

# **INTERNAL AUDIT ANNUAL REPORT AND ANNUAL STATEMENT OF ASSURANCE**

**GEDLING BOROUGH COUNCIL**

**2023-24**

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# SUMMARY OF 2023-24 WORK

This report details the work undertaken by internal audit for Gedling Borough Council (the Council) and provides an overview of the effectiveness of the controls in place for the full year. The following reports have been issued for this financial year:

- ▶ Community Health and Wellbeing (with focus on Leisure Services).
- ▶ Council Tax/National Non-Domestic Rates (NNDR)
- ▶ GDPR Information and Governance
- ▶ Generating External Income
- ▶ Budget Setting and Efficiency Savings
- ▶ Health and Safety
- ▶ Main Financial Systems
- ▶ Project and Programme Management
- ▶ Safeguarding

We have detailed the opinions of each report and key findings on pages five to 12. Our internal audit work for the period from 1 April 2023 to 31 March 2024 was carried out in accordance with the internal audit plan approved by management and the Audit Committee. The plan was based upon discussions held with management and was constructed in such a way as to gain a level of assurance on the main financial and other key operational and strategic systems. There were no restrictions placed upon the scope of our audit and our work complied with Public Sector Internal Audit Standards.

## Head of Internal Audit Opinion

The role of internal audit is to provide an opinion to Full Council, through the Audit Committee, on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed. Our Annual Report provides our overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period. The basis for forming our opinion is as follows:

- ▶ We have reached an overall opinion of Moderate assurance, which is a positive level of assurance and demonstrates the work undertaken by the Council to strengthen its internal control environment. This is an improved opinion to 2022-23 where Limited assurance was provided. Therefore, the Council are on a positive trajectory, with better engagement with internal audit across the organisation and a clear commitment to enhance controls.
- ▶ The improvement assurance we have provided is partly driven by the results of our follow up process, which was a significant factor in the prior year's Limited assurance opinion. There has been a strong push from the Senior Leadership Team (SLT) to improve the completion of recommendations, including some historic recommendations raised by the previous internal audit service which remain outstanding. To streamline the follow up process, we now have direct access to the Council's performance management system, Ideagen, which has supported ongoing updates on the completion of audit recommendations. We also presented our audit follow up process to the Corporate Management Team (CMT) in October 2023. These transformations in process have led to an improvement in the completion of recommendations, with 93% of 2021-22 recommendations and 67% of 2022-23 recommendations fully implemented. There is still scope

to improve the recommendation completion further, however, the direction of travel has been positive.

- ▶ Across our audits completed in 2023-24, five have received Moderate assurance for either the control design, the control effectiveness or both. We have only provided Limited assurance for one report, which was Safeguarding where the Council have reduced levels of responsibility as a lower tier authority. There have also been several reviews where we have provided Substantial assurance over controls, notably Council Tax and NNDR where Substantial assurance was provided for the control design and assurance. There has been an increase in the number of reviews that have been given Substantial assurance for the effectiveness of controls.
- ▶ Despite vacancies within the SLT, there has been positive engagement with us throughout the year, with better direct communication channels with CMT. This has been enabled by us attending two CMT meetings throughout the year, to present our follow up process and our internal audit plan. Some delays remain in obtaining responses to follow up and audit documentation requests however, clear escalation channels are in place for us to raise these to SLT. We also recognise the resource challenges that the Council have faced over recent months due to other priorities, i.e. elections.
- ▶ The Council have prepared a new Risk Management Strategy and Framework which was presented to the Audit Committee in March 2024, then approved by Cabinet. While this is yet to be fully implemented due to other priorities, this supports an improved control environment for risk management.
- ▶ The Council had a follow up to the Local Government Association's peer review challenge in November 2023. This report highlighted its 'commitment to sector-led improvement to honesty, openness and self-awareness'. The report, presented to Cabinet on 28 March 2024 with the updated Action Plan, broadly identified positive progress in each of the nine recommendations raised in the corporate peer challenge review. Additionally, the Council won an award for the 'Best Collaborative Working Initiative' category at the Association for Public Service Excellence awards for 2023. This was for its collaborative environmental work as part of the Green Rewards campaign to incentivise residents taking actions to reduce the impact of climate change.
- ▶ There continue to be challenges over the Council the completion of its financial accounts. The 2021-22 and 2022-23 Statement of Accounts remain unaudited and, consequently, there has been a delay in publishing the 2023-24 accounts. While we appreciate that there are specific, historic challenges causing these delays and this is a wider challenge across the sector, this indicates a weakness in financial reporting.

