

Internal Audit Annual Report 2020/21



Newark and Sherwood District Council

What we do best...

Innovative assurance services
Specialists in internal audit
Comprehensive risk management
Experts in countering fraud

...and what sets us apart

Unrivalled best value to our customers
**Existing strong regional public sector
partnership**
**Auditors with the knowledge and expertise to
get the job done**
**Already working extensively with the not for
profit and third sector**

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The matters raised in this report are only those that came to our attention during the course of our work – there may be weaknesses in governance, risk management and the system of internal control that we are not aware of because they did not form part of our work programme, were excluded from the scope of individual audit engagements or were not bought to our attention. The opinion is based solely the work undertaken as part of the agreed internal audit plan.

Purpose of Annual Report

The purpose of the Annual Internal Audit Report is to meet the Head of Internal Audit annual reporting requirements set out in the Public Sector Internal Audit Standards (PSIAS) and the Accounts and Audit Regulations 2020. In particular:-

- Include an opinion on the overall adequacy of and effectiveness of the Council's governance risk and control framework and therefore the extent to which the Council can rely on it
- Inform how the plan was discharged and the overall outcomes of the work undertaken that supports the opinion
- A statement on conformance with the PSIAS and the results of the internal audit quality assurance)
- Draw attention to any issues particularly relevant to the Annual Governance Statement

Introduction

For the twelve months ended 31 March 2021 the Council's working practices have changed significantly as a result of the Covid-19 (Coronavirus) pandemic. Operationally, priorities changed during the year, a high proportion of staff have been remote working and redeployed to other service areas.

Financially the Council has had to regularly review and revise its budgets to meet the changing needs of the organisation and its residents as well as administering a range of Covid-19 related government grants to support eligible local businesses and residents.









Emergency procedures were instigated by Government during 2020/21 which included the approval of legislation to allow council committee meetings to be held virtually.

As well as this, the Council was in the process of finalising a corporate restructure and re-integration of the housing management function (previously undertaken by Newark and Sherwood Homes Ltd) back in house following the dissolution of the company.

My opinion needs to take into account the impact of all this on the Council's governance, risk and control environment. Our work primarily commenced in quarter 2 and during the year, as the risks faced by the Council changed, we reviewed and revised our audit plan where necessary to reflect the impact of these.

Annual opinion

Based on the work we have undertaken and information from other sources of assurance, my opinion on the adequacy and effectiveness of the Council's arrangements for governance, risk management and control is:-

Area	Opinion	Direction of Travel
Governance 	Performing Adequately – Some improvements identified over the Council's governance and control framework	 Improved
Risk 	Performing well – No concerns that significantly affect the risk management framework	 Improved
Internal Control 	Performing Adequately – Some improvement required to manage a high risk in a specific business area and medium risks across the Council.	 Improved
Financial Control 	Performing Well – No concerns that significantly affect the financial control framework	 Improved



Governance



"Achieving the Intended Outcomes While Acting in the Public Interest at all Times"

It is comprised of systems, processes, culture and values, by which the Council is directed and controlled and through which they account to, engage with, and where appropriate, lead their communities.

Each year the Council is required to reflect on how its governance arrangements have worked – identifying any significant governance issues that it feels should be drawn to the attention of the public – in the interests of accountability and transparency.

Covid- 19 and subsequent lockdowns has had a significant impact on all areas of the public sector. The impact on governance has been felt by all organisations including changes to decision making arrangements and the structure of meetings. Covid has also impacted on the organisation's priorities and programmes. The Council has had to respond swiftly to the ever changing environment to deliver new and existing operations.

The Council continues to annually refresh its Community Plan, which sets out its strategic objectives and priorities and how these will be met. This was last updated and approved by the full Council in October 2020.

As a result of the transition of Newark and Sherwood Homes back into the Council, a new organisational structure has been implemented during the year. This includes the establishment of two new directorates – Housing, Health & Wellbeing and Transformation & Communication. Several new Business Managers have been appointed improving resilience and the new structure now aligns to the Community Plan which will support the Council in delivering its strategic objectives.

As this transition remains at a relatively early stage, the Council should ensure that robust governance arrangements are in place to monitor performance and delivery.

A new Monitoring Officer will be in post from August 2021 (subject to approval by Full Council July 2021) following the retirement of the previous Officer. This position is a key role in Corporate Governance and continued succession supports the council in compliance with established policies, procedures, laws and regulations.

The Local Government Association peer review undertaken in 2019 made recommendations for the Council to explore the opportunity to improve governance further by looking at the future governance system and structures in place.

These recommendations led to a full Governance review being completed across 2019 and 2020. One of the key outcomes of this work has led the Council to approving a proposal to change the governance arrangements from a Committee system to a Leader and Cabinet structure. This structure will strengthen the Council's governance arrangements by improving efficiency in decision making and greater accountability.

The new arrangement is designed to meet the Council's needs and reflect local circumstances and it is expected to be implemented during 2022/23.

Governance



"Achieving the Intended Outcomes While Acting in the Public Interest at all Times"

It is comprised of systems, processes, culture and values, by which the Council is directed and controlled and through which they account to, engage with, and where appropriate, lead their communities.

The Council has a number of commercial activities for which strong governance arrangements are fundamental especially given some of the recent high profile failings around commercial activity nationally.

This year we have completed a review of the Robin Hood Hotel where we identified that although governance arrangements were adequate; some improvement were needed. These improvements were around escalating key project risks so that they can be monitored via the corporate risk register, maintaining a corporate register of business interest and undertaking regular progress reviews .

