

GEDLING BOROUGH COUNCIL INTERNAL AUDIT ANNUAL REPORT AND ANNUAL STATEMENT OF ASSURANCE

2024/25

CONTENTS

	Page
Executive Summary	1
Review of 2024/25 Work	3
Summary of Findings	12
Added Value	13
Key Themes	14
Background to Annual Opinion	15
Key Performance Indicators	18
Appendix 1: Opinion and Recommendation Significance	19

EXECUTIVE SUMMARY

Internal Audit 2024/25

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:

- | | |
|---|---------------------------------------|
| ▶ Cemeteries and Pet Cremation Services | ▶ Parks and Street Care |
| ▶ Housing Benefits | ▶ Fleet Management |
| ▶ Environment - Carbon Management Strategy | ▶ Temporary Accommodation |
| ▶ Equality, Diversity and Inclusion (EDI) - Advisory Report | ▶ Procurement and Contract Management |
| | ▶ Budget Management. |

We have detailed the opinions of each report and key findings on pages 3 to 11. Our internal audit work for the period 1 April 2024 to 31 March 2025 was carried out in accordance with the internal audit plan approved by the Corporate Management Team 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 management systems reviewed. 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 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. 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. The basis for forming my opinion is as follows:

- ▶ An assessment of the design and operation of the underpinning risk management processes
- ▶ 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
- ▶ Any reliance that is being placed upon third party assurance.

Overall, we provide **Moderate** Assurance that there is a sound system of internal controls, designed to meet the Council's objectives, that controls are being applied consistently across various services.

In forming our view, we have taken into account that:

- ▶ We completed a total of nine reviews (eight assurance audits and one advisory review). The advisory review for to EDI was an advisory review where a formal audit opinion was not provided.
- ▶ For the eight assurance audits, two were rated Substantial and six Moderate in the design of the controls. One assurance audit was rated as Substantial, five were Moderate and one was Limited in their operational effectiveness. These ratings are similar to those in the prior year.
- ▶ There has been a continued engagement with internal audit by the Senior Leadership Team (SLT), demonstrating a commitment to enhancing internal controls, governance and risk management processes. There was appropriate levels scrutiny of our internal audit work, including robust discussions about our reports in Audit Committee meetings. This is despite a backdrop of increasing challenges on resources for local authorities, compounded by other

demands that have impacted capacity of staff (such as managing the electoral pressures of a General Election). Staff have consistently provided our Internal Audit Team with availability to support the delivery of our reviews.

- ▶ The Council had a restructure of its SLT and governance model in 2024/25, widening the management team and creating roles to support its transformation programmes and operational management. We have met with the SLT, Assistant Directors and Senior Managers individually throughout the year and collectively to agree our Internal Audit Plan for 2025/26.
- ▶ As with many other local authorities, there has been a continued challenge to sign off the Council's financial accounts for prior years. The accounts for 2022/23 and 2023/24 have been published with a disclaimed audit opinion, where an audit certificate could not be issued. This partly relates to the historic challenges that the Council has had for the control gaps in its main financial system. Our internal audit work continues to assess key financial controls as part of our core assurance.