# REVIEW OF 2023-24 WORK

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
Community Health & Wellbeing (with focus on Leisure Services)	-	1	1	Moderate	Substantial	<p><u>Conclusion</u></p> <p>We provided Moderate assurance for the control design and Substantial assurance for the control effectiveness for its community health and wellbeing arrangements. There was a positive approach to partnership working with other local authorities, charities/volunteer sector organisations and private organisations to deliver shared objectives and the Council had a leading role on the Gedling Health and Wellbeing Partnership and contributed to the South Nottinghamshire Place-Based Partnership on specific programmes. Reporting to these groups on the use of external funding was adequate.</p> <p>However, external reviews of the Council’s facilities and strategies and facilities identified that significant investment is required for its leisure facilities to ensure that these remain fit for purpose in the short and long term. Some funding has been claimed from Sport England’s Swimming Pool Support Fund but an action plan has not been developed to identify how the Council will implement higher and more urgent actions from the external reviews, including budgeting for the capital investment.</p> <p><u>Key Findings</u></p> <ul style="list-style-type: none"> <li>▶ An external review of the Council’s Playing Pitch and Outdoor Sport Strategy which recommended significant investment in the Council’s leisure sites, totalling £25m. Additionally, a separate review recommended a number of actions for each of the Council’s leisure centres to enable it to meet its leisure and wellbeing strategies. The Council have not yet developed a costed action plan to address the recommendations, prioritising the proposed actions for capital investment.</li> <li>▶ The Gedling Health and Wellbeing Partnership terms of reference was not up-to-date and did not reflect the current governance structures. The Council is the secretariat to the group.</li> </ul>
Council Tax/NNDR	-	1	1	Substantial	Substantial	<p><u>Conclusion</u></p>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
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						<p>There were substantial controls in place for the management of council tax and NNDR and these were implemented effectively by the Revenues Team.</p> <p>Council tax and NNDR liabilities were calculated accurately on the Civica System, with discounts and exemptions applied correctly on the basis of appropriate evidence. Furthermore, debt recovery arrangements were in place and followed to recover payments from occupiers. Collection performance for 2022-23 was 97.8% and 98.3% for council tax and NNDR respectively, which was higher than the average for councils in Nottinghamshire and across England.</p> <p>Some issues were identified around the timeliness of billing for new NNDR occupiers which could impact the Council's receipt of income. Additionally, write-offs are only processed annually. These were driven by the resource challenges in the Revenues Team and the simultaneous increase in demand for it to administer government-issued grants.</p> <p><u>Key Findings</u></p> <ul style="list-style-type: none"> <li>▶ In eight instances (80%) of new NNDR liabilities reviewed, the bill was not issued to the occupier within 14 days of the Council being notified of the new liability. The timeliness of performance is monitored by KPIs on Ideagen.</li> <li>▶ Write-offs were only processed annually at the end of the financial year, potentially resulting in the Council expending its resources on attempting to recover irrecoverable debts. Furthermore, there was one write off request form that took almost four years to approve.</li> </ul>
GDPR Information and Governance	1	-	2	Moderate	Moderate	<p><u>Conclusion</u></p> <p>We concluded that the Council had a Moderate design and effectiveness of controls for its management and governance of GDPR. There was one high finding raised due to the inadequate detail on the Information Asset Registers, in the absence of a formal Record of Processing Activity (RoPA).</p> <p>Other key issues were identified for the out-dated Retention and Disposals Policy and omissions in the GDPR training.</p> <p>Our review identified a range of good practice in relation to the Council's management and compliance with GDPR, including a sufficient Data Protection Policy in place. There was also high levels of compliance across the Council in completion of GDPR training.</p>

