

ASHFIELD DISTRICT COUNCIL



Council Offices,
Urban Road,
Kirkby in Ashfield
Nottingham
NG17 8DA

Agenda

Audit Committee

Date: **Thursday, 19th September, 2024**

Time: **7.00 pm**

Venue: **Committee Room, Council Offices, Urban Road,
Kirkby-in-Ashfield**

For any further information please contact:

Lynn Cain

lynn.cain@ashfield.gov.uk

01623 457317

If you require an adjustment to enable you to participate or access the meeting, please contact the Democratic Services team at least 48 hours before the meeting.

Audit Committee

Membership

Chairman: Councillor Will Bostock

Councillors:

Ian Briggs
Sarah Lewsey
Nicholas Parvin

Dawn Justice
Sarah Madigan
John Smallridge

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SUMMONS

You are hereby requested to attend a meeting of the Audit Committee to be held at the time/place and on the date mentioned above for the purpose of transacting the business set out below.



Theresa Hodgkinson
Chief Executive

AGENDA

Page

1. To receive apologies for absence, if any.
2. **Declarations of Disclosable Pecuniary or Personal Interests and/or Non-Registrable Interests.**
3. To receive and approve as a correct record the minutes of the meeting of the Committee held on 18 July 2024. 5 - 8
4. **Corporate Risk Register: Gas Servicing Update from the Assistant Director of Housing Operations.**
5. **MAZARS: Indicative Audit Strategy Memorandum 2023/24.** 9 - 26
6. **Audit Progress Report.** 27 - 40

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AUDIT COMMITTEE

Meeting held in the Committee Room, Council Offices, Urban Road, Kirkby-in-Ashfield,
on Thursday, 18th July, 2024 at 7.00 pm

Present: Councillor David Walters (as substitute for Will Bostock), in the Chair;

Councillors Ian Briggs, Dawn Justice,
Sarah Lewsey and John Smallridge.

Apology for Absence: Councillor Will Bostock.

Officers Present: Lynn Cain, Ruth Dennis, Joanne Froggatt,
Peter Hudson and Andrew Page.

In Attendance: Hannah McDonald (CMAP).
Councillors Dave Shaw and John Wilmott.

AC.1 Appointment of Chairman

RESOLVED

that Councillor David Walters be appointed as Chairman for the duration of the meeting.

AC.2 Declarations of Disclosable Pecuniary or Personal Interests and/or Non-Registrable Interests

No declarations of interest were made.

AC.3 Minutes

RESOLVED

that the minutes of the meeting of the Committee held on 21 March 2024, be received and approved as a correct record.

AC.4 Corporate Risk - Year End Position 2023/2024

The Assistant Director for Policy and Performance presented the report and advised that seven risks had been removed from the Corporate Risk Register during 2022/23, as previously reported, with only two new additional risks being added in April 2024. All of the remaining corporate risks had been effectively managed without an increase in risk assessment rating during the preceding 12 months. In addition, 38% of the Council's corporate risks had also been effectively managed and mitigated with a reduction in risk assessment rating over the last year.

Corporate risks that had remained significant were in relation to gas servicing at Council owned properties, compliance with the new regulatory regime set out by the Regulator of Social Housing and workforce planning. Two new risks had been added to the Register in relation to the implications in the event the Council failed to comply with the provision of the Procurement Act 2023 and the condition of the buildings at the Northern Depot.

Councillor John Smallridge asked a question in relation to the risks associated with the statutory obligations to carry out gas servicing on, and the installation of Carbon Monoxide alarms at, Council House properties. Following a response to this query by officers, it was agreed that an invitation would be extended to the relevant Assistant Director to attend the next meeting of the Committee to provide information and assurance.

RESOLVED that

- a) the current significant items on the Corporate Risk Register, as presented, be received and duly noted;
- b) an invitation be extended to the Assistant Director of Housing Operations, to attend the next meeting of the Audit Committee, to present an update in respect of the difficulties being experienced in relation to meeting the statutory obligation process timescales for gas servicing in the Council's housing stock.

AC.5 Treasury Management & Borrowing Activity 2023/24

The Financial Services Manager presented the report providing information on the Council's treasury management activities over the previous year including performance during 2023/24 against the prudential indicators approved by Council on 2 March 2023, as part of the Treasury Management Strategy.

RESOLVED

that the 2023/24 Treasury Management performance, as set against approved prudential indicators outlined in the report, be received and noted.

AC.6 Internal Audit Annual Report 2023/24

Hannah McDonald, CMAP's Group Auditor, presented the Internal Audit Annual Report for 2023/24 on behalf of the Audit Manager, Mandy Marples.

Committee were reminded that CMAP had undergone a 5-year Quality Assurance and Improvement Programme (QAIP) assessment in 2022 which on conclusion, had determined that the organisation had generally conformed with standards and remained fit for purpose.

