



Internal Audit

Draft

Newark & Sherwood District Council

Summary Internal Controls Assurance (SICA) Report

2023/24

April 2024

Summary Internal Controls Assurance

Introduction

1. This summary controls assurance report provides the Audit Committee with an update on the emerging Governance, Risk and Internal Control related issues and the progress of our work at Newark and Sherwood District Council as at 08/04/2024.

Future of Internal Audit (IA)- Digital drivers

Use of Data analytics by TIAA

2. TIAA is always adopting new ways of working and methodologies including innovative approaches for delivering internal audits. This is part of our continuous improvement programme which facilitates improvements in efficiency, effectiveness, and the quality of the work we deliver. We currently use data analytics as part of our work in relevant areas to test against full data sets, spot hidden risks, to target our testing and to provide 'proof in total' assurance; this adds credibility and value to the reports we produce. Data Analytics helps us to analyse large volumes of data to identify trends, patterns, and anomalies that may indicate potential risks or opportunities for improvement.

How will Artificial Intelligence (AI) enhance the delivery Internal Audit of the future?

3. We believe that the way internal audits are delivered will change significantly in the next 3 to 5 years through the use of AI, through the use of auditing tools which contribute towards a process of continuous audit assurance, a wider use of predictive analytics to allow auditors to provide reports that are far more forward looking, and robotic process automation which will help remove much of the manual data collection work, thereby allowing Internal Audit more time to provide value-added analysis. Another branch of AI, Natural Language Processing (NLP), has the potential of also enabling auditors to analyse text in a large number of documents.
4. In addition to the use of Data Analytics, TIAA is actively exploring, as part of our vision for the future, the use of AI, automation and other digital tools to streamline the audit process, inform planning, reduce manual effort, and enhance the quality of audit results. Automated data collection and analysis will help reduce the time required to complete audits and improve the accuracy and consistency of audit results. Innovative ways of using and integrating artificial Intelligence in the delivery of audits in response to the exponential growth in data, and how it is analysed and used in the context of Internal Audit, is part of TIAA's innovation strategy. We will also as part of our strategy be investigating more opportunities to not only use AI, but also to develop the capabilities to audit AI and the associated ethical considerations.

Audits completed since the last SICA report to the Audit Committee

5. Assurance framework was undertaken as consultancy with audit committee presentation and training provided.

Progress against the 2023/24 Annual Plan

6. Our progress against the Annual Plan for 2023/24 is set out in Appendix A.

Progress in actioning priority 1 & 2 recommendations

7. We have made no Priority 1 recommendations (i.e. fundamental control issue on which action should be taken immediately) since the previous SICA. There was a total of 128 recommendations on the rec tracking system, of which 111 have been completed. A further 5 have been partially completed although not yet due, and of the remaining recommendations, 5 are overdue have not been started and have revised due dates and 8 are overdue and outstanding with no management update. Details of overdue and outstanding recommendations are set out in Appendix B.
8. **Frauds/Irregularities**
9. We have not been advised of any frauds or irregularities in the period since the last SICA report was issued.

Responsibility/Disclaimer

10. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. The matters raised in this report not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.
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Progress against Annual Plan

System	Planned Quarter	Current Status	Comments
Key Control Testing	2	Final	Audit report issued
Payroll	3	Final	Audit report issued
Financial resilience	2	Final	Audit report issued
Grant Fund Spend and administration	2	Final	Audit report issued
Contractual relationship with active 4 Today	2	Final	Audit report issued
Gilstrap	4	Final	Audit report issued
ICT assurance cyber security/ incident management	4	Sent to internal admin for issue as draft 08/04/2024	
Assurance Framework	4	Final	Risk Presentation provided
Treasury Management	4	Draft sent to internal admin for issue	Exit meeting held 28/03/2024
Workforce planning	4	Draft sent to internal admin for issue	Exit Meeting Held 08/04/2024
Corporate and Commercial property Health and safety compliance	2	Testing Complete	Report being drafted
Complaints Process	3	Site work commenced	Awaiting Evidence for testing
Housing Regulatory Compliance	4	Site work commenced	Awaiting Evidence for testing
Housing Voids	3	Site work commenced	Postponed to 01/05/2024
Delivery of corporate projects	4	Site work commenced	Key Contact on Annual Leave, awaiting evidence for testing
Mansfield Crematorium	4	To be commenced	Start date agreed as week Commencing 22/04/2024