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						<p><u>Key Findings</u></p> <ul style="list-style-type: none"> <li>▶ The Information Asset Registers had limited detail outlining how, when and why information is processed, as required by UK GDPR. The Legal Team have developed a new RoPA template which will require more detail.</li> <li>▶ The Records Retention and Disposals Policy has not been reviewed since October 2020, although it should have been reviewed every three years</li> <li>▶ The UK GDPR training could provide more information to staff on where a Data Protection Impact Assessment may be required.</li> </ul>
Generating External Income	-	4	-	Moderate	Moderate	<p><u>Conclusion</u></p> <p>We concluded that the Council had a Moderate design and effectiveness of controls for generating external income, which is a key area for local authorities to off-set budget challenges. This included the process for setting fees and charges, incorporating appropriate increases.</p> <p>While some departments adopted an evidence-based approach of costs to ensure the fee recovered expenditure associated in providing a discretionary service, this was not reflected across all departments. For instance, there was a lack of market intelligence and awareness of costs of service applied to fees for Environmental Services and Leisure Services. Additionally, there were some gaps identified in the policy framework, such as the Corporate Charging Policy remaining in draft and the lack of a strategic approach towards identifying and bidding for grant income.</p> <p>Similarly, despite the External Funding Policy being in place, this was outdated and the governance structures of an External Funding Steering Group to oversee grant bids was not in place and the bid register was not maintained. The Council also does not have an officer responsible for identifying and supporting writing grant bids, which could lead to a haphazard approach to bidding for grants that are not necessarily aligned to the strategic priorities. There did not appear to be a coordinated and strategic approach to generating external income by the Council, with some good practice identified in service areas but not consistently across all services areas. This is a key area for the Council to offset increasing cost pressures, with the risk of “Council to meet its financial commitments in the longer term” identified as a red risk on the Corporate Risk Register.</p> <p><u>Key Findings</u></p>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
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						<ul style="list-style-type: none"> <li>▶ Roles and responsibilities for heads of service for annually reviewing and setting charges were not explicitly defined in the draft Corporate Charging Policy. Additionally, this policy has remained in draft for several years.</li> <li>▶ Some service areas applied blanket increases for its discretionary fees and charges of 3-5% without conducting an analysis of the costs associated in providing the service.</li> <li>▶ Staff were unclear on how to conduct market intelligence to support the setting of fees and charges. As such, there was limited market intelligence conducted for the discretionary fees and charges reviewed within our sample.</li> <li>▶ The External Funding Strategy had not been reviewed since 2019 or implemented leading to staff being unaware that it existed. Processes were not in place for identifying external funding opportunities and strategically submitting bids for applications that align to the Gedling Plan priorities.</li> </ul>
Budget Setting and Efficiency Savings	-	2	1	Moderate	Substantial	<p><u>Conclusion</u></p> <p>We have provided Moderate assurance for the design of controls and Substantial assurance for the effectiveness of controls.</p> <p>There were robust processes in place to oversee the budget setting process, with engagement with heads of service and Members throughout, although this is not evidenced with regard to minutes or outcome documents. Similarly, there was clear guidance on the development bid requirements for new expenditure in the Budget and on the efficiency savings targets. However, due to resource challenges in the Finance Team, with other important priorities to manage, the budget setting process started late this year. This meant that all meetings were pushed back to later than originally timetabled for and there was less time available to complete each action on the Budget Timetable. However, the Budget was still approved by Full Council on 6 March 2024.</p> <p><u>Key Findings</u></p> <ul style="list-style-type: none"> <li>▶ The budget setting process started later than planned for 2024/25, resulting in delays to some parts of the process. This reduced the overall time available to consult with relevant stakeholders.</li> <li>▶ Budget setting meetings between heads of service, finance business partners and subsequently portfolio holders were not minuted and therefore we did not receive</li> </ul>



Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						outcome documents resulting from these meetings which would have allowed us to further scrutinise any decisions made.
Health and Safety	-	3	2	Moderate	Moderate	<p><u>Conclusion</u></p> <p>There were Moderate controls in place to manage health and safety following the in-sourcing of the Health and Safety Team in October 2022, and these were broadly applied effectively. The Health and Safety Policy was updated in January 2023 which provided a clear and reasonable framework for health and safety. However, our review of a sample of incidents/accidents identified that evidence of the investigation and outcomes was often not retained on AssessNET to explain the reason why it had been closed. This is the responsibility of the service area. Similarly, the quality and completion of risks assessments varied between service areas.</p> <p>There was adequate reporting of incidents to the Corporate Health and Safety Group.</p> <p><u>Key Findings</u></p> <ul style="list-style-type: none"> <li>▶ Parks and Street Care risk assessments were out of date and inadequate, with a lack of specificity over the key risks and controls relating to their service activity</li> <li>▶ The contractor list, recording whether contractors had sufficient competencies on health and safety and held sufficient insurance cover, had not been updated since November 2021. Additionally, contractor documents demonstrating health and safety arrangements were not held centrally resulting in the Health, Safety and Emergency Planning Manager not having direct access to key documentation.</li> <li>▶ Risk assessment training has not been provided to service managers across the Council since 2019. As there was a variation in quality of risk assessments identified in this review, training for service managers could result in an improvement in the completion of assessments.</li> </ul>
Main Financial Systems	-	4	1	Moderate	Moderate	<p>Main financial systems are a cyclical audit and therefore, we agree with the Head of Finance and ICT the area of focus each year. This year the focus of the review was on the Council's accounts receivables arrangements.</p> <p><u>Conclusion</u></p> <p>The Council had a Moderate control design and effectiveness for its accounts receivables processes. There were policies in place for debt recovery however, these were out of date</p>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
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						<p>and did not reflect actual processes. This led to inconsistent and non-compliant processes being applied by different services areas across our sample of debts, including some instances where there had been inactivity to recover the debt for several years.</p> <p>Additionally, there was inadequate reporting on the debt position to SLT for effective oversight. The overall direction of travel was positive with a reduction in the value of overdue balances, although, this could be distorted by the change in payment model for garden collection.</p> <p><u>Key Findings</u></p> <ul style="list-style-type: none"> <li>▶ The Senior Leadership Team (SLT) did not receive information about the overdue debt balances, breakdowns by departments, aged of debts, etc. limiting its oversight of debt recovery performance</li> <li>▶ Debt recovery and write-off policies were outdated and had conflicting requirements which could reduce the clarity and consistency of the Council's approach to debt recovery</li> <li>▶ Some instances were identified where there was not a proactive approach for debt recovery resulting in invoices remaining unpaid for several years</li> <li>▶ Rent review documentation for rent increase calculations was not retained for some contracts. Therefore, we were unable to verify that customers were invoiced accurately in these instances.</li> </ul>
Project and Programme Management	-	1	1	Substantial	Moderate	<p><u>Conclusion</u></p> <p>We concluded that there were Substantial controls in place for project management across four projects reviewed, ranging between Tier 1 and 2. Each project that we reviewed complied with the governance structures, with robust business case that set out the project outcomes, risks, and finances. These were all approved by the Programme Board and/or Cabinet.</p> <p>There have been recent changes to the governance structures with the dissolution of the Programme Board and establishment of CMT, who have a more proactive role in overseeing the progress of projects. This has not been reflected in the guidance. Furthermore, there was not formal reporting on the Arnold Market Place project regularly throughout the project, although the initial phase is now complete.</p>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<p><u>Key Findings</u></p> <ul style="list-style-type: none"> <li>For the Arnold Market Place project (Tier 1), highlight reports were not prepared for the Programme Board in 2022, with the exception of September 2022, due to high staff turnover and a restructure of the project team. We understand that presentation slides were prepared to report on the progress to Members during this period, but these could not be access during our review.</li> </ul>
Safeguarding	2	2	-	Limited	Limited	<p><u>Conclusion</u></p> <p>Overall the Council had Limited controls in place to manage it safeguarding across the organisation and to cooperate with other partners. Although, lower tier local authorities have fewer responsibilities for safeguarding in comparison to county and unitary councils, but it does have a duty to train staff on safeguarding and ensure background checks are completed for staff in public facing roles. However, in both of these areas, effective processes were not in place and we identified low levels of training compliance (30.4%) of the mandatory e-learning modules. Similarly, while clear procedures were in place to obtain DBS checks for public facing staff in the recruitment process, these were not renewed periodically. This resulted in some staff not having a DBS check for over 20 years.</p> <p>Furthermore, there was a lack of cooperation with partners at a strategic level with the Council not having any representation at the Nottinghamshire Safeguarding Adults Board (NSAB). This has led to mis-communication and officers responsible for managing safeguarding not being aware of duties, such as completing the Section 11 self-assessment.</p> <p>Internally there were reasonable governance structures, including robust and up-to-date policies and effective oversight and direction on safeguarding matters provided by the Corporate Safeguarding Group.</p> <p><u>Key findings</u></p> <ul style="list-style-type: none"> <li>Training compliance of the four mandatory e-learning modules was only 30.4%. Furthermore, the training approach and content was not tailored depending on the level of safeguarding risk to job roles.</li> <li>The Council had not completed the Section 11 self-assessment that was due in May 2023. A previous self-assessment had been completed in May 2021 but the Council only</li> </ul>