In respect of the Council's Audit Opinion for 2023/24 based on the work undertaken during the year, an overall conclusion/opinion had been reached that there was currently a Satisfactory System of Governance, Risk and Internal Control at the Council. Findings had indicated that on the whole, arrangements were satisfactory and Members considered and acknowledged the range of audit work/coverage for the year.

RESOLVED

that the Internal Audit Annual Report for 2023/24 including the supporting Internal Audit Opinion, be received and noted.

AC.7 Audit Progress Report

Hannah McDonald, CMAP's Group Auditor, presented the report and summarised audit progress as at 4 July 2024.

An audit change had been agreed by the Executive Director for Governance for the Contract Procedure Rules audit to be withdrawn from the 2023/24 Audit Plan and replaced by an audit of High Pavement House. Three pieces of work had been finalised since the last update and a synopsis of each of the completed assignments was presented regarding the following:

Finance System Implementation
Trade Waste 2023/24
Performance Management 2023/24.

An overview of the current position with regard to recommendation tracking was given to Members and the Executive Director for Governance advised on how the Senior Leadership Team (SLT) and the Performance Board were part of the process for monitoring progress against completion of the outstanding recommendations. Some key issues were discussed in respect of Fraud Risk, installation of Fire Safety Doors and Future High Streets Fund & Towns Fund progress.

RESOLVED that

- a) audit assignment progress as at 4 July 2024, as presented to Committee, be received and noted;
- b) an update in respect of progress against outstanding recommendations regarding the Future High Streets Fund & Towns Fund, be submitted to the next meeting of the Committee for consideration.

AC.8 Section 100A Local Government Act 1972: Exclusion of the Press and Public

RESOLVED

that in accordance with the provisions of Section 100A of the Local Government Act 1972, the press and public be now excluded from the meeting during the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act and in respect of which the Proper Officer considers the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

AC.9 Investment Properties Performance 2023/24
(exempt by virtue of paragraph 3)

The Council's Financial Services Manager gave Members an update regarding performance and monitoring of the Council's Investment Property portfolio during the 2023/24 financial year.

RESOLVED

that performance in relation to the Council's Investment Property portfolio during the 2023/24 financial year, as presented, be received and noted.

The meeting closed at 8.22 pm

Chairman.



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Indicative Audit Strategy Memorandum
Ashfield District Council – Year ending 31 March 2024

September 2024



Agenda Item 5

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- 02 Audit scope, approach and timeline
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- 04 Value for money arrangements
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This document is to be regarded as confidential to Ashfield District Council. It has been prepared for the sole use of Governance, Audit and Standards Committee as the appropriate sub-committee charged with governance. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

Engagement and responsibilities summary

01

Engagement and responsibilities summary

Overview of engagement

We are appointed to perform the external audit of Ashfield District Council (the Council) for the year to 31 March 2024. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/. Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined overleaf.

At the time of preparing our Audit Strategy Memorandum, there are a series of active consultations in place that could impact upon both the Council's financial statements and the work we are required to undertake, these include;

- Changes to the Code of Audit Practice (<https://www.nao.org.uk/code-of-audit-practice-consultation/>)
- Ministry of Housing, Communities and Local Government approach to audit delays (<https://www.gov.uk/government/news/significant-measures-to-tackle-worsening-backlog-in-local-audit>)

We will refine our audit approach as the outcome of these consultations become clearer and provide further information to the Committee in due course.

Engagement and responsibilities summary

Audit opinion

We are responsible for forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in accordance with the Code of Practice on Local Authority Accounting. Our audit does not relieve management or the Audit Committee, as Those Charged With Governance, of their responsibilities.

The Section 151 officer is responsible for the assessment of whether it is appropriate for the Council to prepare its accounts on a going concern basis. As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on:

- a) whether a material uncertainty related to going concern exists; and
- b) consider the appropriateness of the Section 151 Officer's use of the going concern basis of accounting in the preparation of the financial statements.

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Fraud

The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both Those Charged With Governance and management. This includes establishing and maintaining internal controls over compliance with relevant laws and regulations, and the reliability of financial reporting.

As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance, including key management [include Internal audit, other key individuals where relevant] as to their knowledge of instances of fraud, the risk of fraud and their views on internal controls that mitigate the fraud risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However, our audit should not be relied upon to identify all such misstatements.



Internal control

Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

We are responsible for obtaining an understanding of internal control relevant to our audit and the preparation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ashfield District Council's internal control.

Wider reporting and electors' rights

We report to the NAO on the consistency of the Council's financial statements with its Whole of Government Accounts (WGA) submission.

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounts of the Council and consider objections made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom.

Value for money

We are also responsible for forming a view on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. We discuss our approach to Value for Money work further in section 5 of this report.

Audit scope, approach, and timeline

02

Audit scope, approach, and timeline

Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit approach and in accordance with the terms of our engagement. Our work is focused on those aspects of your activities which we consider to have a higher risk of material misstatement, such as those impacted by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations or areas which have been found to contain material errors in the past.