Management have used the learning from this work to apply improvements to some of the council's other commercial activities.

Robust governance arrangements plays a significant role in service delivery and are fundamental to the success of any established trading company.

During 2020/21 the Council reviewed progress against the significant governance issues identified in the 2019/20 Annual Governance Statement which were:

- Development Company (Arkwood Developments Ltd)
- Re-integration of Housing Management Function.
- Yorke Drive Development

Although progress has been made in respect of each of these areas and there has been reporting on operational delivery to management and Members; further work is to be undertaken and so these three areas remain as Significant Governance issues within the 2020/21 Annual Governance Statement

The Council has recently been successful in securing £25m funding for its Town Centre development programme. This is a significant project for the Council and robust governance arrangements will need to be in place and working effectively to support the successful delivery of this key programme. **We suggest that this is included in the Annual Governance Statement.**

Governance



"Achieving the Intended Outcomes While Acting in the Public Interest at all Times"

It is comprised of systems, processes, culture and values, by which the Council is directed and controlled and through which they account to, engage with, and where appropriate, lead their communities.

We are currently undertaking a Decision Making consultancy review and the outcomes of this will support the council as it continues to explore implementation of the new political governance model. We planned to undertake a Governance Review of culture and values in 2019/20 but were unable to complete this work due to the impact of Covid-19 on council staff availability. This work will now be undertaken in 2022/23 and will include a review against the Governance, Risk and Resilience Framework issued by the Centre for Public Scrutiny in March 2021.

We have observed that Senior Leadership Team (SLT) and political leadership have embraced and are driving a positive change in culture. There is clear message and commitment from the top to transform services and focus on the delivery of meaningful performance targets and outcomes which will help support and improve the Council's governance arrangements over the next year.

The Audit and Accounts Committee plays a key role in the Council's governance framework. We have worked with the Chair and Deputy Section 151 Officer during 2020/21 to support training and development of the committee.

The Council has recently approved the appointment of an Independent Member and this represents good progress in terms of this work.

There is still a need for some improvement around the committee's role and our work with the Chair and Deputy S151 Officer in 21/22 will help support the committee effectiveness. This includes supporting the role of the Chairman and the understanding and discharging of their wider governance and assurance role. **We suggest that this is also included in the Annual Governance Statement.**

The above information helped inform the Head of Internal Audit's opinion.

Governance assurance



**Assessed as
Performing Adequately**

Risk



Good risk management is part of the way we work. It is about taking the right risks when making decisions or where we need to encourage innovation in times of major change – balancing risk, quality, cost and affordability. This puts us in a stronger position to deliver our goals and provide excellent services.

Overall, the Council's risk management arrangements were assessed as **Green** through the Strategic Risk Management Audit, review of the management papers and discussions with key Council staff.

Risk management is intrinsically linked and embedded within business planning and decision making processes across the Council. The Senior Leadership Team (SLT) continues to encourage officers to be innovative when managing the risks. The strategic risk management continues to receive greater focus by SLT which ensures strategic alignment with the Community plan.

There are effective structures and platforms in place which ensure current and emerging risks are regularly reviewed and appropriate mitigation actions are put in place.

The Council has had to have rapid risk responses in order to respond promptly during the pandemic and also during the recovery phase. Regular Leadership Team meetings have supported this.

During the year we carried out a review of the Strategic Risks and gave an opinion of **Substantial Assurance**.

We have not identified any additional significant risks requiring inclusion on the risk registers during the delivery of our audit work.

We also completed a review of Newark and Sherwood Homes' Health and Safety activity prior to transfer and we verified that the Risk Management arrangements were integrated within the Council's risks where appropriate – most of them covering operational risks.

Fraud Risk

During 2019/20, Assurance Lincolnshire's Counter Fraud Team facilitated a full fraud risk workshop which supported the review and update of the register.

The last review was carried out in April 2021 and this was reported to Audit & Accounts Committee and no areas of high risk were identified. Where the Council experiences fraud incidents, action is taken to ensure the incidents are appropriately investigated and lessons learned.

The above information helped inform the Head of Internal Audit opinion.

Risk Management assurance



Assessed as Performing Well

Internal Control



We take account of the outcome of our audit work during the 2020/21 year. As our audit plans include different activities each year it is not unexpected that assurance varies. However the assurance levels still give insight into the Council's control environment.

Our opinion is based on a number of sources of intelligence including the outcome of our internal audit work (presented in the table below), the combined assurance work and other sources.

Emergency procedures implemented during the year have resulted in a significant level of strain being placed on normal procedures and the control environment.

The annual opinion has to be evidence based and one of the key sources of evidence is the outcome of the combined assurance work. This is also a key aspect of the Council's assurance framework. During the year the Council were unable to support the combined assurance work due to the impact of Covid 19 on their available resources. This has therefore impacted on the opinion on Internal control – which remains performing adequately.

The outcome of our work during 20/21 is as presented in the following:

Audit area	Assurance level
Enforcement (planning)	Substantial
Strategic Risk Management	Substantial*
Key Control Testing 2020/21	Substantial*
NSH Key Controls Testing 2019/20	Limited
NSH Gas Servicing 2019/20	Consultancy
Cyber Security (Follow-up)	Substantial*
Apprenticeships	Substantial
Follow-ups 2020/21	Substantial
Follow-ups 2019/20	High
Housing Options	Substantial*
Newark Castle	Limited
Robin Hood Hotel	Substantial
* Indicative Assurance level	

Internal Control



We take account of the outcome of our audit work during the 2020/21 year. As our audit plans include different activities each year it is not unexpected that assurance varies. However the assurance levels still give insight into the Council's control environment.

