

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)
Licensing	13/11/25	Reasonable	-	-
Payroll	26/11/25	Substantial	-	2
Financial Appraisal – Capital Works	11/12/25	Advisory Report Only		
Kimberley Depot – Compliance	06/01/26	Reasonable	-	2
Audio-Visual Equipment Review	08/01/26	Advisory Report Only		
Housing Disrepair Claims	15/01/26	Substantial	-	1
Benefits	15/01/26	Substantial	-	1
Financial Appraisal – Capital Works	12/02/26	Advisory Report Only		
Committee Management System	16/02/26	Reasonable	-	1
NNDR (Business Rates)	20/02/26	Substantial	-	-
Human Resources	25/02/26	Substantial	-	-
Creditors and Purchasing	26/02/26	Substantial	-	-
Rents	02/03/26	Substantial	-	1
Capital Works	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.			
Information Management				
Bramcote Leisure Centre – Governance Review				
Income Receiving System				

Remaining Internal Audit Plan 2025/26

Audit Title	Progress
Hickings Lane Pavilion	In Progress
Fire Risk Management (Housing)	Deferred to 2026/27*
Housing Lettings	Deferred to 2026/27*
Surveillance	Deferred to 2026/27*

*At the request of the relevant Assistant Director, this audit has been deferred into 2026/27. The audit time released by this deferral has been / will be utilised to make an early start on the Internal Audit Plan for 2026/27, presented to this Committee alongside this report.

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 'No' 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. **Licensing** **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:

- Licenses are granted without the appropriate legal and regulatory requirements being met.
- Unlicensed activity within the Borough is neither detected nor appropriately managed.
- License conditions are inadequately enforced.
- Incorrect fees and charges are applied to license applications and renewals.
- Income collection for license fees and charges is inadequately managed.

Internal Audit was pleased to report that no significant issues were identified in the course of this review. A small number of potential improvements in internal control or other risk mitigation measures in relation to the specific key risks addressed as part of the audit were noted. It was, however, further noted that the management and administration of Licensing is currently in a transitional period, with a number of new systems and processes being introduced which should address these matters and further enhance internal control in other

areas also. Accordingly, as agreed with the Head of Environmental Health, Licensing and Private Sector Housing, no specific recommendations were made in the present report, with a fresh audit of Licensing agreed for inclusion in the Internal Audit Plan for 2026/27.

2. **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 input 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 with two recommendations (both 'medium priority') relating to the update of the listing of authorised signatories and the recovery of loans from former employees being proposed to and agreed with management.

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. **Kimberley Depot - Compliance** **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 policies and procedures may not be in place for the reporting and recording of accidents and near misses.
- Monitoring and management reporting of accidents and near misses may be inadequate.
- Follow-up on actions identified following an accident or near miss may be inadequate.

Internal Audit was pleased to report that no significant issues were identified in the course of this review with two recommendations (both 'medium priority') relating to the retention of documentation and the timeliness of reporting being proposed to and agreed with management.

5. **Audio-Visual Equipment Review** **Advisory Report Only**

At the request of the General Management Team, Internal Audit completed a review of the use of audio-visual equipment within the Council and Liberty Leisure Limited in order to help determine whether a licence from the Motion Picture Licensing Company is required.

Internal Audit found that the presence and use of audio-visual equipment across the Council is generally minimal. A small number of departments reported the presence of equipment used for site-specific purposes such as laptop projectors / screens used for presentations or the display of information in employee / public areas. None of this equipment was understood to be connected to an aerial or similar receiving device.

6. **Housing Disrepair Claims** **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/or procedure documentation may not be in place.
- Housing Disrepair Claims may not be processed in a timely and appropriate manner.
- Performance monitoring and reporting processes 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 a guidance document being proposed to and agreed with management.

7. **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 not be adequate.
- Reconciliations to other primary financial systems may not be completed in an accurate and timely manner.
- Sensitive and 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 with a single recommendation ('medium priority') relating to the checking of claims being proposed to and agreed with management.

8. **Committee Management System** **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:

- Reports may be presented to Cabinet and other Committees for consideration without appropriate Officer review.
- Cabinet reports relating to Key Decisions may not be identified and managed appropriately.
- Data relating to Councillors held within the Committee Management System may be inappropriately managed.

Internal Audit was pleased to report that no significant issues were identified in the course of this review with one recommendation ('medium priority') relating to the review and optimisation of the use of the report management system being proposed to and agreed with management.

9. **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 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 specific recommendations to address deficiencies in internal control being made.

10. **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:

- Appropriate processes for the return of signed contracts of employment may not be in place.
- Appropriate processes to manage long-term absence may not be in place.
- Adequate processes for the management of Hardship Grants may not be in place.
- Adequate processes for the management of payments for training 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 specific recommendations to address deficiencies in internal control being made.

11. **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.

Internal Audit was pleased to report that no significant issues were identified in the course of this review with no specific recommendations to address deficiencies in internal control being made.

12. **Rents** **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.
- 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 with a single recommendation ('best practice') relating to the review of policy and procedure documentation 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	Completed
Key Reconciliations	19/06/25	Substantial	1	Completed
Waste Management (Garden Waste)	23/07/25	Substantial	1	Completed
Commercial Properties	24/07/25	Limited	5	Completed
Anti-Social Behaviour	12/09/25	Substantial	1	Completed

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