

## Appendix 1

## Internal Audit Reports

The following table summarises the audit assignments and similar work completed by Internal Audit since the last meeting of this Committee.

Audit Title	Report Issued	Assurance Opinion	Actions (High Priority)	Actions (Other)
Financial Appraisals – Capital Works (x7)	29/04/25	Advisory Report Only		
Financial Appraisal – Prospective Tenants (x2)	29/04/25	Advisory Report Only		
Human Resources	09/05/25	Substantial	-	-
Council Tax	16/05/25	Substantial	-	-
Leisure Management System	16/05/25	Substantial	-	-
Financial Appraisals – UKSPF Grants (x20)	10/06/25	Advisory Report Only		
Key Reconciliations	19/06/25	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.			
Homelessness				
Housing Repairs (Reactive)				

## Remaining Internal Audit Plan 2025/26

Audit Title	Progress
Climate Change	In Progress
Licensing	In Progress
Waste Management (Garden Waste)	In Progress
Tenant Engagement	In progress
Anti-Social Behaviour	Not yet commenced
Bank Reconciliation System	Not yet commenced
Benefits	Not yet commenced
Bramcote Leisure Centre - Governance Review	Not yet commenced
Business Rates (NNDR)	Not yet commenced
Capital Works	Not yet commenced
Committee Management System	Not yet commenced
Corporate Governance	Not yet commenced
Creditors and Purchasing	Not yet commenced
Fire and Asbestos Risk Management	Not yet commenced
Hickings Lane Pavilion	Not yet commenced
Housing Disrepair	Not yet commenced
Housing Lettings	Not yet commenced
Human Resources	Not yet commenced

<b>Audit Title</b>	<b>Progress</b>
Information Management	Not yet commenced
Kimberley Depot - Compliance	Not yet commenced
Major Projects Dashboard	Not yet commenced
Payroll	Not yet commenced
Rents	Not yet commenced
Surveillance	Not yet commenced
Treasury Management	Not yet commenced

### **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. Human Resources****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:

- Retention of business-critical employees may not be appropriately prioritised.
- Processes for new starters may not be managed in an appropriate and effective manner.
- Appropriate initiatives may not be in place to provide for employee wellbeing.

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. Council Tax****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:

- Council Tax may not be correctly calculated and/or bills may not be accurately and efficiently raised and distributed.
- Billed amounts may not be collected in an efficient manner and/or may not be accounted for correctly.
- Outstanding debts may not be managed efficiently and effectively.
- Applied reliefs and discounts to accounts may not be valid and/or managed efficiently.
- Refunds and write-offs may not be valid and may not be appropriately authorised.
- Robust arrangements for detecting and managing fraud risk may not be in place.

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.

**4. Leisure 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:

- Memberships may not be managed in an efficient and effective manner.
- Facilities Bookings may not be managed in an efficient and effective manner.
- Income may not be collected and/or accounted for in an efficient and effective 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. Key Reconciliations****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 risk:

- The Key Reconciliation processes may not be completed in a timely and accurate manner.

Internal Audit was pleased to report that no significant issues were identified in the course of this review, with a single recommendation ('best practice') relating to the documentation of the review of reconciliations being proposed to and agreed with management.

**Current Audit Performance**

Progress on the Internal Audit Plan for 2025/26 is considered to be satisfactory, taking into account a significantly higher than usual number of Financial Appraisals undertaken during April and June.

A final report on the performance of the Internal Audit Service for 2024/25 is presented to this Committee alongside this report.

**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.

**Additional Follow-Up – Stores Stocktake**

Members may recall that at the previous meeting of this Committee the high-priority agreed action relating to the stocktake of the stores at Kimberley Depot was highlighted for accelerated follow-up. As at the date of submission of this report, Internal Audit is aware that a full stocktake has now been performed, however full audit follow-up procedures have not yet been completed. A verbal update will be provided at this meeting.

**Outstanding Actions**

1. Housing Delivery Plan	August 2024, Reasonable, Actions – 2
<div data-bbox="193 443 1444 801"><b>1.1 Policy Refresh and Update</b> <u>Agreed Action (Medium Priority)</u> 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. <u>Managers Responsible</u> Head of Asset Management and Development Interim Housing Delivery Manager Target Date: 31 December 2024</div> <div data-bbox="193 801 1444 1088"><b><u>Update from the Change Manager</u></b> <b>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. The Strategy (condensed version) and the Plan have been dispatched ready for review at Policy Overview Working Group on the 3 July.</b> <b>Revised Target Date: 30 September 2025</b></div>	