KEY:

To be commenced

Site work commenced

Draft report issued

Final report issued

Priority 1, 2 and 3 Recommendations

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
TPR-2223 ICT-Applications						
A timeline is established for the implementation of multi factor authentication for the Concerto application.	2	<i>The Council is working with the supplier, Concerto, and would expect implementation of either IP restriction or the introduction of Multi Factor Authentication by October 2023.</i>	<i>31/10/24 Revised date 30/06/24</i>	<i>ICT & Digital Services Business Manager</i>	<i>Conversations continue with the supplier to book a scheduled date for implementation. This is anticipated within the next 12 weeks.</i>	
TPR-2223 Planning Applications (Decision making)						

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
<p>The approving officer field should be mandatory</p>	<p>2</p>	<p><i>The requirement for an approving officer to be mandatory before a decision is issued is agreed will be investigated. This will be implemented by the date given if it then does not become a requirement for historic applications to also have the approving officer added when researching planning history.</i></p>	<p>31/5/2023 Revised date 01/05/2024</p>	<p>Senior Planner</p>	<p><i>The requirement for an authorising officer to be mandatory within the software before a decision is issued will be required for decisions made on or after 1st May 2024. This will be kept under review to establish whether it results in a requirement for any historic (i.e. before 1st May 2024) applications to also have the authorising officer (and date of issue) completed. Should this be the case, consideration will be given to batch completing any incomplete fields by the software supplier (subject to cost vs benefit). Should the cost be prohibitive, the requirement for completing these two fields will be investigated as part of the planning software procurement.</i></p>	<p></p>
<p>23/24 Contractual relationship with Active4Today</p>						
<p>It is recommended that all relevant documents be sufficiently signed and approved including the contract and SLAs.</p>	<p>2</p>	<p><i>The contract between Active4Today and NSDC has been agreed but it is recognised that this does not have a formal signature. It is proposed that a review of the contract is undertaken to ensure there have been no changes and once complete the contract should be signed and sealed. A significant amount of work has gone in to delivering consistency across SLA's. All SLA's are to be signed by 1st April 2024 with an agreement and schedule of works in place. Responsibility will sit with the MD of Active for today with oversight by the BM Regeneration and Housing Strategy at quarterly compliance meeting.</i></p>	<p>01/04/24 Revised date Contract will be signed and sealed by 30/06/24 Current year SLAs will be signed and returned by 30/06/24</p>	<p>Assistant Director Legal & Demo Serv. Man Dir Active4 Today. BM Regeneration and Housing Strategy.</p>	<p><i>The MD for Active4Today would like SLAs to be presented in time to inform budgets. Total 14 SLAs some variable and some fixed (subject to inflation), 2025-26 SLAs will be signed off November 2024.</i></p>	<p></p>

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
It is recommended that the council and Active 4 today maintain a close working partnership to enable open discussions regarding financial viability of the organisation and mitigating potential long-term impacts on the service provision delivered by Active4today.	2	<i>The compliance meeting and performance reporting arrangements between the council and Active4Today's management team on a quarterly basis provide for open and frank discussion on the financial viability of the company. A request from NSDC to Active to provide financial information in a revised format has now been actioned.</i>	13/2/2024 <i>Revised date 30/11/24</i>	BM Regeneration and Housing Strategy.MD Active4 Today.	<i>Quarterly meetings are in place but don't always align to reporting cycles for financials for performance/income & expenditure etc. Working with A4T to introduce 3 year forecast MTFP. Date has been amended to align with budget setting.</i>	

KEY:

Priority Gradings (1 & 2)

1	URGENT	Fundamental control issue on which action should be taken immediately.	2	IMPORTANT	Control issue on which action should be taken at the earliest opportunity.
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Risk Mitigation

CLEARED	Internal audit work confirms action taken addresses the risk exposure.	ON TARGET	Control issue on which action should be taken at the earliest opportunity.	EXPOSED	Target date not met & risk exposure still extant
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