

Appendix 1

Internal Audit Reports issued since September 2024

The following table summarises the audit assignments and similar work completed by Internal Audit between 1 September 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)
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
Financial Appraisal – Landscaping	14/11/24	Advisory Report Only		
Financial Appraisals – UKSPF Grants	25/11/24	Advisory Report Only		
Benefits	03/12/24	Substantial	0	2
Payroll	09/12/24	Substantial	0	1
Sanctuary Scheme	09/12/24	Substantial	0	0
Damp and Mould	27/01/25	Reasonable	1	1
Financial Appraisal – Construction	28/01/25	Advisory Report Only		
Sundry Debtors	31/01/25	Substantial	0	0
Financial Inclusion	24/02/25	Substantial	0	1
NNDR (Business Rates)	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.			
Stores				
Waste Management (Recycling)				
Rents (Housing)				
Allotments				

Remaining Internal Audit Plan

Audit Title	Progress
Commercial Property Management	In progress
Housing Repairs (Reactive)	In progress
Human Resources	In progress
Leisure Management System	In progress
System User Access	In progress
Homelessness	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
- 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. **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.

2. **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. Two recommendations (both 'best practice') relating to the recording of parameter input and the retention of documentation were proposed and agreed with management.

3. **Payroll** **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:

- Payments may be made to persons not currently employed by the Council or Liberty Leisure Limited.
- Payments may not be calculated accurately.
- Manual inputs and interventions to the payroll system may not be appropriately reviewed and authorised.

Internal Audit was pleased to report that no significant issues were identified in the course of this review. One recommendation ('best practice') relating to a potential process for the review of annual mileage was proposed and agreed with management.

4. **Sanctuary Scheme** **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:

- Appropriate and up-to-date policy and procedure documents may not be in place.

- Referrals may not be processed and/or services delivered 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.

5. Damp and Mould**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 need for works relating to Damp and Mould may not be identified in a timely and effective manner.
- Necessary works relating to Damp and Mould may not be completed in a timely and effective manner or with due consideration given to legislation and relevant published guidance.
- Appropriate financial and budget management processes may not be in place.
- Appropriate performance monitoring and reporting processes may not be in place.

One high priority recommendation relating to procurement was made, as follows:

Following the highlighting of Damp and Mould related matters in the national media, there has been a significant increase in the amount of Damp and Mould related service requests and work undertaken by the Council. Such works are currently undertaken by a single firm and there is, at present, no formal contract in place with said firm nor has any procurement exercise been completed.

The spend on Damp and Mould related works is now at a level whereby a formal tender exercise is required to comply with legislation and Council policy. Though it is acknowledged that some early enquires have been made with a potential framework provider, the Council is currently non-compliant and will remain so until an appropriately procured contract is in place.

Agreed Action (High Priority)

The recently-commenced procurement process for Damp and Mould related works will be completed at the earliest opportunity.

Managers Responsible

Head of Housing, Housing Repairs and Compliance Manager

Target Date: 31 March 2025

One further recommendation ('best practice') relating to the update of published information was also proposed and agreed with management.

6. **Sundry Debtors** **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:

- Invoicing may not be performed in an accurate and timely manner.
- Debt recovery processes may not be managed appropriately.
- Performance reporting may not be adequate or appropriate.
- Credit notes and write-offs may not be appropriately authorised.

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.

7. **Financial Inclusion** **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:

- Appropriate policy and procedure documentation may not be in place.
- Services provided and/or referrals made may not be performed in an appropriate manner.
- Employees within the service may not have appropriate qualifications, knowledge and/or experience.
- Adequate Performance Monitoring and Reporting mechanisms may not be in place.

Internal Audit was pleased to report that no significant issues were identified in the course of this review. One recommendation ('best practice') relating to the further improvement of consistency of working practices across the team was proposed and agreed with management.

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 2024/25 will be presented to this Committee in July 2025.

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	High/Medium Priority Actions	Progress
Business Support	30/03/23	Substantial	1	Completed
Housing Repairs (Compliance)	10/05/24	Reasonable	2	Completed
Tenancy Management	17/06/24	Reasonable	2	Completed
Capital Works	08/07/24	Reasonable	2	Superseded
Car Loans and Leases	22/08/24	Reasonable	2	Completed
Housing Delivery Plan	28/08/24	Reasonable	2	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. Housing Delivery Plan**

August 2024, Reasonable, Actions – 2

1.1 Policy Refresh and Update**Agreed Action (Medium Priority)**

A refreshed and updated Housing Delivery Plan will be developed and presented to Members for review and approval, with some specific focus on the development of policy / procedural provision for areas not currently specifically addressed.

Managers Responsible

Head of Asset Management and Development
Interim Housing Delivery Manager

Target Date: 31 December 2024

Update from the Interim Housing Delivery Manager

Due to a number of changes within the Asset Management and Development Department, a revision of the Housing Delivery Plan has been delayed. Now the new team is settled, a revised Housing Delivery Plan is intended to be presented for consideration by Cabinet during summer 2025.

All key decisions relating to the Housing Delivery Plan are made in consultation with the Housing Department, the Leader / Deputy Leader of the Council and the relevant portfolio holder(s).

Revised Target Date: 30 June 2025