Audit approach

Our audit approach is risk-based, and the nature, extent, and timing of our audit procedures are primarily driven by the areas of the financial statements we consider to be more susceptible to material misstatement. Following our risk assessment where we assess the inherent risk factors (subjectivity, complexity, uncertainty, change and susceptibility to misstatement due to management bias or fraud) to aid in our risk assessment, we develop our audit strategy and design audit procedures to respond to the risks we have identified.

If we conclude that appropriately-designed controls are in place, we may plan to test and rely on those controls. If we decide controls are not appropriately designed, or we decide that it would be more efficient to do so, we may take a wholly substantive approach to our audit testing where, in our professional judgement, substantive procedures alone will provide sufficient appropriate audit evidence. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise tests of detail (of classes of transaction, account balances, and disclosures), and substantive analytical procedures. Irrespective of our assessed risks of material misstatement, which takes account of our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transaction, account balance, and disclosure.

Our audit will be planned and performed so as to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view.

The diagram on the next page outlines the procedures we perform at the different stages of the audit.

Audit scope, approach, and timeline

Risk-based approach

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Audit scope, approach, and timeline

Audit timeline



Emerging areas of focus for the audit

03

Significant risks and other key judgement areas

Specific identified audit risks and planned testing strategy

Based on the work performed to date, these are the emerging areas of audit focus.

An audit is a dynamic process, should we change our view of risk or approach to address the identified risks during the course of our audit, we will report this to Committee.

Significant risks

	Description	Fraud	Error	Judgement	Planned response
1	<p>Management override of controls This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</p> <p>Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.</p>	●	●	●	We plan to address the management override of controls risk through performing audit work over accounting estimates, journal entries and significant transactions outside the normal course of business or otherwise unusual.

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Significant risks and other key judgement areas

Significant risks

	Description	Fraud	Error	Judgement	Planned response
2	<p>Valuation of the Net Defined Benefit Pension Asset/Liability</p> <p>The defined benefit liability relating to the Local Government pension scheme represents a significant balance on the Council's balance sheet. The Council uses an actuary to provide an annual valuation of these liabilities in line with the requirements of IAS 19 Employee Benefits. Due to the high degree of estimation uncertainty associated with this valuation, we have determined there is a significant risk in this area.</p>	●	●	●	<p>We plan to address the risk by:</p> <ul style="list-style-type: none"> • Obtaining and understanding of the skills, experience, objectivity and independence of the Pension Fund's actuary; • Obtaining confirmation from the auditors of Nottinghamshire Pension Fund that the Pension Fund have designed and implemented controls to prevent and detect material misstatement. This will include the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS 19 valuation is complete and accurate; • Evaluating and challenging the work performed by the Nottinghamshire Pension Fund auditor on the Pension Fund investment assets, and considering whether the outcomes would materially impact our consideration of the Council's share of Pension Fund assets; • Reviewing the actuarial allocation of Pension Fund assets to the Council including comparing the Council's share of the assets to other corroborative information; • Reviewing the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This will include comparing them to expected ranges and utilising information by the consulting actuary engaged by the National Audit Office. • Agreeing the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council's financial statements; and • Reviewing and challenging the Council's assessment, under the requirements of IFRIC14, of its Pension surplus and confirming that the accounting treatment is appropriate and reasonable.

Significant risks and other key judgement areas

Significant risks

	Description	Fraud	Error	Judgement	Planned response
Page 21	<p>3 Valuation of Land & Buildings, Council Dwellings and Investment Property.</p> <p>Land and buildings assets are a significant balance on the Council's balance sheet. The valuation of these properties is complex and is subject to a number of management assumptions and judgements. Due to the high degree of estimation uncertainty associated, we have determined there is a significant risk in this area.</p>	●	●	●	<p>We plan to address this risk by:</p> <ul style="list-style-type: none"> critically assessing the scope of work, qualifications, objectivity and independence of the Council's valuer to carry out the required programme of revaluations; considering whether the overall revaluation methodologies used by the Council's valuers are in line with industry practice, the CIPFA code of practice and the Council's accounting policies; Testing a sample of valuations carried out in the year to confirm they have been carried out on the correct basis and that the underlying judgements are based on relevant inputs and are reasonable; assessing whether valuation movements are in line with market expectations by considering valuation trends; and critically assessing the approach that the Council adopts to ensure that assets that are not subject to revaluation in 2023/24 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Councils valuers.

Value for money arrangements

04

Value for money arrangements

The framework for value for money work

We are required to form a view as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our view and sets out the overall criterion and sub-criteria that we are required to consider.

2023/24 will be the fourth audit year where we are undertaking our value for money (VFM) work under the 2020 Code of Audit Practice (the Code). Our responsibility remains to be satisfied that the Council has proper arrangements in place and to report in the audit report and/or the audit completion certificate where we identify significant weaknesses in arrangements. Separately we provide a commentary on the Council's arrangements in the Auditor's Annual Report.