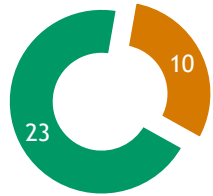
Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<p>recently developed an action plan to implement these actions in September 2023.</p> <ul style="list-style-type: none"> <li>▶ DBS checks and enhanced DBS checks were not renewed for staff in public facing roles, resulting in the most recent check for some staff being more than 20 years ago. Additionally, there is one member of staff who was employed in May 2023 whose DBS number on the HR Team's DBS check list is show as 'Missing', suggesting that suitable checks may not have been conducted on this employee.</li> <li>▶ The Council does not attend the NSAB which led to communications or messages being missed.</li> </ul>

# SUMMARY OF FINDINGS

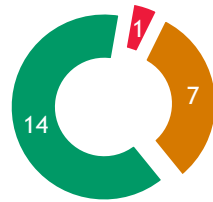
## RECOMMENDATIONS AND ASSURANCE DASHBOARD

### Recommendations

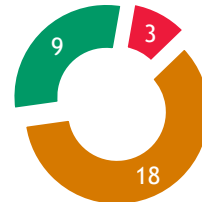
2021-22



2022-23



2023-24

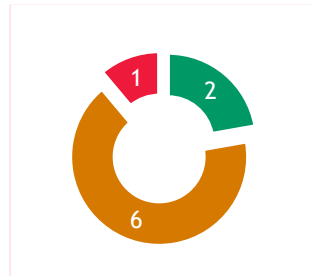
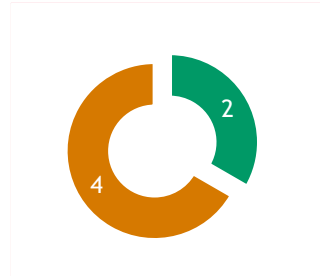
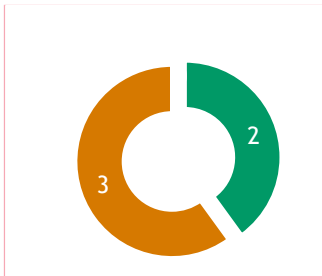


■ High ■ Medium ■ Low

In 2023-24 there were 30 recommendations, including three High significance recommendations raised in the Safeguarding (2) and the GDPR Information and Governance (1) reviews.

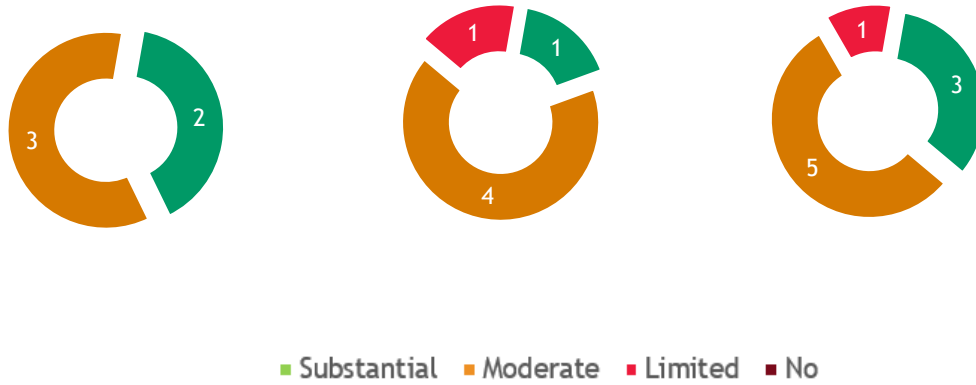
This is an increase from the previous year, with a greater proportion of recommendations being High or Medium. However, there were more audits completed than in the previous year, where there was a higher number of advisory reviews.

### Control Design



In 2023-24 there was report issued with Limited assurance and six reports issued with Moderate assurance over the design of controls. This is an increase from the prior years.

## Operational Effectiveness



In 2023/24 there was one report issued with Limited assurance and five reports issued with Moderate assurance over the effectiveness of controls.

This is consistent with the previous year, however, there has also been an increase the number of Substantial assurance opinions demonstrating the improvement in the operation of controls.

# ADDED VALUE



## USE OF SPECIALISTS

We used IT specialists to carry out the GDPR Information and Governance review. Additionally, all our staff used on reviews are local government specialists and work solely on public sector clients.



## FOCUSED APPROACH

Our Internal Audit Plan focused on the higher risk areas for the Council to provide greater value. This is reflected in the increase in the number of findings.



