safety and Asset Management teams. Resourcing issues over the summer impeded progress, however completion is anticipated by the revised target date.

Revised Target Date: 31 December 2024