Specified reporting criteria

The Code requires us to structure our commentary to report under three specified criteria:

- 1. Financial sustainability** – how the Council plans and manages its resources to ensure it can continue to deliver its services;
- 2. Governance** – how the Council ensures that it makes informed decisions and properly manages its risks; and
- 3. Improving economy, efficiency and effectiveness** – how the Council uses information about its costs and performance to improve the way it manages and delivers its services

Our approach

Our work falls into three primary phases as outlined opposite. We need to gather sufficient evidence to support our commentary on the Council's arrangements and to identify and report on any significant weaknesses in arrangements. Where significant weaknesses are identified we are required to report these to the Council and make recommendations for improvement. Such recommendations can be made at any point during the audit cycle and we are not expected to wait until issuing our overall commentary to do so.

Our risk assessment is ongoing and will be updated as and when the work on 2022/23 and earlier years is completed.

Planning and risk assessment	Obtaining an understanding of the Council's arrangements for each specified reporting criteria. Relevant information sources include: <ul style="list-style-type: none">• NAO guidance and supporting information;• information from internal and external sources including regulators;• knowledge from previous audits and other audit work undertaken in the year; and• interviews and discussions with officers and Members.
Additional risk-based procedures and evaluation	Where our planning work identifies risks of significant weaknesses, we will undertake additional procedures to determine whether there is a significant weakness.
Reporting	We will provide a summary of the work we have undertaken and our judgements against each of the specified reporting criteria as part of our commentary on arrangements. This will form part of the Auditor's Annual Report. Our commentary will also highlight: <ul style="list-style-type: none">• significant weaknesses identified and our recommendations for improvement; and• emerging issues or other matters that do not represent significant weaknesses but still require attention from the Council.

Audit fees

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05

Audit fees and other services

Fees for audit and other services

The fee (exclusive of VAT) for the audit of Ashfield District Council for the year ended 31 March 2024, and for any non-audit assurance services or other non-audit services provided by Forvis Mazars LLP in the period, are outlined below.

Fees for work as the Council's appointed auditor

Area of work	2023/24 Proposed Fee
Code Audit Work – Scale fee	£159,606
Additional fees in respect of additional work from the introduction of new auditing standards (ISA 315)	£9,400

Public Sector Audit Appointments (PSAA) set the fee scale each year based on the income it needs from audit fees to meet the costs of the audit contracts for opted in bodies and its own costs. PSAA has published the scale fee for 2023/24 on its website (www.psa.co.uk/appointing-auditors-and-fees/), where it also explains the basis of its calculations in coming to this value. PSAA propose using the fee variations process for certain areas where it felt there was insufficient information at the time to include in the 2023/24 scale fee.

It expects to build the following into the future fee scale:

- ISA315 Identifying and Assessing the Risks of Material Misstatement, applicable from 2022/23
- IFRS16 Leases, applicable from 2024/25.

Periodically, PSAA returns any surplus to opted-in bodies by means of a distribution, once it is clear the surplus is no longer needed.

Contact

Forvis Mazars

Mark Surridge

Partner

Tel: +44 (0)121 232 9600

Mark.Surridge@mazars.com

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central midlands audit partnership

Ashfield District Council – Audit Progress Report

Audit Committee: 19th September 2024



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Our Vision

To bring about improvements in the control, governance and risk management arrangements of our Partners by providing cost effective, high quality internal audit services.

Contacts

Richard Boneham CPFA
 Head of Internal Audit (DCC) &
 Head of Audit Partnership
 c/o Derby City Council
 Council House
 Corporation Street
 Derby, DE1 2FS
 Tel. 01332 643280
 richard.boneham@derby.gov.uk

Adrian Manifold CMIIA
 Audit Manager
 c/o Derby City Council
 Council House
 Corporation Street
 Derby
 DE1 2FS
 Tel. 01332 643281
 adrian.manifold@centralmidlandsaudit.co.uk

Mandy Marples CPFA, CCIP
 Audit Manager
 c/o Derby City Council
 Council House
 Corporation Street
 Derby
 DE1 2FS
 Tel. 01332 643282
 mandy.marples@centralmidlandsaudit.co.uk

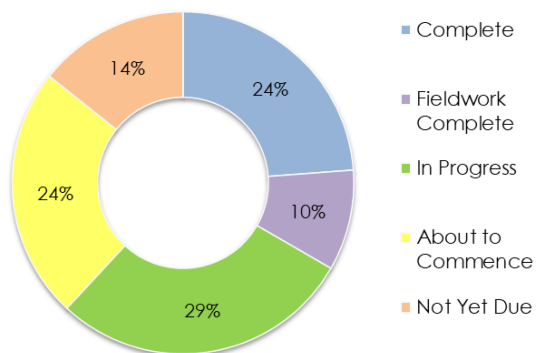
Linda Downes FCIIA ACMA
 Audit Manager
 c/o Derby City Council
 Council House
 Corporation Street
 Derby
 DE1 2FS
 Tel. 024 7637 6260
 Linda.downes@centralmidlandsaudit.co.uk