## ADAPTABLE

We have been adaptable throughout the year, to ensure our ways of working are fully aligned to the Council's to minimise any additional training or system requirements for staff. For example, we have been set up on the Ideagen performance management system for our audit recommendation follow up to maintain consistency for Council staff with existing reporting arrangements.



# KEY THEMES

## PEOPLE



The Council welcomed our internal audits and provided us with strong levels of time and support during our reviews, whether delivered remotely or in-person. This demonstrates the organisation's positive approach towards internal audit and enhancing internal controls. We also attended CMT meetings and pre-Audit Committee meetings with senior staff to provide a collaborative internal audit service.

## INCOME CHARGING AND COLLECTION



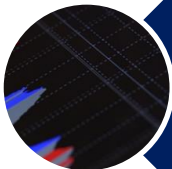
We recognise the importance of income generation to local authorities, therefore our plan reflected this and had a focus on income charging and collection to support this objective. This included: Council Tax and NDR, Main Financial Systems (Accounts Receivables) and Generating External Income.

## STRATEGIES AND POLICIES

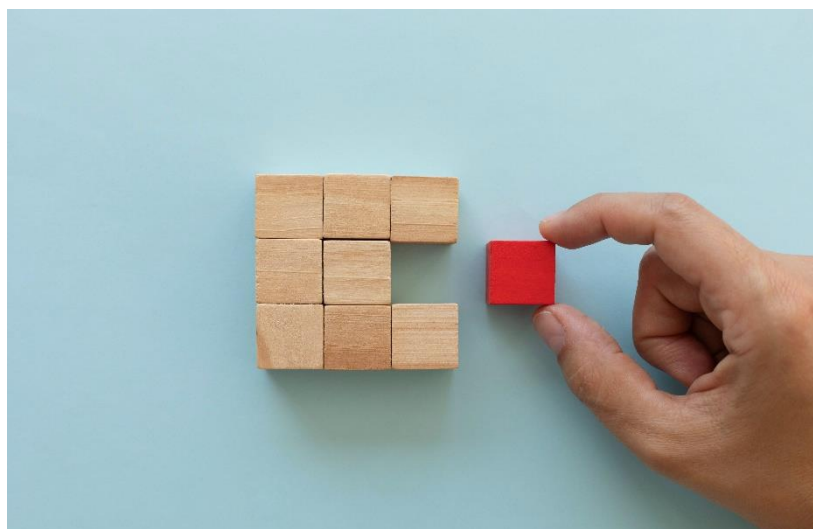


While strategies and policies were broadly in place, several were not kept up to date and consequently did not reflect the Council's actual arrangements, notably the Project Management Framework. Other policies, such as the Corporate Charging Policy and External Income Policy were out of date and had not been reviewed.

## INTER-AUTHORITY PARTNERING AND COOPERATION



Our audits considered the Council's cooperation with other public and third-sector partners, recognising the importance of a collaborative approach to achieve shared objectives. There were some significant recommendations raised in the Safeguarding review where there are opportunities for the Council to further contribute to a County-wide approach.





# BACKGROUND TO ANNUAL OPINION

## Introduction

Our role as internal auditors to Gedling Borough Council (the Council) is to provide an opinion to the Council, through the Audit Committee, on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed. Our approach, as set out in the firm's Internal Audit Manual, is to help the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Our internal audit work for the 12-month period from April 2023 to March 2024 was carried out in accordance with the internal audit plan approved by the Corporate Management Team and the Audit Committee, adjusted during the year for any emerging risk issues. The plan was based upon discussions held with management and was constructed in such a way as to gain a level of assurance on the main financial and management systems reviewed. There were no restrictions placed upon the scope of our audit and our work complied with Public Sector Internal Audit Standards.

The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period.

## Audit Approach

We have reviewed the control policies and procedures employed by the Council to manage risks in business areas identified by management set out in the 2023-24 Internal Audit Annual Plan which has been approved by the Audit Committee. This report is made solely in relation to those business areas and risks reviewed in the year and does not relate to any of the other operations of the organisation. Our approach complies with best professional practice, in particular, Public Sector Internal Audit Standards, the Chartered Institute of Internal Auditors' Position Statement on Risk Based Internal Auditing.

