

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.

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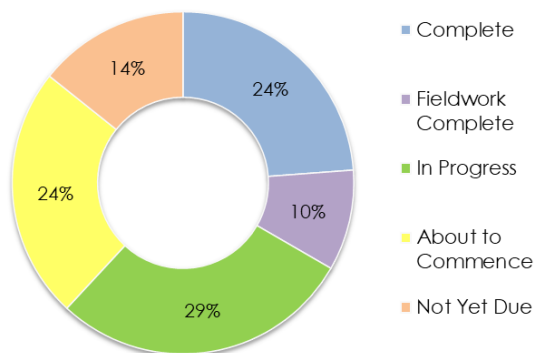
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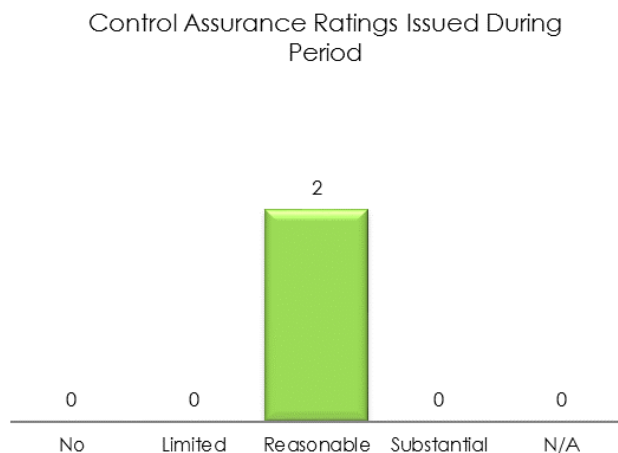
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AUDIT DASHBOARD

Plan Progress



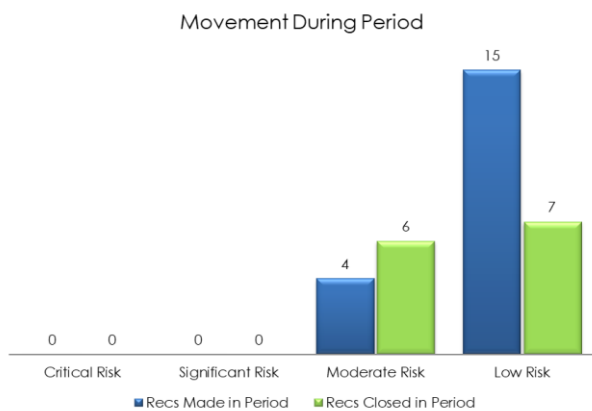
Jobs Completed in Period



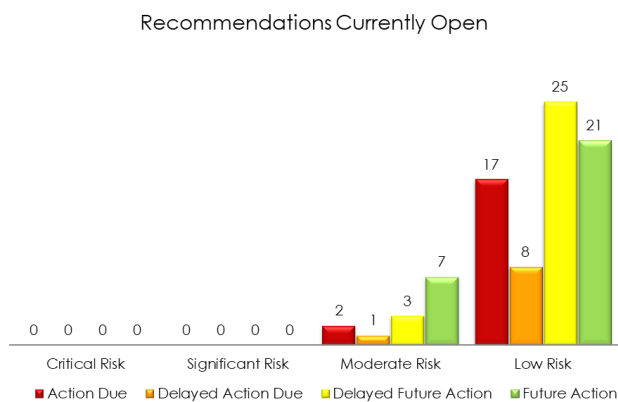
Customer Satisfaction



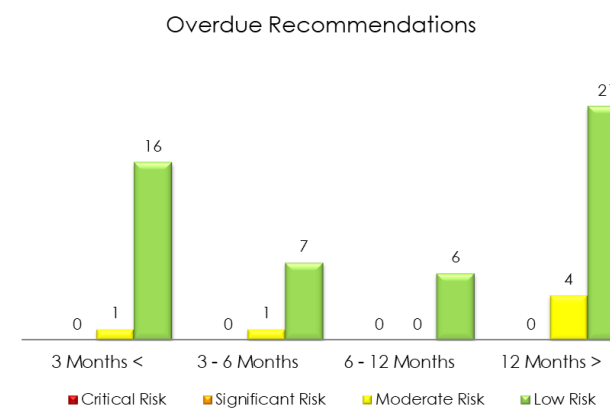
Recommendations Movement



Recommendations Open



Recommendations Overdue



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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.

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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%


Right to Buy 2024-25					
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	

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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.

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.