



Internal Audit

DRAFT

## Newark and Sherwood District Council

Draft Internal Audit Annual Report

**2023/24**

July 2024

# Internal Audit Annual Report

## Introduction

This is the 2023/24 Annual Report by TIAA on the internal control environment at Newark and Sherwood District Council. The annual internal audit report summaries the outcomes of the reviews we have carried out on the organisation’s framework of governance, risk management and control.

Our approach is based on the International Standards for the Professional Practice of Internal Auditing which have been developed by the Institute of Internal Auditors (IIA) and incorporate the Public Sector Internal Audit Standards (PSIAS).

Ongoing quality assurance work was carried out throughout the year, and we continue to comply with ISO 9001:2015 standards. Our work also complies with the IIA-UK Professional Standards.

### HEAD OF INTERNAL AUDIT’S ANNUAL OPINION

**TIAA is satisfied that, for the areas reviewed during the year, Newark and Sherwood District Council has reasonable and effective risk management, control and governance processes in place.**

**This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on all elements of the risk management, control and governance processes or the ongoing financial viability or your ability to meet financial obligations which must be obtained by Newark and Sherwood District Council from its various sources of assurance.**

## Internal Audit Planned Coverage and Output

The 2023/24 Annual Audit Plan was approved by the Audit Committee

The planned work that has been carried out against the plan and the status of work not completed is set out at Annex B.

## Assurance

TIAA carried out eight reviews of which two were advisory reviews. The eight assurance reviews were designed to ascertain the extent to which the internal controls in the system are adequate to ensure that activities and procedures are operating to achieve Newark and Sherwood District Council’s objectives. For each assurance review an assessment of the combined effectiveness of the controls in mitigating the key control risks was provided. Details of these are provided in Annex A and a summary is set out below.

Assurance Assessments	Number of Reviews
Substantial Assurance	1
Reasonable Assurance	5
Limited Assurance	0
No Assurance	0
Advisory	2

The areas on which the assurance assessments have been provided can only provide reasonable and not absolute assurance against misstatement or loss and their effectiveness is reduced if the internal audit recommendations made during the year have not been fully implemented.

We made the following total number of recommendations on our audit work carried out in 2023/24.

Urgent	Important	Routine
--------	-----------	---------

0	10	15
---	----	----

### Audit Summary

**Control weaknesses:** There were no areas reviewed by internal audit where it was assessed that the effectiveness of some of the internal control arrangements provided 'limited' assurance.' Recommendations were made to further strengthen the control environment in these areas and the management responses indicated that the recommendations have been accepted.

**Recommendations Made:** We have analysed our findings/recommendations by risk area and these are summarised below.

Risk Area	Urgent	Important	Routine
<b>Directed</b>			
Governance Framework	0	4	3
Risk Mitigation	0	0	4
Compliance	0	4	7
<b>Delivery</b>			
Performance Monitoring	0	2	1
Sustainability	0	0	0
Resilience	0	0	0

**Operational Effectiveness Opportunities:** One of the roles of internal audit is to add value and during the financial year we provided advice on opportunities to enhance the operational effectiveness of the areas reviewed and the number of these opportunities is summarised below.

<b>Operational</b>
<b>3</b>

### Independence and Objectivity of Internal Audit

There were no limitations or restrictions placed on the internal audit service which impaired either the independence or objectivity of the service provided.

### Performance and Quality Assurance

The following Performance Targets were used to measure the performance of internal audit in delivering the Annual Plan.

Performance Measure	Target	Attained
Completion of Planned Audits	100%	92%
Audits Completed in Time Allocation	100%	100%
Final report issued within 10 working days of receipt of responses	100%	82%
Compliance with Public Sector Internal Audit Standards	100%	100%

### Release of Report

The table below sets out the history of this Annual Report.

<b>Date Report issued:</b>	July 2024
----------------------------	-----------

### Head of Internal Audit Opinion (HoIA) on the Effectiveness of the System of Internal Control for the Year Ended 31 March 2023

The purpose of my annual HoIA Opinion is to contribute to the assurances available to the Accountable Officer and the Board which underpin the Board's own assessment of the effectiveness of the organisation's system of internal control. This Opinion will in turn assist the Board in the completion of its Annual Governance Statement (AGS).

My opinion is set out as follows:

1. Overall opinion;
  2. Basis for the opinion;
  3. Matters that have had an impact on the opinion; and
  4. Commentary.
- 
1. My overall opinion is that **Reasonable** assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, some weakness in the design and/or inconsistent application of controls, put the achievement of particular objectives at risk.
  2. The basis for forming my opinion is as follows:
    - i. An assessment of the design and operation of the underpinning Assurance Framework and supporting processes; and
    - ii. An assessment of the range of individual opinions arising from risk-based audit assignments, contained within internal audit risk-based plans that have been reported throughout the year. This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses.
  3. There are no matters to bring to your attention which have had an impact on the Head of Internal Audit Opinion
  4. Commentary – see Annex B for a summary of completed internal audit work.

## Actual against planned Internal Audit Work 2023/24

System	Days	Report Status	Substantial Assurance	Reasonable Assurance	Limited Assurance	No Assurance	Advisory Review	Comment
Key Control Testing	18	Final		✓				
Payroll	9	Final		✓				
Financial resilience	9	Final		✓				
Grant Fund Spend and administration	13.5	Final		✓				
Contractual relationship with active 4 Today	13.5	Final		✓				
Gilstrap	4.5	Advisory	N/A					
ICT assurance cyber security/ incident management	13.5	Final	✓					
Mansfield Crematorium	4.5	Advisory	N/A					
Complaints Process	7	Draft report issued 30/05/2024 – Draft Reasonable assurance						
Workforce planning	9	Draft issued 18/04/2024 - - Draft Reasonable assurance						
Corporate and Commercial property Health and Safety compliance	11	Report Discussion Draft - Reasonable Assurance. Draft by 21 <sup>st</sup> July						
Housing Voids	9	Report is Discussion Draft – will be issued Draft by 21 <sup>st</sup> July.						
Housing Regulatory Compliance	13	Report is Discussion Draft – will be issued Draft by 21 <sup>st</sup> July.						
Delivery of corporate projects	15	Draft report issued 17/06/2024 – Draft Reasonable Assurance						