The number of audits receiving Substantial assurance increased during the year by 37% and there was a significant reduction of 62.1% on the number of audits given limited assurance. We however observed a minor reduction of 5.9% in the number of audits receiving our High level of assurance in comparison to the 2019/20 performance outcomes.

During the year we made 81 High/Medium recommendations for improvement and agreed 82 related improvement actions. 62 of these actions were due for implementation during the year and 47 actions (71%) have been implemented presenting 5.9% increase in the number of in year actions implemented since 2019/20.

Currently there are 41 actions on our Action Tracker for implementation and 24 of these are outstanding (see Appendix 3). However, progress has been made towards the implementation of these actions with 54% of those progressed to more than 50% completion.

Due to the impact of Covid 19, implementation of some actions has been delayed and in accordance with the Council's arrangement, the relevant Directors have approved extensions to enable continued implementation. Overdue actions requiring committee attention (currently 6) are highlighted in the progress report.

We continue to monitor all outstanding audit actions and updates are regularly provided in the Internal Audit Progress reports which we present to the Audit and Accounts Committee.

Our recent planned audits of the follow-ups have shown that a significant proportion of the agreed actions which we selected for review had been satisfactorily implemented (86% in 2020/21 and 94.7% in the previous year).

Internal Control assurance



Assessed as Performing Adequately



Our audit plans include providing assurance over our key financial systems, the level of risk influences frequency.

Our work provides an important assurance element to support the External Auditor's opinion on the Council's Statement of Accounts.

During the year we reviewed:

Audit area	Assurance level
Budgetary Control	High Assurance
Key Controls*	Substantial Assurance
NNDR	Substantial Assurance
General Ledger / Financial Reporting	Substantial Assurance
Council Tax	Substantial Assurance
Debt Management*	Substantial Assurance
Covid Grants	Substantial Assurance
Buttermarket	Substantial Assurance
Deliver HRA Affordable Housing Growth (5 year programme)	High Assurance
Robin Hood Hotel	Substantial Assurance
* Indicative Assurance	

The Council generally has good financial management processes in place. During the year the Council completed an upgrade of its Financial Management System. This has helped to strengthen the financial control environment particularly around the ordering process and system access restrictions.

Our review of Value for Money self assessments which the Council submitted to its External Auditors did not highlight significant matters of concern around the Council's financial performance and management.

The outcome of our audits highlighted above concurs with the conclusions made from the self assessment.

There are two strategic risks in place covering the Council's Financial sustainability and resilience for both the General Fund and the Housing Revenue Account. These risks are regularly reviewed and recent reviews have taken into account the impacts of Covid-19.

We completed a review of Covid 19 Business Grants. Given the current economic environment, this area is increasingly exposed to fraud. During the year, there were two minor cases of fraud and a couple of minor processing errors which were immaterial in value. Measures put in place enabled the recovery of these payments. Our work on the Covid 19 Business grants has confirmed that sufficient controls were in place for the approval of the grants and, where identified, potentially fraudulent applications were appropriately referred for further action.

We have given High Assurance within the Key Control Testing for Counter fraud, payroll, creditors and Insurance which contribute directly towards our assessment of the Council's financial control environment.

Financial Control



Our audit plans include providing assurance over our key financial systems, the level of risk influences frequency.

Our work provides an important assurance element to support the External Auditor's opinion on the Council's Statement of Accounts.

Our review of the HRA Affordable Housing Growth (5 year programme) and Robin Hood Hotel confirmed that both projects were being delivered within the allocated budgets. There were also good arrangements for effectively monitoring the project costs.

The above information helped inform the Head of Internal Audit opinion.

Financial Control assurance



Assessed as Performing Well

Our Work



The Council is responsible for establishing and maintaining risk management processes, control systems and governance arrangements. Internal Audit plays a vital role in providing *independent risk based and objective assurance* and *insight* on how these arrangements are working. Internal Audit forms part of the Council's assurance framework.

Scope of Work

Our risk based internal audit plan was prepared taking into account the critical activities and key risks to support the basis of my annual opinion. It has remained flexible to enable us to respond to emerging risks and maintain effective focus.

The Audit & Accounts Committee approved the 2020/21 original audit plan of **285 days** in February 2020.

Our revised audit plan retained the same level of agreed audit days. We have delivered **92%** of the plan and more details on the plan can be found in Appendix 1.

I do not consider the restrictions and changes to the plan to have had an adverse effect on my ability to deliver my overall opinion.

We have not experienced any impairment to our independence or objectivity during the conduct and delivery of the Internal Audit Plan.

There have been some delays encountered in the provision of information through our work with the Council. This issue has contributed to the decline in performance in finalising both audit and committee reports. The issue has been raised through discussions at Directorate meetings and support has been provided by the Deputy Section 151 Officer.

Restriction on Scope

In carrying out our work we identified no unexpected restrictions to the scope of our work.

We have worked closely with the Council's Senior Leadership Team to agree audit scopes.

The impact of Covid-19 meant that our full years' audit plan did not commence until quarter 2. As such the full plan could not be completed by April 2021 as planned and so this was extended until the end of June 2021.

