

Bolsover District Council

Meeting of the Audit Committee on 26th September 2024

Summary of Progress on the 2024/25 Internal Audit Plan

Report of the Head of the Internal Audit Consortium

Classification	This report is public
Report By	Head of the Internal Audit Consortium
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PURPOSE/SUMMARY OF REPORT

To present, for members' information, a progress report in respect of the 2024/25 Internal Audit Plan.

REPORT DETAILS

1. Background

- 1.1 The Public Sector Internal Audit Standards require that the Head of the Internal Audit Consortium reports periodically to the Audit Committee in respect of performance against the audit plan. Significant risk and control issues should also be reported.

2. Details of Proposal or Information

- 2.1 Appendix 1 is a summary of reports issued in July and August 2024 in respect of the 2024/25 Internal Audit Plan. The Appendix shows for each report the level of assurance given and the number of recommendations made / agreed where a full response has been received. This provides an overall assessment of the system's ability to meet its objectives and manage risk. The definitions of the assurance levels used can be seen in the table below. The assurance levels have also now been linked to definitions of risk within the risk management strategy.

Assurance Level	Internal Audit Definition	Risk Register Link
Substantial Assurance	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.	Minor / negligible impact
Reasonable Assurance	The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed.	Minor / moderate
Limited Assurance	Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.	Moderate / Severe Impact
Inadequate Assurance	There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk. There is little assurance of achieving the desired objectives.	Catastrophic Impact

2.2 In this period 4 reports have been issued 3 with Substantial and 1 with Limited Assurance.

2.3 No issues arising relating to fraud were identified.

2.4 It has previously been agreed that the Audit Committee will receive full copies of any Limited Assurance Reports. Appendix 2 is the Limited Assurance report in respect of decent homes reporting. This piece of work is not part of the audit plan but was requested by the Council's management team following a query they had received from the Social Housing Regulator Inspection team. The scope of the audit was to review and assess the accuracy of data submitted to the Government as part of its Local Authority Housing (LAH) return in respect of the 'Number of non-decent homes owned by the Local Authority as at 31st March' for financial periods 2019/20 to 2023/24 inclusive.

The main issues identified by the audit were: -

- Government returns have been completed without reference to guidance, increasing the risk of inaccurate data regarding non-decent dwellings being submitted.

- Working papers to support the non-decent data within the LAH returns had not been retained therefore it was not possible to confirm the accuracy of submissions. No independent check of the data had been undertaken to verify the data submission.
- Inspections of properties with a 'F' to 'G' EPC rating needed visiting as a matter of urgency to determine if there is a Category 1 failing and to assess whether letting is permissible under the current rules.
- Data was not available to indicate that 183 dwellings have sufficient loft insulation to have been determined as decent homes.
- There was no target agreed or reported for the percentage of dwellings meeting the Decent Homes standard to provide assurance on all stakeholders on the improvements being made to housing stock.

2.5 During and following the completion of the audit, a vast amount of work has been put into reviewing the decent homes reporting guidance, processes and reporting to be able to produce and submit accurate returns. A full housing stock condition survey with energy\thermal efficiency included is being commissioned and that will provide greater assurance on the decent homes indicator.

2.6 Appendix 3 provides details of progress on the 2024/25 Internal Audit Plan. Progress against the plan is in line with what is expected at this time of year. However, the BDC full time Auditor has been promoted to the position of Senior Auditor at CBC and there will be a time lag before the new Auditor starts which will have an impact upon the completion of the full plan in terms of time the post is vacant and the training requirements of the new Auditor.

3. Reasons for Recommendation

3.1 To inform Members of progress on the 2024/25 Internal Audit Plans and to provide details of the Audit Reports issued to date.

3.2 To comply with the requirements of the Public Sector Internal Audit Standards.

4 Alternative Options and Reasons for Rejection

4.1 N/A

RECOMMENDATION

1. That the report be noted.

IMPLICATIONS:

Finance and Risk: Yes No

Details:

Internal audit reviews help to ensure that processes and controls are operating effectively thereby contributing to ensuring that value for money is obtained.

On behalf of the Section 151 Officer

Legal (including Data Protection): Yes No

Details:

The core work of internal audit is derived from the statutory responsibility under the Accounts and Audit Regulations 2015 which requires the Council to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking in to account the Public Sector Internal Audit Standards or guidance”.

On behalf of the Solicitor to the Council

Environment:

Please identify (if applicable) how this proposal/report will help the Authority meet its carbon neutral target or enhance the environment.

Details:

N/A

Staffing: Yes No

Details:

On behalf of the Head of Paid Service

DECISION INFORMATION

<p>Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:</p> <p>Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i></p>	<p>No</p>
<p>Is the decision subject to Call-In? <i>(Only Key Decisions are subject to Call-In)</i></p>	<p>No</p>

District Wards Significantly Affected	None
Consultation: Leader / Deputy Leader <input type="checkbox"/> Executive <input type="checkbox"/> SLT <input type="checkbox"/> Relevant Service Manager <input checked="" type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/>	Details:

Links to Council Ambition: Customers, Economy and Environment.
Internal audit reviews help to ensure that the Council is delivering high quality, cost effective services.

DOCUMENT INFORMATION	
Appendix No	Title
1	Summary of Internal Audit reports issued in July and August 2024
2	Non-decent Homes (HRA stock) reporting Internal Audit Report
3	Progress on the 2024/25 Internal Audit Plan

Background Papers
<i>(These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Executive you must provide copies of the background papers).</i>