

Appendix 1

Internal Audit Reports issued since October 2024

The following table summarises the audit assignments and similar work completed by Internal Audit between 1 October 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)
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
Allotments	05/03/25	Limited	2	1
NNDR (Business Rates)	05/03/25	Substantial	0	0
Financial Appraisal – Prospective Tenant	05/03/25	Advisory Report Only		
Financial Appraisal – Prospective Tenant	26/03/25	Advisory Report Only		
Creditors and Purchasing	03/04/25	Substantial	0	0
Stores	08/04/25	Limited	3	0
Waste Management (Recycling)	08/04/25	Substantial	0	1
Rents (Housing)	29/04/25	Substantial	0	1
Commercial Property Management	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.			
Human Resources				
Leisure Management System				

Remaining Internal Audit Plan 2024/25

Audit Title	Progress
Housing Repairs (Reactive)	In progress
System User Access	In progress
Homelessness	In progress

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. **Allotments** **Assurance Opinion – Limited**

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.
- The allocation of allotments and commencement of an allotment agreement may not be performed in an appropriate manner.
- Income relating to allotment agreements may not be billed in an appropriate and timely manner.
- The recovery (and where required write-off) of billed amounts may not be performed in an appropriate manner.
- Income reconciliations may not be completed in an accurate and timely manner.

Two high priority recommendations were made, as follows:

Record Keeping and Document Management

A primary reason for Internal Audit being only to offer limited assurance with regard to the mitigation of the identified specific key risks relating to Allotments is the overall lack of structure in the record keeping and document management in this area and consequent lack of an audit trail.

The lack of a structured and standardised approach to record keeping and document management impairs both the ability of employees responsible for Allotments to offer an effective service and the reliability of monitoring information for management review.

It is therefore recommended that a structured database (which could take the form of a relatively simple spreadsheet) be created which cross-references to a clear standardised filing system in order to provide both management and employees responsible for Allotments with the means to effectively control the service.

Once this is in place, a review of the documentation currently held for each Allotment site and individual holders should be completed in order to ensure that all requirements (such as proof of concessionary entitlement, signed tenancy agreement and similar) are met.

Agreed Action (High Priority)

A structured spreadsheet-based database for the Allotment service will be created which cross-references to a clear standardised filing system.

Agreed Action (High Priority)

Upon the establishment of a new database and records system for the Allotment service, a review of the documentation currently held for each Allotment site and individual holders will be completed in order to ensure that all requirements are met.

Managers Responsible

Head of Environment

Conservation and Green Spaces Development Manager

Target Date: 30 June 2025

One further recommendation ('best practice') relating to the retention of paper documentation was also proposed and agreed with management.

2. NNDR (Business Rates) 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:

- NNDR may not be correctly calculated and billed.
- Billed amounts may not be efficiently collected and/or accounted for correctly.
- Refunds and write-offs may not be valid and/or may not be authorised.
- Arrangements for detecting and managing fraud may not be robust.

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.

3. 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.

4. Creditors and Purchasing 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 without authorisation and/or sufficient and appropriate evidence of receipt of goods or service.
- Invoices may not be paid in a timely manner.
- Credit notes received may not be processed in an appropriate and timely manner.
- Erroneous and/or fraudulent payments may not be identified.
- Roles and responsibilities may not be appropriately established or defined.

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. Stores**Assurance Opinion – Limited**

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 documentation may not be in place.
- Initial procurement, reordering and write-off of stores items may not be performed in an appropriate manner.
- Stores items may not be issued to operatives in an appropriate manner.
- Appropriate arrangements may not be in place for stores and system security (such as stocktaking and related processes).

Three high priority recommendations were made, as follows:

Policy and Procedure Documents

Policy and procedure documents are an important foundation for activity within a service area, establishing an operational framework, providing guidance and setting standards.

It was identified that there are no such policy or procedural documents currently in place for the Stores.

Agreed Action (High Priority)

Appropriate and up-to-date policy and procedural documents for the Stores will be produced at the earliest opportunity.

Managers Responsible

Assistant Director (Environment)
Transport and Stores Manager

Target Date: 31 July 2025

Requisitions

The process for issuing items to operatives was reviewed to confirm whether items issued had been appropriately requisitioned and authorised. Current practice indicates that manual requisition books are in use, with individual requisitions being brought to the Chief Storekeeper as items are required.

Audit testing identified that the authorised signatories list held in the stores section was not up to date. Further, it was also noted that some requisitions are often self-authorised by the operative requisitioning the items rather than an appropriate team leader/ supervisor.

The lack of appropriate process for the distribution of stores items could lead to stores items not being used as intended.

Agreed Action (High Priority)

The process for issuing stores items will be reviewed to ensure appropriate controls are in place. The review will give due consideration to the necessary levels and documentation of the authorisation of requisitions.

Managers Responsible

Assistant Director (Environment)
Transport and Stores Manager

Target Date: 31 July 2025

Stocktaking

As part of maintaining good controls over the security and record keeping of any warehousing operation, regular periodic (typically annual) stocktakes should be completed by officers independent to the day-to-day running of such a facility, with all variances investigated and posted to the system as soon as practicable afterwards.

During audit testing it was identified that:

- The last full stocktake was completed in 2018 by employees working in the Stores.
- 79% of the line items reviewed as part of a sample test by Internal Audit demonstrated a discrepancy between items noted on the system and those counted 'on the floor'.

Agreed Action (High Priority)

A full stocktake will be performed at the earliest opportunity with due consideration to segregation of duties and independence. Following the stocktake, all adjustments will be posted to the stock system and a regular programme of scheduled stocktakes implemented.

Managers Responsible

Assistant Director (Environment)
Transport and Stores Manager

Target Date: 30 April 2025

6. Waste Management (Recycling) 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:

- Income collection, recording and monitoring processes (including recycling credits and glass-related income) may not be appropriate.
- Performance in relation to recycling targets may not be appropriately monitored and reported.
- Initiatives to challenge contaminated recycling and related issues may not be in place.
- Collection routes may not operate at an optimal level.

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 regular completion of income reconciliations was proposed and agreed with management.

7. Rents (Housing) 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 and/or may not be consistently applied.
- 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. One recommendation ('best practice') relating to the charging of VAT on garage rents was proposed and agreed with management.

Current Audit Performance

As at the date of this report, the Internal Audit Plan for 2024/25 is substantially complete with (as indicated above) three audits currently still in progress, expected to be completed by June 2025. Work has commenced on the Internal Audit Plan for 2025/26 with six audits already in progress. A full update on the new 2025/26 plan will be presented in the next regular update to this committee.

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	Agreed Actions	Progress
Housing Delivery Plan	28/08/24	Reasonable	2	1 Outstanding
Benefits	03/12/24	Substantial	2	Complete
Payroll	09/12/24	Substantial	1	Complete

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 Change Manager

Colleagues within Asset Management and Development are currently refreshing the Asset Management Strategy and Housing Delivery Plan. The documents will outline how we will invest wisely, build intelligently and spot opportunities to meet our housing needs going forward. It is intended that the Strategy and the Plan will be dispatched on the 25 June ready for review at Policy Overview Working Group on the 3 July.

Revised Target Date: 30 September 2025