Our Work



We recognise the importance of meeting customer expectations as well as conforming to the UK Public Sector Internal Audit Standards (PSIAS). We continually focus on delivering high quality audit to our clients – seeking opportunities to improve where we can.

Quality Assurance

Our quality assurance framework helps us maintain a continuous improvement plan, which includes the following:

- Working with client senior management to improve progress and delivery monitoring / audit scheduling
- Continuing professional development around new and emerging practice guidance – including agile assurance
- Review audit processes in light of SMARTER working to deliver efficiencies, improve productivity and optimise the way we work- including better use of technology / data analytics
- Future proof the service – building capacity and succession planning
- Preparing for the External Quality Assessment that is planned for January/February 2022.

External Audit

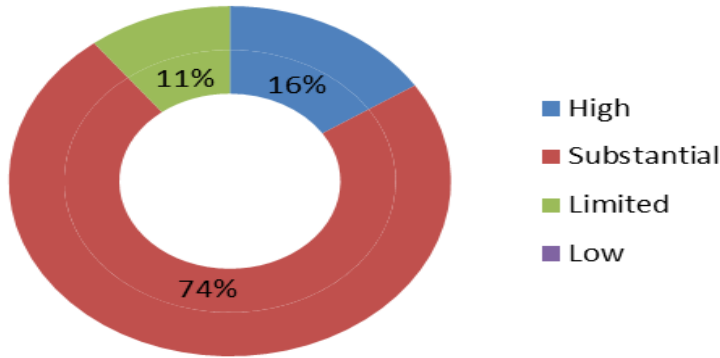
Although internal and external auditors carry out their work with different objectives in mind, many of the processes are similar and it is good professional practice that they should work together closely. Wherever possible, External Audit will place reliance and assurance upon internal audit work where it is appropriate.



Our audit plan includes different activities each year – it is therefore not unexpected that these vary; however, the assurance levels do give an insight on the application of the Council's control environment and forms part of the evidence that helped inform the overall annual opinion.

Assurances

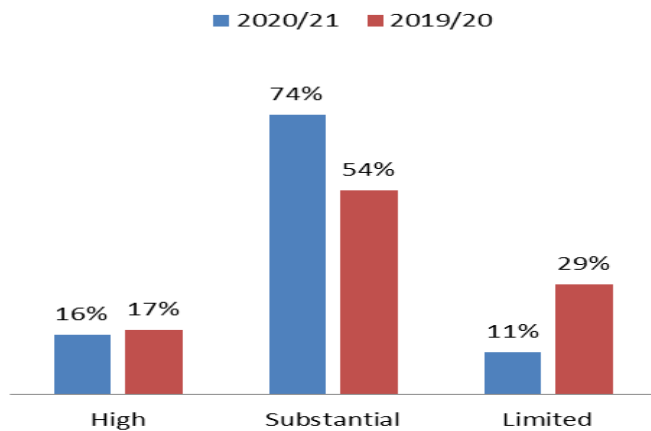
Summary of Audit Assurance (2020/21)



5.9%
reduction in High
Assurance on last
year



Comparison of Audit Assurances



37%
increase in
Substantial
Assurance reports
this year



62.1%
reduction in Limited
Assurance reports
this year



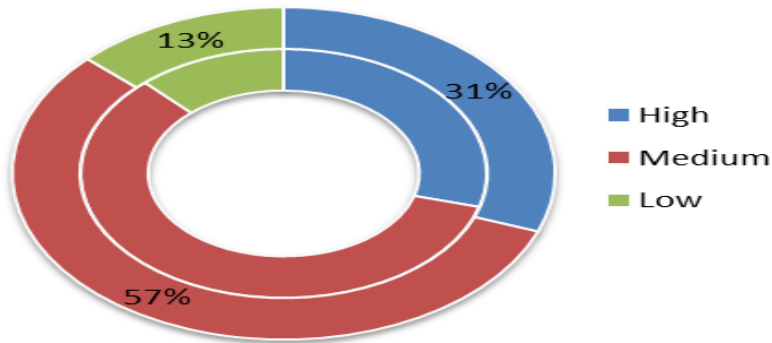
Further details can be found at appendix 1



Our audit plan includes different activities each year – it is therefore not unexpected that these vary; however, the assurance levels do give an insight on the application of the Council's control environment and forms part of the evidence that helped inform the overall annual opinion.

Recommendations

Summary of Audit recommendations 2020/21



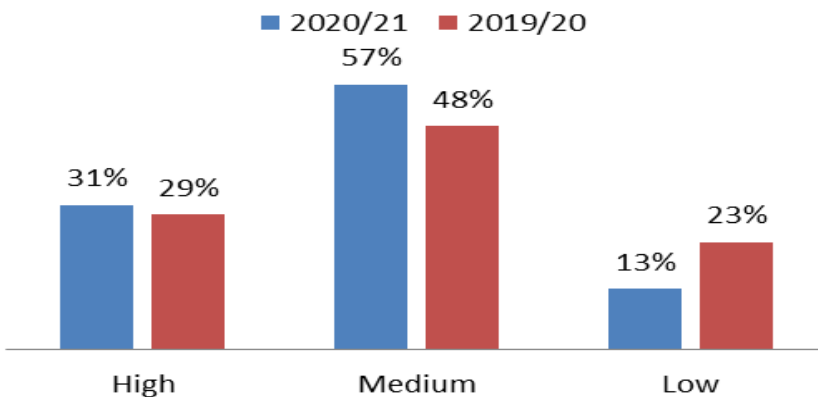
6.9% increase in High recommendations during the period