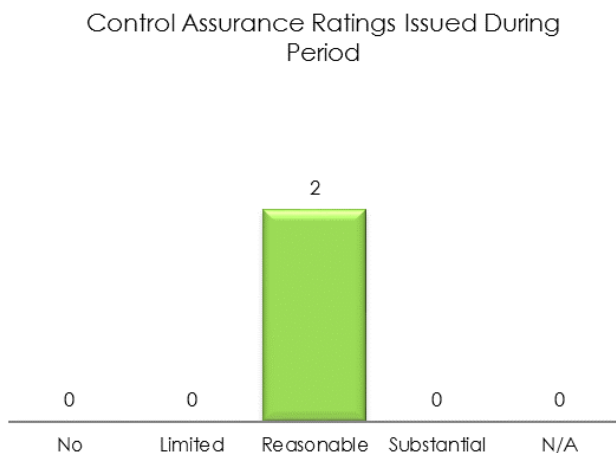
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AUDIT DASHBOARD

Plan Progress



Jobs Completed in Period

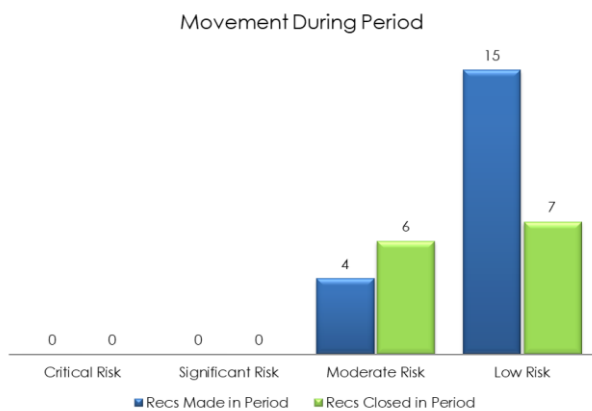


Customer Satisfaction

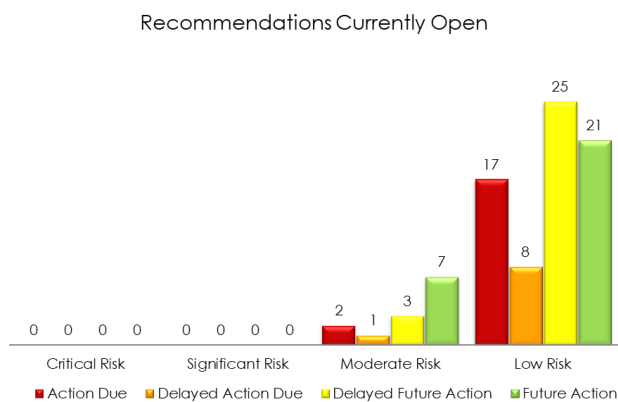


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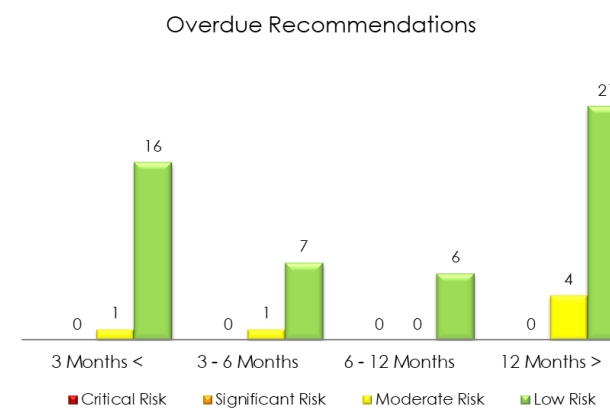
Recommendations Movement



Recommendations Open



Recommendations Overdue



Ashfield District Council – Audit Progress Report

AUDIT PLAN

Progress on Audit Assignments

The following tables provide Audit Sub-Committee with information on how audit assignments were progressing as at 4 September 2024.

2024-25 Assignments	Status	% Complete	Assurance Rating
Health & Safety - Damp & Mould	Draft Report	95%	
Training Records	Allocated	5%	
Anti-fraud & Corruption 2024-25	In Progress	10%	
Main Accounting - Data Assurance 2024-25	Allocated	10%	
IT Application Audit - IKEN	In Progress	40%	
Council Tax 2024-25	Allocated	0%	
Grants Certification	Not Allocated	0%	
Right to Buy 2024-25	Final Report	100%	Reasonable
Food Safety	Not Allocated	0%	
Housing Stock & Stores	Allocated	5%	
Contract Management	Not Allocated	0%	
Depot Project	In Progress	30%	
Rents 2024-25	In Progress	75%	
Transport Stocks & Stores	Allocated	5%	

B/Fwd Assignments	Status	% Complete	Assurance Rating
Finance System Implementation 2023-24	Complete	100%	N/A
Cyber Security & Entity Level Controls 2023-24	In Progress	75%	
Performance Management 2023-24	Final Report	100%	Reasonable
Commercial Investment Property 2023-24	Final Report	100%	Reasonable
Transfer of Assets	Not Allocated	0%	
Trade Waste 2023-24	Final Report	100%	Reasonable
Pest Control 2023-24	Fieldwork Complete	90%	

Plan Changes

The Executive Director – Legal & Governance has requested that the planned audit of High Payment House be withdrawn from the 2023-24 Audit Plan and replaced with an audit of the Transfer of Assets. This audit will give assurance over the internal processes to transfer assets between departments.