We discharge our role, as detailed within the audit planning documents agreed with the Council's management for each review, by:

- ▶ Considering the risks that have been identified by management as being associated with the processes under review
- ▶ Reviewing the written policies and procedures and holding discussions with management to identify process controls
- ▶ Evaluating the risk management activities and controls established by management to address the risks it is seeking to manage
- ▶ Performing walkthrough tests to determine whether the expected risk management activities and controls are in place
- ▶ Performing compliance tests (where appropriate) to determine that the risk management activities and controls have operated as expected during the period.

The opinion provided on page 3 of this report is based on historical information and the projection of any information or conclusions contained in our opinion to any future periods is subject to the risk that changes may alter its validity.

## Reporting Mechanisms and Practices

Our initial draft reports are sent to the key contact responsible for the area under review in order to gather management responses. In every instance there is an opportunity to discuss the draft report in detail. Therefore, any issues or concerns can be discussed with management before finalisation of the reports. All reports are also shared with the Corporate Management Team member responsible for the area to obtain their approval of the management responses, to ensure there is senior ownership and agreement to the recommendations and implementation dates.

Our method of operating with the Audit Committee is to agree reports with management and then present and discuss the matters arising at the Audit Committee meetings.

## Management actions on our recommendations

Management were engaged with the internal audit process and provided considerable time to us during the fieldwork phases of our reviews, in some cases providing audit evidence promptly and allowing the reviews to proceed in a timely manner, including opportunities to discuss findings and recommendations prior to the issue of draft internal audit reports. Management responses to draft reports were mostly within our requested time frame, however, there were some instances where the turnaround of draft reports was slow. However, these were often due to competing priorities and management maintained an open dialogue with us to agree timings for the management responses where there were delays.

## Recommendations Follow-up

Implementation of recommendations is a key determinant of our annual opinion. If recommendations are not implemented in a timely manner then weaknesses in control and governance frameworks will remain in place. Furthermore, an unwillingness or inability to implement recommendations reflects poorly on management's commitment to the maintenance of a robust control environment.

In 2022/23 we reported a low level of completion of audit recommendations to the Audit Committee, potentially exposing the Council to risks in its arrangements. There has been a significant improvement in 2023/24 with a stronger drive from SLT to ensure staff have ownership of their actions and are accountable for implementing them. This has included a refreshed approach to follow up and internal audit having direct access to Ideagen for continuous updates of the implementation of actions. We have also presented this approach to CMT to ensure that there is awareness of the responsibility to implement actions at a senior level. There remain some historic recommendations that are incomplete and have had a number of revised due dates however, there has been an improvement. Of the 2021/22 recommendations raised, 93% are now completed and 67% of 2022/23 recommendations are completed.

## Relationship with External Audit

All our final reports are available to the external auditors through the Audit Committee papers and are available on request. Our files are also available to external audit should they wish to review working papers to place reliance on the work of internal audit.

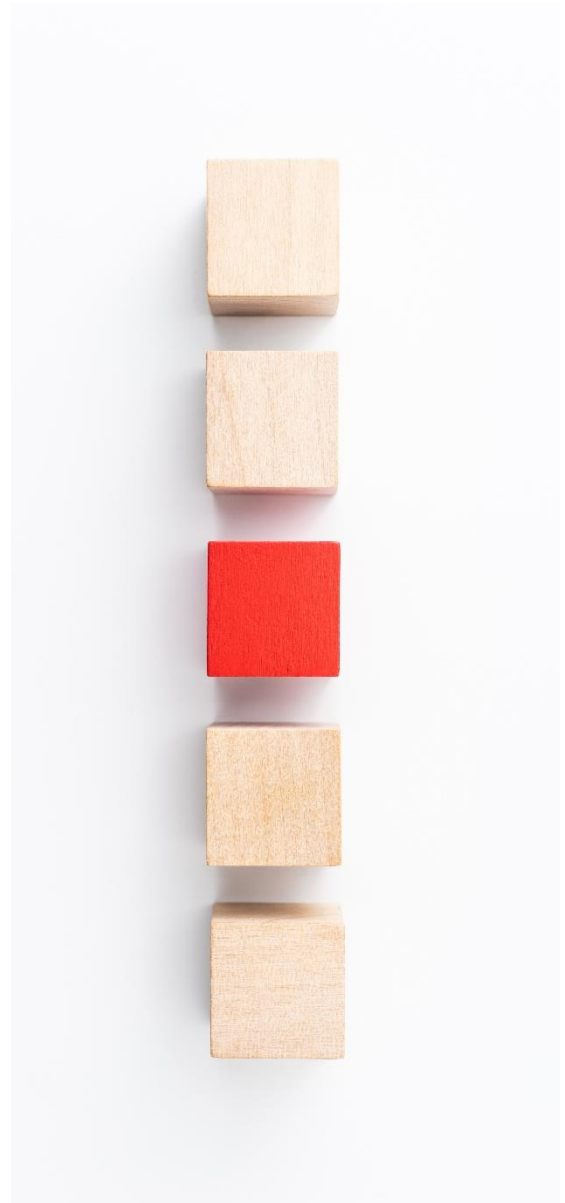
## Report by BDO LLP to Gedling Borough Council

