



Appendix A

Newark and Sherwood District Council

Summary Internal Controls Assurance (SICA) Report

January 2025

Draft



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 between 21st November 2024 and the 31st January 2025.

Investing in the Future of TIAA

2. TIAA welcomed our largest intake of talented and enthusiastic trainees in the summer across the UK. This initiative is a testament to our dedication to nurturing the next generation of professionals and ensuring that we continue to deliver the highest standards of service to you. This builds on past successes where staff who joined TIAA as trainees have obtained professional qualifications and progressed to audit management roles.

We believe that investing in their development is crucial not only for their personal growth but also for the continued success of TIAA. To this end, we are sponsoring their professional qualifications, providing them with the necessary resources and support to excel in the internal audit profession and any relevant specialism they may choose.

With each trainee mentored by an experienced Director of Audit, we have re-designed a comprehensive training programme that covers a wide range of skills and knowledge areas. All trainees have been guided by experienced audit staff and management, shadowing on audits to get to know our client base, following a high standard already set by our experienced team.

By investing in our trainees, we are investing in the future of our company. We are confident that this initiative will enhance our capabilities. Our commitment to the quality of our services remains unwavering, and we are excited about the positive impact our new trainees will have on our work with you.

Audits completed since the last SICA report to the Audit Committee

2. The table below sets out details of audits finalised since the previous meeting of the Audit Committee.

Audits completed since previous SICA report

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OEM
Procurement	Reasonable	14 th January 2025	14 th January 2025	24 th January 2025	0	1	3	1
Financial resilience	Substantial	5 th December 2024	24 th January 2025	29 th January 2025	0	0	1	0
Gilstrap	N/A	-	-	-	-	-	--	-

3. The Executive Summaries for each of the finalised reviews are included at Appendix A. There are no issues arising from these findings which would require the annual Head of Audit Opinion to be qualified.

Progress against the 2024/2025 Annual Plan

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

Changes to the Annual Plan 2024/25

5. There have been no changes to the approved plan.

Progress in actioning priority 1 & 2 recommendations

6. We have made no Priority 1 recommendations (i.e. fundamental control issue on which action should be taken immediately) since the previous SICA. The recommendation trackers are provided for the Committee.

Frauds/Irregularities

7. We have not been advised of any frauds or irregularities in the period since the last SICA report was issued.

Other Matters

8. We have issued a number of briefing notes and fraud digests, shown in Appendix D, since the previous SICA report.

Responsibility/Disclaimer

9. 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.

Appendix A: Executive Summaries

The following Executive Summaries are included in this Appendix. Full copies of the reports are provided to the Audit Committee.

Review	Key Findings
<p>1. Assurance Review of Procurement</p>	<p>KEY STRATEGIC FINDINGS:</p> <ul style="list-style-type: none"> • The Council does not have a specific procedure for setting up new suppliers. For a sample of seven new suppliers, only three suppliers had completed new supplier application forms. • The “Contract Register/Procurement Group” does not have a Terms of reference. The group is in the process of updating the Contract Register. • The Exemption Register needs to be updated as it was noted that two exemptions lack recorded approval in the register, although the forms themselves are approved this approval has not been updated in the register. Also, a new exemption raised on November 4, 2024, had not been added to the Exemption Register. • Melton Borough Council has not submitted in the first quarter of the 2024/25 financial year an annual report as required by the Service Level Agreement. <p>GOOD PRACTICE IDENTIFIED:</p> <ul style="list-style-type: none"> • The Council identifies and addresses potential challenges within the procurement function, including procurement-related risks documented in the risk register.
<p>2. Assurance Review of Financial Resilience</p>	<p>KEY STRATEGIC FINDINGS:</p> <ul style="list-style-type: none"> • The current Financial Governance document was due for review in May 2024; version control details the most recent update as having taken place in 2022. • The first half of the 2024/25 fiscal year shows Newark and Sherwood District Council making substantial progress in managing its finances effectively. The growth in favourable variances across the General Fund and Housing Revenue Account (HRA) highlight the Council's effectiveness in exceeding financial expectations, which is crucial for achieving the objectives outlined in the Medium-Term Financial Plan (MTFP) and ensuring long-term financial sustainability. <p>GOOD PRACTICE IDENTIFIED:</p> <ul style="list-style-type: none"> • The MTFP accounts for expected high levels of volatility post 2024/25 with the assistance of Pixel, external advisors who work with over 160 local authorities. • A favourable variance of £0.989 million was recorded for the General Fund in 2023/24, this was applied to the MTFP Reserve to assist with mitigating future funding pressures.