Ashfield District Council – Audit Progress Report

AUDIT COVERAGE

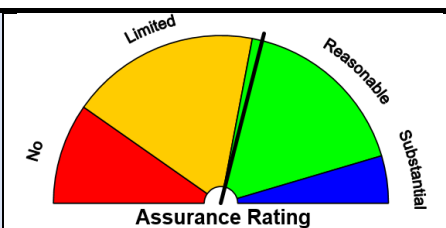
Completed Audit Assignments

Between 5 July 2024 and 4 September 2024, the following audit assignments have been finalised.

Audit Assignments Completed in Period	Assurance Rating	Recommendations Made				% Recs Closed
		Critical Risk	Significant Risk	Moderate Risk	Low Risk	
Right to Buy 2024-25	Reasonable			2	11	8%
Commercial Investment Property 2023-24	Reasonable			2	4	0%
TOTALS				4	15	5%

Control Objectives Examined		Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls
The Right to Buy process is sufficient to deter, defend and detect fraudulent activity.		10	3	4	3
The Right to Buy income and expenditure is accounted for as required by the Department of Levelling Up, Housing and Communities.		5	5	0	0
TOTALS		15	8	4	3

Rec No.	Summary of Weakness	Risk Rating	Original Action Date	Action Status	Revised Action Date
1	There was no formally approved policy in place to set out the Council's stance on discretionary elements of the Right the Buy legislation, as required by the Department of Levelling Up Housing and Communities Right to Buy - A Guide for Local Authorities April 2024.	Low Risk	30/11/2024	Future Action	



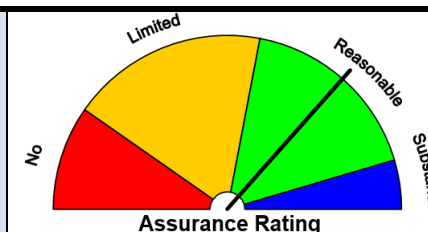
Ashfield District Council – Audit Progress Report

2	Right to Buy procedural guidance was incomplete, with procedure notes missing sections on cancellations, previous tenancies and defective properties.	Low Risk	31/07/2024	Action Due	
3	The Right to Buy Officer had not been provided with any training on how to verify identity documents.	Moderate Risk	30/11/2024	Future Action	
4	Testing noted occasions where rent account statements had been used to evidence residency. This was not in the list of acceptable residency check documents.	Low Risk	31/07/2024	Action Due	
5	There was no evidence that bank statements had been obtained as these were destroyed following completion of the sale. In addition, testing undertaken on pre-completed Right to Buy applications in their final stages showed an occasion where a bank statement was not obtained as the applicant stated they did not have a bank account, and no further checks were completed.	Low Risk	31/07/2024	Action Due	
6	The linked addresses highlighted on the credit report were not being adequately investigated and documented to ensure addresses are not current addresses of the applicant and do not highlight any red flags where the applicant could be trying to fraudulently obtain a discount for the Council Property.	Low Risk	31/07/2024	Action Due	
7	The Council had not been investigating the applicant's sponsor when that sponsor had been providing the funds to purchase the Council house.	Low Risk	31/07/2024	Action Due	
8	The Council had no trained resource to complete any further investigations should preliminary enquiries highlight any suspicious Right to Buy applications.	Moderate Risk	16/07/2024	Implemented	
9	Testing noted an occasion where the Council had not retained evidence of who had provided a tenancy confirmation.	Low Risk	31/07/2024	Action Due	
10	Unannounced visits to Right to Buy applicants at the property only took place where there was a lack of communication or there had been some concern regarding the application. There was also a lack of evidence of the announced or unannounced visits and no set procedures to follow during the visit.	Low Risk	31/07/2024	Action Due	
11	Although a Credit Check will highlight any bankruptcy, and the buyer's solicitor will do a bankruptcy check just before the sale is completed, the Right to Buy Officer does not check the insolvency website at the beginning of the process. The insolvency check would expedite the process should the applicant be insolvent.	Low Risk	31/07/2024	Action Due	
12	If the Housing Development Manager or the Senior Quality Surveyor did not reply to enquires to confirm whether there was a demolition order against the property in question, it was assumed that one did not exist.	Low Risk	31/07/2024	Action Due	