18.8% increase in Medium recommendations raised during the period



Comparison of Audit Recommendations



43.5% reduction in Low recommendations raised during the period

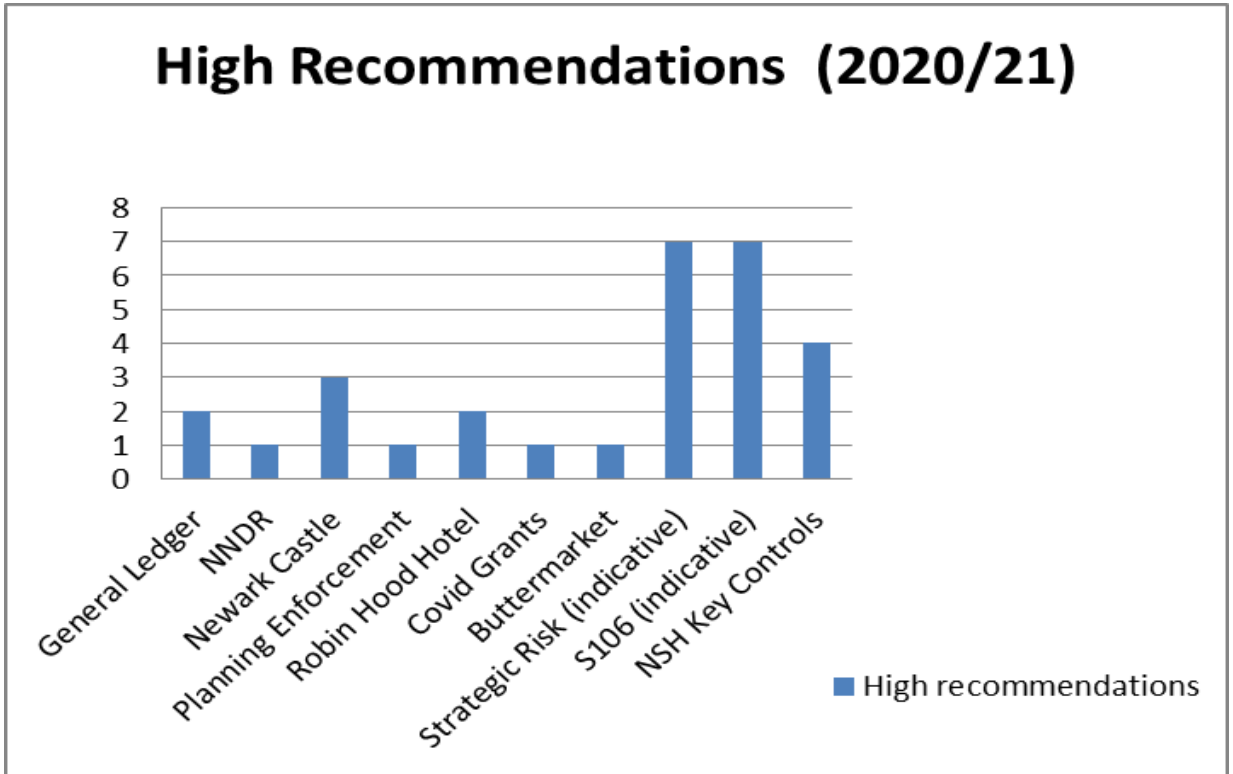


Further details can be found at appendix 1 & 3



Our audit plan includes different activities each year – it is therefore not unexpected that these vary; however, the assurance levels do give an insight on the application of the Council's control environment and forms part of the evidence that helped inform the overall annual opinion.

Analysis of High Recommendations by area



Further details can be found at appendix 1



Internal Audit's performance is measured against a range of indicators. The table at Appendix 4 shows our performance on key indicators at the end of the year. We are pleased to report a good level of achievement in delivery of the revised plan and the added value of our work.

Performance on Key Indicators

92%

**Of revised
plan delivered**

71%

**of agreed actions
due implemented**

100%

**Of key
financial
systems
delivered**

Audit	Rating	Type of audit	Status	High	Medium	Advisory	Total
Key Control Testing (NSDC 2020/21-01)	Substantial Assurance	Risk Based	Completed	0	7	1	8
Budgetary Control Management (NSDC 2020/21-02)	High Assurance	Risk Based	Completed	0	1	0	1
General Ledger/Financial Reporting (NSDC 2020/21-03)	Substantial Assurance	Risk Based	Completed	2	1	1	4
NNDR (NSDC 2020/21-04)	Substantial Assurance	Risk Based	Completed	1	1	1	3
Information Governance (NSDC 2020/21-05)	N/A	Risk Based	Cancelled	0	0	0	0
Newark Castle (NSDC 2020/21-06)	Limited Assurance	Risk Based	Completed	3	4	0	7
Deliver an HRA affordable - Housing Growth 5 year programme (NSDC 2020/21-07)	High Assurance	Risk Based	Completed	0	1	2	3
Ensuring homes are safe and decent (NSDC 2020/21-08)	N/A	Risk Based	Cancelled	0	0	0	0
Strategic Asset Management (NSDC 2020/21-09)	N/A	Risk Based	Cancelled Included in 2021/22	0	0	0	0
Climate Change Emergency (NSDC 2020/21-10)	N/A	Risk Based	Cancelled Included in 2021/22 plan	0	0	0	0
Tourism (NSDC 2020/21-11)	N/A	Risk Based	Cancelled	0	0	0	0
Contract Management General (NSDC 2020/21-12)	N/A	Risk Based	Cancelled Included in 2021/22	0	0	0	0
Enforcement (NSDC 2020/21-13)	Substantial Assurance	Risk Based	Completed	1	4	0	5