Report 1 - Assurance Review of Procurement

Executive Summary

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Risk of non-compliance with public sector procurement regulations.

SCOPE

Procurement systems underpin service delivery and need to be effective and to achieve value for money. To provide assurance on key areas of procurement risk, A review of the Councils strategies, policies, and procedures for Procurement, including Procurement Strategy, Procurement Policy, Contract Standing Orders, Supporting procedures. A review of the governance arrangements in place in relation to procurement decision making and oversight, including Decision making on expenditure, Board oversight, Procurement Team support, a review of the resources and training in place to support Procurement projects.

KEY STRATEGIC FINDINGS



The Council does not have a specific procedure for setting up new suppliers. For a sample of seven new suppliers, only three suppliers had completed new supplier application forms.



The "Contract Register/Procurement Group" does not have a Terms of reference. The group is in the process of updating the Contract Register.



The Exemption Register needs to be updated as it was noted that two exemptions lack recorded approval in the register, although the forms themselves are approved this approval has not been updated in the register. Also, a new exemption raised on November 4, 2024, had not been added to the Exemption Register.



Melton Borough Council has not submitted in the first quarter of the 2024/25 financial year an annual report as required by the Service Level Agreement.

GOOD PRACTICE IDENTIFIED



The Council identifies and addresses potential challenges within the procurement function, including procurement-related risks documented in the risk register.

ACTION POINTS

Urgent	Important	Routine	Operational
0	1	3	1






Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	<p>The Council currently lacks a formal procedure for setting up new suppliers, relying only on the form, which can lead to inconsistencies and increase the risk of errors or fraudulent activities. Without standardised process there is a risk of errors in supplier information and difficulties in tracking and managing supplier performance.</p> <p>In addition, a sample of seven new supplier setups was reviewed. Only three suppliers had completed new supplier application forms and among them, one form lacked the necessary approvals. For the remaining four suppliers, there was no evidence that the Council had prepared and approved the required application forms.</p>	<p>Implement a formal procedure for setting up of new suppliers that includes detailed verification steps. In addition, for all new suppliers, an application form should be completed.</p>	2	<p><i>The process will be documented and officers will be updated with this.</i></p> <p><i>Additionally, the process will change, whereby on each occasion, whether new supplier or change in bank details, this will be checked using the Councils bank, to ensure that the bank details are correct for the supplier.</i></p>	February 2025	Transactional Finance Manager
2	Directed	<p>The "Contract Register Group", tasked with oversight of the contract register, includes the Senior Leadership Team but does not have formalised terms of reference. In addition, discussions with the Business Manager Financial Services confirmed that the Contract Register was deemed not to be up to date as some of the items purchased through various Framework Agreements had not been included in the Contracts Register. The Contract Register Group is in the process of updating the Contract Register which is nearly complete.</p> <p>Once the updating of the Contract Register has been completed, the aim is for the Group to review the Contract Register periodically in terms of ensuring value for money has been obtained (For example instances where one contract for the whole council could be obtained rather than separate contracts for individual departments) and that where appropriate</p>	<p>The Terms of Reference for the Contract Register Group to be document. In addition, the Contract Register to be updated and once updated to be reviewed/monitored periodically by the group to ensure value for money is being obtained.</p>	3	<p><i>A Terms of Reference for the group will documented and agreed by the group.</i></p>	July 2025	Business Manager Financial Services