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13	The email which was sent to employees at the Council asking them to provide any information they may be aware off which could stop the sale of the Right to Buy property, contained the names of 3 employees who had left the Council's employment. This could mean that the checks might not be completed as the Right to Buy Officer was expecting.	Low Risk	31/07/2024	Action Due	
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Commercial Investment Property 2023-24



Control Objectives Examined	Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls
There is appropriate strategic direction over investment properties.	8	6	1	1
Existing investment properties are adequately managed to ensure optimum performance.	14	11	2	1
TOTALS	22	17	3	2

Rec No.	Summary of Weakness	Risk Rating	Original Action Date	Action Status	Revised Action Date
1	The full range of indicators recommended by the Ministry of Housing, Communities and Local Government Statutory Guidance on Local Government Investments (2018) were not reported.	Low Risk	01/04/2025	Future Action	
2	Limits had not been set for: <ul style="list-style-type: none"> Gross debt compared to net service expenditure. Commercial income as a percentage of net service expenditure. in accordance with statutory guidance.	Moderate Risk	30/11/2024	Future Action	
3	Training to facilitate effective oversight of investment properties had not been provided to the Audit Committee since 2019 and there were no Co-opted Independent Members with relevant experience on the Committee.	Low Risk	30/11/2024	Future Action	
4	There was no evidence that a contract with the external property investment consultant was in place.	Low Risk	30/09/2024	Future Action	
5	Reinstatement values of the investment properties, for insurance purposes, had not been reassessed since their original purchase.	Moderate Risk	31/10/2024	Future Action	

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6	There was no evidence that, where investment properties were valued prior to the 31 st March reporting date, verification had been obtained from the valuer to support that there had been no change in fair value in the intervening period.	Low Risk	31/03/2025	Future Action	
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RECOMMENDATION TRACKING

Final Report Date	Audit Assignments with Open Recommendations	Assurance Rating	Recommendations Open			
			Action Due	Delayed Action Due	Delayed Future Action	Future Action
14-Feb-19	Risk Registers	Reasonable			1	
16-Aug-19	Fire Safety	Reasonable		1		
10-May-21	People Management	Reasonable		3	1	
21-Jun-21	Delegated Decisions	Reasonable			1	
21-Jun-21	Management of Fraud Risk	Limited			6	
28-Feb-22	Outdoor Recreation - Sports Bookings	Limited		1	2	
28-Jul-22	Housing - Data Quality 2022-23	No			1	
25-Oct-22	Licensing 2022-23	Reasonable		1	2	
17-Apr-23	Leisure Centre 2022-23	Reasonable		1		
12-May-23	Estates	Reasonable	1		6	
23-Jun-23	Future High Streets Fund & Towns Fund	Limited	1			
16-Oct-23	Information Governance 2023-24	Reasonable			2	
19-Oct-23	Outdoor Recreation - Equipment Safety	Reasonable			5	
21-Nov-23	Markets 2023-24	Reasonable		1		
16-Jan-24	Members Code of Conduct	Reasonable			1	7
26-Jan-24	Responsive Repairs 2023-24	Reasonable	2	1		
10-Jun-24	Trade Waste 2023-24	Reasonable	2			6
02-Jul-24	Performance Management 2023-24	Reasonable	3			7
16-Jul-24	Right to Buy 2024-25	Reasonable	10			2
29-Jul-24	Commercial Investment Property 2023-24	Reasonable				6
		TOTALS	19	9	28	28

Action Due = The agreed actions are due, but Internal Audit has been unable to ascertain any progress information from the responsible officer.

Delayed Action Due = The original action date has now passed and Internal Audit has obtained status update comments from the responsible officer and a revised action date. This revised action date has now passed, but Internal Audit has been unable to ascertain any progress information from the responsible officer.

Delayed Future Action = The original action date has now passed and Internal Audit has obtained status update comments from the responsible officer and a revised action date which is in the future.

Future Action = The agreed actions are not yet due, so Internal Audit has not followed the matter up.

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Audit Assignments with Recommendations Due	Action Due				Delayed Action Due				Delayed Future Action			
	Critical Risk	Significant Risk	Moderate Risk	Low Risk	Critical Risk	Significant Risk	Moderate Risk	Low Risk	Critical Risk	Significant Risk	Moderate Risk	Low Risk
Risk Registers												1
Fire Safety							1					
People Management								3				1
Delegated Decisions												1
Management of Fraud Risk												6
Outdoor Recreation - Sports Bookings								1				2
Housing - Data Quality 2022-23											1	
Licensing 2022-23								1				2
Leisure Centre 2022-23								1				
Estates				1							2	4
Future High Streets Fund & Towns Fund			1									
Information Governance 2023-24												2
Outdoor Recreation - Equipment Safety												5
Markets 2023-24								1				
Members Code of Conduct												1
Responsive Repairs 2023-24			1	1				1				
Trade Waste 2023-24				2								
Performance Management 2023-24				3								
Right to Buy 2024-25				10								
TOTALS			2	17			1	8			3	25

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HIGHLIGHTED RECOMMENDATIONS

Critical, Significant or Moderate Risk Recommendations Past Original Action Date

The following significant or moderate risk rated recommendations, that have not yet been implemented, are detailed for Committee's scrutiny.