Audit	Rating	Type of audit	Status	High	Medium	Advisory	Total
Debt Management (NSDC 2020/21-14)	Substantial Assurance*	Risk Based	Completed	0	0	0	0
Stakeholder Engagement (NSDC 2020/21-15)	N/A	Risk Based	Cancelled	0	0	0	0
Apprenticeships (NSDC 2020/21-16)	Substantial Assurance	Risk Based	Completed	0	2	0	2
Robin Hood Hotel (NSDC 2020/21-17)	Substantial Assurance	Risk Based	Completed	2	2	0	4
Physical and Environmental Security (NSDC 2020/21-18 - ICT)	N/A	Risk Based	Cancelled	0	0	0	0
Capability and Capacity (NSDC 2020/21-19)	Unknown	Risk Based	In progress	0	0	0	0
Follow-ups (NSDC 2020/21-20)	Substantial Assurance	Risk Based	Completed	0	0	1	1
Council Tax (NSDC 2020/21-21)	Substantial Assurance	Risk Based	Completed	0	3	0	3
Gilstrap (NSDC 2020/21-22)	N/A	Financial	Completed	0	0	0	0
Mansfield Crematorium (NSDC 2020/21-23)	N/A	Financial	Completed	0	0	0	0
Newark Cattlemarket Rent (NSDC 2020/21-24)	N/A	Financial	Completed	0	0	0	0
Combined Assurance (NSDC 2020/21-25)	N/A	Consultancy	Completed	0	0	0	0
Flood Grant (NSDC 2020/21-26)	N/A	Financial	In progress	0	0	0	0
Cyber Security Follow-up (NSDC 2020/21-27)	Substantial Assurance	Risk Based	Completed	0	1	0	1

Audit	Rating	Type of audit	Status	High	Medium	Advisory	Total
Covid Related Impacts (NSDC 2020/21-28)	Not assessed	Risk Based	Deferred to July/Aug	0	0	0	0
Covid Grants (NSDC 2020/21-29)	Substantial Assurance	Risk Based	Completed	1	1	1	3
Decision Making (NSDC 2020/21-30)	N/A	Consultancy	In progress	0	0	0	0
Buttermarket (NSDC 2019/20 -20)	Substantial Assurance	Risk Based	Completed	1	6	1	8
Strategic Risk (NSDC 2019/20-09)	Substantial Assurance (Indicative)*	Risk Based	Completed	7	7	3	17
Housing Options (NSDC 2019/20 - 16)	Substantial Assurance*	Risk Based	Completed	0	4	0	4
Commercialisation (NSDC 2019/20-18)	N/A	Risk Based	Not progressed	0	0	0	0
Follow-ups (NSDC -2019/20-23)	High Assurance	Risk Based	Completed	0	1	0	1
S106 (NSDC 2019/20-31)	N/A	Consultancy	Completed	7	2	0	9
NSH Key Controls (NSH 2019/20 - 06a)	Limited Assurance	Risk Based	Completed	4	6	1	11
Sub total				29	54	12	95

* Indicative Assurance

The original approved plan was 285 days – the revised plan maintained the same level of audit days.

A small number of audits were removed from the original audit plan and this was due to re-prioritising audit resources to those areas of highest risk.

Outlined below are the areas that have been removed from the original plan:-

- Information Governance
- Tourism
- Stakeholder Engagement

The following audits have been deferred and included in the 2021/22 plan mainly due to client capacity and Covid-19 which restricted access to site visits:-

- Strategic Asset Management (deferred until 2021/22 due to capacity within the business unit)
- Climate Change Emergency (deferred until 2021/22 as further development work was being undertaken to shape the Council's ambition and direction in this area)
- Contract Management General (deferred until 2021/22 due to restructuring and client capacity)
- ICT Physical and Environmental Security (deferred until 2021/22 due to Covid-19 pandemic which restricted site visits)
- Ensuring homes are safe and decent. Client requested cancellation of the audit as most of the issues identified in the NSH Gas Servicing audit were still outstanding and were progressed.

Integration of the Housing Management services back in-house, restructuring within

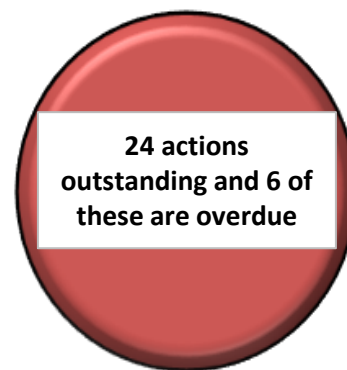
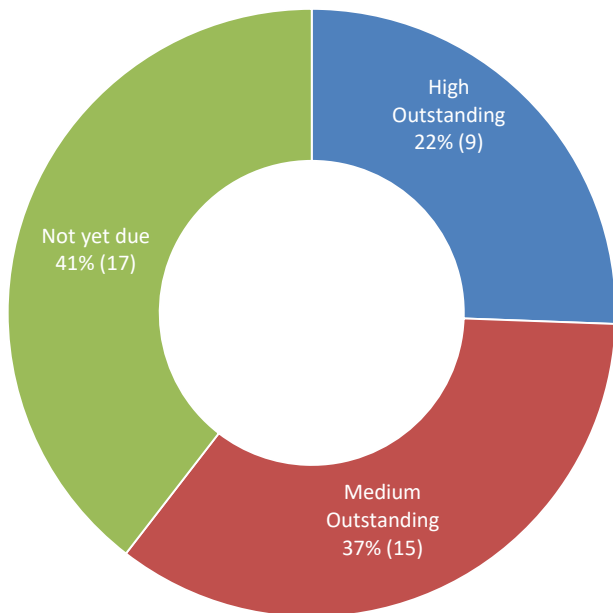
the directorate, client capacity and Covid-19 impacted on the timely implementation of the actions agreed in the Gas Servicing audit.