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
		contracts have not been renewed before being effectively tendered for.					
3	Delivery	As per the Service Level Agreement between Melton Borough Council and Newark and Sherwood District Council, in the first quarter of each financial year Melton Borough Council should produce an annual report for the Newark and Sherwood District Council. The annual report's aim is to summarise service delivery performance against agreed indicators and budget information for the previous financial year. It was noted that the annual report had not been submitted in the first quarter of the 2024/25 financial year.	Melton Borough Council to submit in the first quarter of each financial year an annual report as per the Service Level Agreement.	3	<i>An annual report will be requested from Welland within Q1 of 25/26.</i>	<i>June 2025</i>	<i>Business Manager – Financial Services</i>
4	Delivery	The Exemptions Register currently records six instances of contract procedure exemptions, including one exemption that was issued but subsequently marked as no longer required. A new exemption was recorded on 4 th November. The Contract Procedure Rules Exemption Forms (CPRE) were reviewed for all entries in the Contract Register. All forms were found to be completed and authorised by the Contract Officer, Director, Section 151 Officer and Chief Executive. Each exemption provided a proper reason for why competitive tendering was not viable, and the estimated lifetime value of each contract was accurately reflected in the register. However, it was identified that two exemptions lack recorded approval in the register, although the forms themselves are approved, this approval has not been updated in the register. Additionally, the new exemption raised on November 4 th , 2024, had not been added to the Exemption Register.	The Exemption Register to be updated appropriately.	3	<i>The register will be updated for the two items and will be updated accordingly going forward.</i>	<i>February 2025</i>	<i>Business Manager – Financial Services</i>

Report 2 - Assurance Review of Financial Resilience

Executive Summary

OVERALL ASSESSMENT	KEY STRATEGIC FINDINGS								
 <p>The diagram shows a circular gauge with 'Substantial Assurance' in the center. To the right, four horizontal bars represent the assurance levels: Substantial Assurance (green), Reasonable Assurance (yellow), Limited Assurance (orange), and No Assurance (red). The green bar is highlighted.</p>	<p> The current Financial Governance document was due for review in May 2024; version control details the most recent update as having taken place in 2022.</p> <p> The first half of the 2024/25 fiscal year shows Newark and Sherwood District Council making substantial progress in managing its finances effectively. The growth in favourable variances across the General Fund and Housing Revenue Account (HRA) highlight the Council's effectiveness in exceeding financial expectations, which is crucial for achieving the objectives outlined in the Medium-Term Financial Plan (MTFP) and ensuring long-term financial sustainability.</p>								
ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE	GOOD PRACTICE IDENTIFIED								
<p>SR301- Ensuring financial sustainability of the general fund to allow the council to undertake its core functions, deliver services, meet its corporate priorities and objectives.</p>	<p> The MTFP accounts for expected high levels of volatility post 2024/25 with the assistance of Pixel, external advisors who work with over 160 local authorities.</p> <p> A favourable variance of £0.989 million was recorded for the General Fund in 2023/24, this was applied to the MTFP Reserve to assist with mitigating future funding pressures.</p>								
SCOPE	ACTION POINTS								
<p>Confirmed the realism and likely delivery success of identified savings within the current financial year and the Medium-Term Financial Plan. In addition to follow up progress from last year's audit finding relating to monitoring of budgets and commercial activities.</p>	<table border="1"> <thead> <tr> <th>Urgent</th> <th>Important</th> <th>Routine</th> <th>Operational</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>0</td> <td>1</td> <td>0</td> </tr> </tbody> </table>	Urgent	Important	Routine	Operational	0	0	1	0
Urgent	Important	Routine	Operational						
0	0	1	0						

Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	The Financial Governance document detailing relevant financial regulations and the framework of controls and standards governing the Council's financial affairs was due for formal revision in May 2024 although this does not appear to have taken place as per the document's version control.	The document titled Part E Financial Governance be updated to reflect the current position of the Council and a new date is set for revision.	3	<i>The Financial Regulations will be reviewed and updated and then tabled at Audit & Governance Committee for approval.</i>	July 2025	Business Manager – Financial Services

Appendix B - Progress against 2024/25 Annual Plan

System	Planned Quarter 2024/2025	Current Status	Comments
Business Continuity	1	Final report issued	
Procurement	1	Final (29 th Jan 2025)	Reported to Jan 2025 Audit Committee
Budgetary Control	1	Final report issued	
Financial Resilience	2	Final (29 th Jan 2025)	Reported to Jan 2025 Audit Committee
Apprenticeship and Talent Spotting	2	Draft (20 th January 2025)	
Agile Working	3	Draft (20 th January 2025)	
Housing Regulatory Compliance and Building Safety	3	Draft (20 th January 2025)	
Performance Management	3	In Progress	Initial Exit meeting 29th of January 2025
Risk Management Framework	3	In Progress	Anticipated Completion February 2025
Mansfield Crematorium	4	To Be Commenced	Q5 (Opening Meeting Booked 28 th April)
Gilstrap Financial	4	Completed	
Grounds Maintenance and Cleansing Service	4	To Be Commenced	Preliminary Meeting originally Jan 22 nd delayed at client request to 7 th February.
Equality Diversity and Inclusivity	4	In Progress	Exit Meeting 5 th February 2025