Job Name	Estates	Original Action Date	30/06/2023
Risk Rating	Moderate Risk	Revised Action Date	31/10/2024
Recommendation Number	2	Recommendation Status	Delayed Future Action
Summary of Weakness	Recommendation	Management Response/Action Details	Status Update Comments
The use of an application form for commercial letting was not being enforced, and the form required updating as it referred to outdated data protection legislation.	We recommend that the service area reviews and updates the application form to refer to the Data Protection Act 2018 and brings it back into use for all new tenancy applications.	Agreed	This action is work in progress with a new officer.

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Job Name	Estates	Original Action Date	30/06/2023
Risk Rating	Moderate Risk	Revised Action Date	31/12/2024
Recommendation Number	3	Recommendation Status	Delayed Future Action
Summary of Weakness	Recommendation	Management Response/Action Details	Status Update Comments
Pre-tenancy checks did not include credit checks, identity checks or Companies House checks. Testing also noted 3 occasions where current pre-tenancy checks could not be evidenced.	We recommend that pre-tenancy checks are improved, to include credit checks, identity checks and Companies House checks where possible. The same checks should be undertaken on all tenants and guarantors. All pre-tenancy checks should be evidenced.	Agreed	Currently seeking clarification about the application of Data Protection to this action.

Job Name	Future High Streets Fund & Towns Fund	Original Action Date	31/03/2024
Risk Rating	Moderate Risk	Revised Action Date	
Recommendation Number	10	Recommendation Status	Action Due
Summary of Weakness	Recommendation	Management Response/Action Details	Status Update Comments
Exit strategies for individual project Business Cases were not being considered and documented as part of the business case development.	We recommend that the Council create exit strategies for each business case to ensure the Council can exit the project as and when required, and these should be reviewed on an annual basis.	Noted – to be actioned	

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Job Name	Housing - Data Quality 2022-23	Original Action Date	31/03/2023
Risk Rating	Moderate Risk	Revised Action Date	30/09/2024
Recommendation Number	9	Recommendation Status	Delayed Future Action
Summary of Weakness	Recommendation	Management Response/Action Details	Status Update Comments
The personal and sensitive data stored in the Capita Housing System, may be out of date as it was obtained at the point of tenancy application and not refreshed thereafter.	We recommend that the personal and sensitive data included in the Capita Housing System is reviewed to ensure it is accurate and up to date. Any personal and sensitive data not required should be deleted from the System.	Data characteristics to enable accurate profiling to be determined. Current data to be extracted and cleansed. Rolling programme of collection and deletion to be established. Creation of role to ensure Capita data is reconciled, accurate and relevant.	An action plan has been developed and approved by the Social Housing Regulation Team. Work has commenced on completing actions in the plan - evidence has been seen of monthly meetings taken place to monitor action plan. Some actions have slipped therefore it is now forecasted that works will conclude before the end of Quarter 2 2024/25.

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Job Name	Fire Safety	Original Action Date	31/03/2020
Risk Rating	Moderate Risk	Revised Action Date	31/03/2024
Recommendation Number	5	Recommendation Status	Delayed Action Due
Summary of Weakness	Recommendation	Management Response/Action Details	Status Update Comments
Not all entrance doors to flats comply with Fire Safety Regulations.	We recommend that the Council reviews all flat entrance doors to identify those which do not comply with Fire Safety Regulations, or those that have failed recent government tests. The Council should then take action to ensure the appropriately accredited fire safety doors are installed at the entrances to all flats.	An assessment of all flat entrance doors has been completed and the results forwarded to the Assets & Investment Section for building into future door replacement programme(s). However, due to uncertainties around the manufacture, testing, certification and subsequent affected supply of composite fire doors, it is currently not possible to identify a definitive timescale for completion. The option to use alternative timber fire doors of the appropriate fire safety standards and specification are currently being looked into.	Standard fire doors (majority); installations to commence 07/02/22. The works are not yet complete. We have continued to have difficulties in terms of supply to source doors which comply with the regulations and at a fair price and meet other requirements. We have also had difficulty with closing strengths of doors (which stopped us from fitting Sherwood Court doors previously). We are making progress in terms of sourcing suppliers and our Contractor, J Tomlinson are hoping to fit the remaining doors as follows: <ul style="list-style-type: none"> Leaseholder fire doors (Feb/March) Sherwood Court doors (requiring additional works to the door heads and surrounds up to ceiling height (March/April) Fire doors with sidelights (April/May). Nov 2023 Update - there have been numerous difficulties with implementing this recommendation, including issues with contractors. The Council should enter into a contract with a new contractor in the next couple of weeks, whose works will include completing the residual replacement fire doors. Circa 60 doors are still to be completed.

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