During the year we were requested to undertake the following additional work:

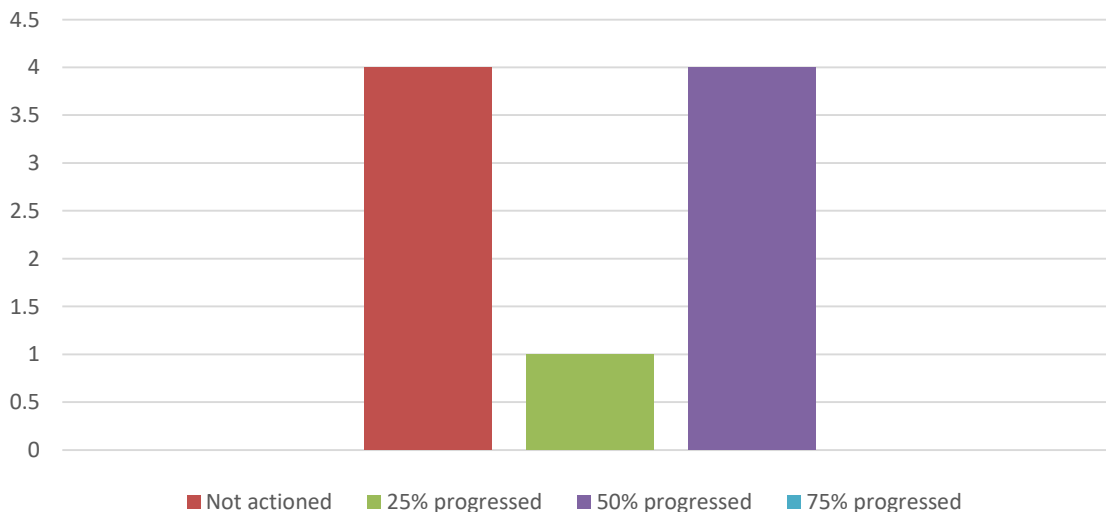
- Covid Grants
- Flood Grants
- Cyber Security (Follow-up)
- Covid Related Impacts
- Decision Making

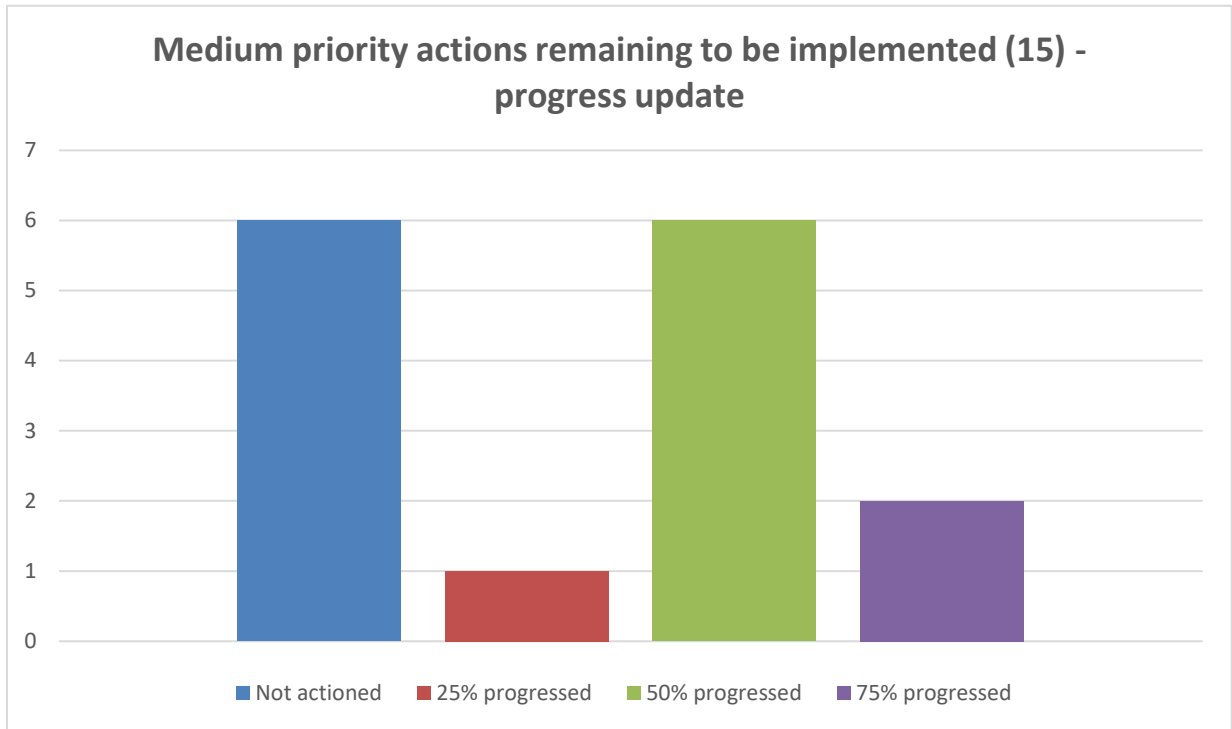
The annual audit plan remains flexible with a process to postpone and change audits. This means we can adapt our plan and coverage to emerging risks but maintain control and transparency on changes which must be reviewed by management and ratified by the Audit & Accounts Committee.