24/25 ICT-Cyber Security Maturity Assessment	4	In Progress	Anticipated Completion February 2025
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To be commenced

Site work commenced

Draft report issued

Final report issued

Appendix C: Recommendations - Progress update

The Public Sector Internal Audit Standards require that Internal Auditors have arrangements to follow up audit recommendations and to monitor the effectiveness of action taken. The recommendations tracker is maintained by Internal Audit and regularly updated through consultation with management and a review of the evidence supporting the implementation of audit recommendations.

No priority 1 or 2 recommendations are overdue.

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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Appendix D: Briefings on Developments in Governance, Risk and Control

TIAA produce regular briefing notes to summarise new developments in Governance, Risk, Control, Counter Fraud and Security Management which may have an impact on our clients. These are shared with clients and made available through our Online Client Portal. A summary list of those briefings issued in the last three months which may be of relevance to Newark and Sherwood district council is given below:

Summary of recent Client Briefings and Alerts

Date Issued	Sector	Briefing Type	Subject	Website Link	TIAA Comments
20 DECEMBER 2024	ALL	Security Alert	Company Sanctioned for Deploying Staff with Fraudulent SIA Licences	Company Sanctioned for Deploying Staff with Fraudulent SIA Licences - TIAA	A security company has been sanctioned for deploying 26 untrained staff with fraudulent SIA licences across the capital on 832 separate shifts. Our alert has the full story and advice.
12 DECEMBER 2024	ALL	Security Alert	Increase in People Sheltering in Waste Containers	Increase in People Sheltering in Waste Containers - TIAA	With the rise in homelessness, the waste management industry is encountering an increasing number of rough sleepers seeking shelter in waste containers, which poses significant risks when waste is collected.
12 DECEMBER 2024	Healthcare	Anti-Crime Alert	Covid Corruption Commissioner Appointed	Covid Corruption Commissioner Appointed - TIAA	This briefing covers the appointment of Tom Hayhoe as the new Covid Corruption Commissioner to investigate PPE fraud. His first task is to review the £8.7bn worth of PPE purchased during the pandemic that was written off. Our alert has all the details.
10 DECEMBER 2024	Charities	Briefing	Charity Commission Refreshes Anti-Fraud Guidance	Charity Commission Refreshes Anti-Fraud Guidance - TIAA	The Charity Commission recently published updated guidance to help trustees protect their charities from fraud and cybercrime.
6 DECEMBER 2024	ALL	Publication	Security Industry Authority (SIA) Annual Report 2024 Summary	Security Industry Authority (SIA) Annual Report 2024 Summary - TIAA	TIAA's summary of the Security Industry Authority (SIA) Annual Report 2024. Dive into the figures, key points and developments that are shaping the security industry.
29 NOVEMBER 2024	Healthcare	Security Alert	140 arson attacks on GP Practices and Hospitals	140 arson attacks on GP Practices and Hospitals - TIAA	GP practices and hospitals have been advised to protect their premises as official data reveals over 140 arson attacks took place at healthcare buildings last year. Home Office figures showed that there were 500 fires at hospitals and medical care facilities in 2023/24 in England, of which 146 were deliberate.

27 NOVEMBER 2024	ALL	Briefing	The Economic Crime and Corporate Transparency Act Update	The Economic Crime and Corporate Transparency Act Update - TIAA	An update on The Economic Crime and Corporate Transparency, On 16 October 2024, gov.uk published their latest policy paper on the Economic Crime and Corporate Transparency Act, outlining the transition plan for Companies House.
22 NOVEMBER 2024	Healthcare	Security Alert	Bogus Security Guard	Bogus Security Guard - TIAA	A man has been jailed for nearly three years for using a fake SIA licence to work at an NHS Trust and steal £1425. The individual, who never held an SIA licence, deceived his employer and was sentenced to 33 months' imprisonment. Our alert has the full details.
12 NOVEMBER 2024	ALL	TIAA Article	Are you Scam Savvy?	Are you Scam Savvy? - TIAA	In today's digital age, scams are becoming increasingly sophisticated and prevalent. To help you stay informed and protected, we've compiled a series of articles that delve into some of the most common types of fraud.