

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)
Climate Change	03/09/25	Substantial	-	-
Financial Appraisal – UKSPF Grant Applicants	09/09/25	Advisory Report Only		
Financial Appraisal – Capital Works	12/09/25	Advisory Report Only		
Anti-Social Behaviour	12/09/25	Substantial	-	1
Housing Repairs (Reactive)	15/09/25	Reasonable	-	-
Data Quality Reviews (x3)	30/09/25	Reasonable	-	2
Financial Appraisal – Potential Tenant	30/09/25	Advisory Report Only		
Treasury Management	22/10/25	Substantial	-	1
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 will be provided by the Chief Audit and Control Officer at this meeting.			
Licensing				
Committee Management System				
Payroll				

Remaining Internal Audit Plan 2025/26

Audit Title	Progress
Capital Works	In Progress
Information Management	In Progress
Bramcote Leisure Centre - Governance Review	In Progress
Kimberley Depot - Compliance	In Progress
Bank Reconciliation System	Not yet commenced
Business Rates (NNDR)	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
Rents	Not yet commenced
Surveillance	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. **Climate Change** **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/or procedure documentation may not be in place.
- Appropriate management and delivery structures may not be in place.
- Performance reporting may be made in an inappropriate manner and/or be based on unreliable and/or inconsistently prepared data.

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. Anti Social Behaviour**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 procedures may not be in place.
- Reports received may not be responded to in an appropriate manner and/or in line with approved policy and procedures.
- Training arrangements may be inadequate.
- Performance monitoring and reporting, both internal and external, may be inadequate.

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 review of policy and procedure documentation being proposed to and agreed with management.

4. Housing Repairs (Reactive)**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:

- Appropriate and up-to-date policy and procedure documentation may not be in place.
- Repair works may not be completed in a timely and appropriate manner.
- Performance in relation to Housing Repairs may not be appropriately monitored and reported.

Internal Audit was pleased to report that no significant issues were identified in the course of this review. Three observations, relating to the review of the Housing Repairs Policy, Key Performance Indicators and the recording of job completion dates were made. However, as a new housing management system is due to be implemented over the course of Winter 2025, no formal recommendations relating to the current system were deemed necessary.

5. Data Quality Reviews**Assurance Opinion – Reasonable**

Following consideration of the Annual Assessment of Performance Data Quality Assurance Report by the Council's General Management Team, Internal Audit was asked to perform some sample testing of the results reported by Assistant Directors, Heads of Service and other relevant Senior Managers.

Internal Audit was pleased to report that no significant issues were identified in the course of this review with a one recommendation ('medium priority') relating to the collection of system data within the Environmental Heath Department and one recommendation ('medium priority') relating to the retention of calculations and other supporting documentation being made.

6. 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 a single recommendation ('best practice') relating to 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 2025/26 will be presented to this Committee in July 2026.

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
Damp and Mould	27/01/25	Reasonable	2	1 Outstanding
Stores	08/04/25	Limited	3	1 Outstanding
Waste Management (Recycling)	08/04/25	Substantial	1	Complete
Rents	08/05/25	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. Damp and Mould****1.1 Procurement**Agreed Action (High Priority)

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

Managers Responsible

Assistant Director Housing

Housing Repairs and Compliance Manager

Target Date: 31 March 2025

Update from the Assistant Director - Housing Services

This is still in progress. The Repairs team have a number of contracts requiring procurement and have prioritised those with the highest value.

Revised Target Date: 31 March 2026

2. Stores**2.1 Policy and Procedure Documents**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

Update from the Assistant Director - Environment

Progress on the Stores Procedure document is ongoing. While initial drafting has taken place, further work is required before it can be finalised. The Transport and Stores Manager has confirmed that the document will be completed by 31 December 2025. It has been agreed that a separate Stores Policy is not necessary, with efforts focused on ensuring procedural clarity.

It is acknowledged that the development of processes has taken longer than initially anticipated. However, all outstanding actions are now scheduled for completion by Christmas.

Revised Target Date: 31 December 2025