Actions remaining (41) to be implemented



High priority actions remaining to be implemented (9) - progress update



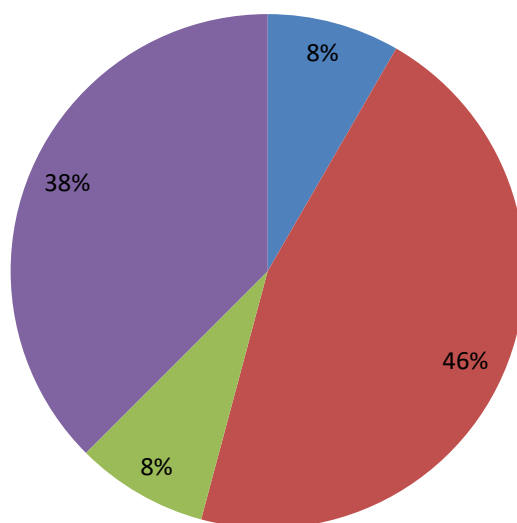


	75%	50%	25%	Not actioned	Total
NSH Key Controls (2019/20)	0	1	0	4	5
NSDC Key Control Testing (2019/20)	2	0	1	1	4
Community Centres	0	1	0	0	1
NSDC Programme Management (2018/19)	0	1	0	0	1
Robin Hood Hotel	0	2	0	3	5
Buttermarket	0	1	0	0	1
Emergency planning	0	2	0	0	2
NNDR	0	3	0	0	3
NSH Gas Servicing	0	0	1	1	2
Totals	2	11	2	9	24*

* 6 of the actions are overdue and these are detailed in the progress report

Progress on outstanding actions (24)

■ 75% progressed ■ 50% progressed
■ 25% progressed ■ Not actioned



Performance on Key Indicators

Performance Indicator	Annual Target	2019/20 Actual	2020/21 Actual
Percentage of plan completed (based on revised plan)	100%	78%	92%
Percentage of recommendations agreed	100%	100%	100%
Percentage of recommendations implemented	100% or escalated	67%	71%
Timescales:			
Draft Report issued within 10 working days of completion*	100%	100%	60%
Final Report issued within 5 working days of management response*	100%	100%	77%
Draft Report issued within 3 months of fieldwork commencing*	80%	82%	53%

*Covid- 19 has affected some of the timeframes for both the Council and ourselves. Some of the information took longer to provide and remote working during the lockdown caused additional workloads and increased timescales. We also suffered some staffing difficulties and due to Covid-19 were unable to cover absences.

Corrective action has been taken as follows:-

- Co-sourcing arrangements are being formalised to improve our staff cover
- Recruitment has been successful and we now have a fully staffed team
- Review of our report process has been completed
- Discussions have been held at each Directorate Meetings to ensure prompt responses and engagement from their teams moving forward.

High

Our critical review or assessment on the activity gives us a high level of confidence on service delivery arrangements, management of risks, and the operation of controls and / or performance.

The risk of the activity not achieving its objectives or outcomes is low. Controls have been evaluated as adequate, appropriate and are operating effectively.

Substantial

Our critical review or assessment on the activity gives us a substantial level of confidence (assurance) on service delivery arrangements, management of risks, and operation of controls and / or performance.

There are some improvements needed in the application of controls to manage risks. However, the controls have been evaluated as adequate, appropriate and operating sufficiently so that the risk of the activity not achieving its objectives is medium to low.

Limited

Our critical review or assessment on the activity gives us a limited level of confidence on service delivery arrangements, management of risks, and operation of controls and/or performance.

The controls to manage the key risks were found not always to be operating or are inadequate. Therefore, the controls evaluated are unlikely to give a reasonable level of confidence (assurance) that the risks are being managed effectively. It is unlikely that the activity will achieve its objectives.

Advisory

Our critical review or assessment on the activity identified significant concerns on service delivery arrangements, management of risks, and operation of controls and / or performance.

There are either gaps in the control framework managing the key risks or the controls have been evaluated as not adequate, appropriate or are not being effectively operated. Therefore the risk of the activity not achieving its objectives is high.

Significance

The relative importance of a matter within the context in which it is being considered, including quantitative and qualitative factors, such as magnitude, nature, effect, relevance and impact. Professional judgment assists internal auditors when evaluating the significance of matters within the context of the relevant objectives.

Head of Internal Audit Annual Opinion

The rating, conclusion and/or other description of results provided by the Head of Internal Audit addressing, at a broad level, governance, risk management and/or control processes of the organisation. An overall opinion is the professional judgement of the Head of Internal Audit based on the results of a number of individual engagements and other activities for a specific time interval.

Governance

Comprises the arrangements (including political, economic, social, environmental, administrative, legal and other arrangements) put in place to ensure that the outcomes for intended stakeholders are defined and achieved.

Risk

The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.

Control

Any action taken by management, the board and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management - plans, organises and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.

Impairment

Impairment to organisational independence and individual objectivity may include personal conflict of interest, scope limitations, restrictions on access to records, personnel and properties and resource limitations (funding).