As the internal auditors of the Council we are required to provide the Audit Committee, and the Corporate Management Team with an opinion on the adequacy and effectiveness of risk management, governance and internal control processes, as well as arrangements to promote value for money.





In giving our opinion it should be noted that assurance can never be absolute. The internal audit service provides the Council with **Moderate assurance** that there are appropriate procedures and controls in place to mitigate the key risks reviewed, albeit with some that are not fully effective in 2023-24. Therefore, the statement of assurance is not a guarantee that all aspects of the internal control system are adequate and effective. The statement of assurance should confirm that, based on the evidence of the audits conducted, there are no signs of material weaknesses in the framework of control.

In assessing the level of assurance to be given, we have taken into account:

- ▶ All internal audits undertaken by BDO LLP during 2023-24
- ▶ Any follow-up action taken in respect of audits from previous periods for these audit areas
- ▶ Whether any significant recommendations have not been accepted by management and the consequent risks
- ▶ The effects of any significant changes in the organisation's objectives or systems
- ▶ Matters arising from previous internal audit reports to the Council
- ▶ Any limitations which may have been placed on the scope of internal audit - no restrictions were placed on our work.







# KEY PERFORMANCE INDICATORS

Quality Assurance	KPI	RAG Rating
The auditor attends the necessary, meetings as agreed between the parties at the start of the contract	All meetings attended including Audit Committee meetings, pre-meetings, individual audit meetings and contract reviews have been attended by either the Partner and/or Manager. Additionally, scoping and closing meetings were attended by the Audit Manager.	
Positive result from any external review	Following an External Quality Assessment by the Institute of Internal Auditors in May 2021, BDO were found to 'generally conform' (the highest rating) to the International Professional Practice Framework and Public Sector Internal Audit Standards.	
Quality of Work	We have received four survey responses for audits completed in in 23-24, with an average score of 4.75/5 for overall audit experience. We also received an average score of 4.75/5 for the added value from our reports and the constructiveness. We continue to send out feedback surveys when issuing our final reports.	
Completion of audit plan	We have completed the full audit plan for 2023-24. We have also been flexible throughout the year to ensure our reviews are suitably timed to support the Council's resources and were delivered in the most appropriate way. Audit fieldwork has commenced for 2024-25 reviews.	

# APPENDIX 1

## OPINION SIGNIFICANCE DEFINITION

ANNUAL OPINION DEFINITION	
<b>Substantial - Fully meets expectations</b>	Our audit work provides assurance that the arrangements should deliver the objectives and risk management aims of the organisation in the areas under review. There is only a small risk of failure or non-compliance.
<b>Moderate - Significantly meets expectations</b>	Our audit work provides assurance that the arrangements should deliver the objectives and risk management aims of the organisation in the areas under review. There is some risk of failure or non-compliance.
<b>Limited - Partly meets expectations</b>	Our audit work provides assurance that the arrangements will deliver only some of the key objectives and risk management aims of the organisation in the areas under review. There is a significant risk of failure or non-compliance.
<b>No - Does not meet expectations</b>	Our audit work provides little assurance. The arrangements will not deliver the key objectives and risk management aims of the organisation in the areas under review. There is an almost certain risk of failure or non-compliance.

REPORT OPINION SIGNIFICANCE DEFINITION				
Level of Assurance	Design Opinion	Findings	Effectiveness Opinion	Findings
 <b>Substantial</b>	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
 <b>Moderate</b>	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed, albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of noncompliance with some controls that may put some of the system objectives at risk.
 <b>Limited</b>	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
 <b>No</b>	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE DEFINITION	
<b>High</b>	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
<b>Medium</b>	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
<b>Low</b>	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

FOR MORE INFORMATION:

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