REVIEW OF 2024/25 WORK

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
Cemeteries and Pet Cremation Service	-	1	3	Moderate	Moderate	<p>This review assessed the charging and collection of fees for the cemeteries and Gedling Pet Cremation Services to ascertain the accuracy and timeliness of income collection. We also considered resource and staffing management of cemeteries and coherence of marketing strategies to increase revenue.</p> <p><u>Conclusion</u></p> <p>We provided Moderate assurance over the control design and effectiveness despite raising only one medium finding, because it pertains there was a lack of management information and regular reporting and oversight, which is a fundamental gap in the control environment. Although some controls were in place across the two services, we found weaknesses in the in-house system used for the Gedling Pet Cremation Services.</p> <p>While generally the services were delivering services to citizens successfully, we found areas of non-compliance with current controls, particularly within Gedling Pet Cremation Services in applying the correct fees and charges. There was also scope for improvement in ensuring that staffing levels are reviewed and sufficient.</p> <p><u>Findings</u></p> <ul style="list-style-type: none"> There was limited performance management reporting and scrutiny of the two services. There were no reconciliation reports in place between the orders completed and payments received, and there was no regular reporting to a relevant committee to ensure effective oversight of the services. Testing of 15 Pet Cremation Services works orders found that in nine cases, there were small discrepancies in values of the payments received by the Council compared to our recalculations using the Council's fees and charges values. In addition, collection fees and out of borough transport fees were not always applied.
Housing Benefits	-	-	3	Substantial	Substantial	<p>The audit was to provide assurance over the Council's administrative management of new housing benefit claims and changes in circumstances. We also assessed whether overpayments were identified and recovered promptly.</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>Conclusion</u></p> <p>The control design and effectiveness were Substantial because the Council has robust policies and procedures in place to manage the administration of housing benefits, with clearly delineated roles and a system of quality assurance checks in place.</p> <p>Furthermore, there was consistent compliance with established procedures and statutory legislation across the sample of 40 new housing benefits claims and changes of circumstances claims tested as part of this audit. This included the retention of supporting documentation and correspondence on Civica. Efforts to identify overpayments were undertaken and where identified, these were recovered promptly and in accordance with agreed processes.</p> <p><u>Findings</u></p> <ul style="list-style-type: none"> ▶ There was a one-off error where the Assistant Director for Housing and Resettlement did not approve a write off, however, a segregation of duties was still in place. ▶ In our sample of 20 changes in circumstance applications, five were not processed within the five-day target; however, annual figures on this key performance indicator for 2023/24 reported to the Oversight and Scrutiny Committee identified that overall, the Council met its target. ▶ Procedural guidance was not available to staff for some key processes and approval from the SLT for updated policies was not obtained.
Environment- Carbon Management Strategy	-	2	3	Substantial	Moderate	<p>As part of this audit, we reviewed the adequacy of the Council's Carbon Management Strategy, action plan, governance documentation, reporting and training for staff.</p> <p><u>Conclusion</u></p> <p>The Council had a clear vision and road map for achieving net zero, with support provided by committed and passionate staff, and robust controls in delivering its carbon management strategy. Therefore, we concluded that the control design was Substantial. The Strategy's commitment to staff engagement and training further enhances its potential for success, with the implementation of a Climate Impact Assessment template ensuring Council actions, decisions and policies, considers environmental impact.</p> <p>The control design was Substantial as the Council had a clear strategy in place with accountable action owners and robust governance to oversee its implementation. The</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>Council has made tangible progress on emissions reduction, with a 22% decline in its carbon emission baseline from 2019/20 to 2022/23.</p> <p>We have identified some areas for improvement in the effectiveness of controls in place, including the lack of specific and measurable targets in the Action Plan to enable robust progress tracking. Absence of costed action plans inhibits financial visibility and capability towards achieving targeted emission reduction plans footprint. There was a lack of quantitative analysis of the carbon reduction impact achieved from funded projects opportunities and monitoring and measurement of Scope 3 emissions. However, there has been a 22% reduction in the Council's carbon emission output since its baseline assessment in 2019/20 indicating that the actions that have been delivered have been effective.</p> <p><u>Findings</u></p> <ul style="list-style-type: none"> ▶ While some actions had defined quantitative metrics and performance indicators, most lacked specific and measurable targets. This reduces the scope for the Climate Change Officer to adequately assess the implementation and progress of these actions. ▶ The Council's Carbon Management Strategy actions had not been fully costed and did not always include the expected emissions savings.
Equality, Diversity and Inclusion (EDI)	-	-	-	Advisory Review		<p>We used our internally developed EDI Maturity Assessment Toolkit to assess the Council's internal EDI controls and management for its workforce. This is a 'gold standard' criteria which overlaps with the Equality Framework for Local Government (EQLG) but has higher standards than those recommended in the EQLG.</p> <p><u>Conclusion</u></p> <p>We concluded that the Council had a Defined level of maturity for EDI in its workforce, with some scope areas being Mature and Aware. Critically, the tone from the top was Mature, demonstrating a positive culture and strong leadership for promoting EDI across the Council. This is in line with, or in some areas it was stronger, than other local authorities that we have conducted an EDI Maturity Assessment for.</p> <p>The Council demonstrated a clear commitment to embedding EDI principles across its operations and community engagement. Its new approach to embedding EDI actions into annual service plans, along with the establishment of the Gedling Inclusion Group Support (GIGS), demonstrates a forward-thinking approach.</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>To improve its maturity for EDI, there is scope for the Council to integrate EDI considerations into risk management processes and performance metrics as well as assessing resource allocation, enhancing EDI training and systems for monitoring EDI-related trends over time.</p> <p>Critically, the Council has developed a comprehensive EDI Policy for 2024-27, aligning with EQLG. Furthermore, the establishment of the Strategic Equality and Diversity Group (SEDG), shows clear leadership engagement with EDI issues at the highest levels of the organisation.</p> <p><u>Findings</u></p> <ul style="list-style-type: none"> ▶ While the Council has a risk management framework, the Corporate Risk Register does not explicitly include EDI-related risks, potentially leading to inadequate risk management in this area. ▶ There is a lack of specific, measurable outcomes or outputs for some of the EDI actions in the Council's action plan, making it difficult to assess the true impact of initiatives. ▶ The Council's gender pay gap analysis lacks a detailed root cause analysis and does not propose specific action plans to address the existing gap or prevent it from widening. Furthermore, while the Council collects various forms of equality data, there is limited evidence of cross-referencing this data to identify intersectional trends. ▶ Staff network leads for the GIGS did not have dedicated protected time for their roles, which may limit the effectiveness and impact of the group. ▶ EDI training completion rates were low with only 50.2% of staff completing the period covering April 2023 to March 2024. This is particularly concerning for frontline staff who do not have access to the EDI computer-based training. Furthermore, specific-role based trainings on EDI were not provided for line managers with responsibility for implement and embedding equality objectives.
Parks and Street Care	2	2	-	Moderate	Limited	<p>The purpose of this audit was to provide assurance over the management of the Parks and Street Care (PASC) service, including proactive and reactive maintenance, inventory management and emergency planning. We reviewed whether the Council complied with key elements of the relevant British Standards.</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>Conclusion</u></p> <p>There was a Moderate design of controls as there were sufficient controls in place for some areas covered in this scope, with systems in place to support maintenance of park equipment and collaboration with other responsible bodies in the Local Resilience Forum (LRF) on street care management. However, the Council's tree management software, TreePlotter, was not being used properly, with a large proportion of trees not recorded. Similarly, for inventory management in the Depot, the policy in place for managing inventory was not consistently followed, ie equipment was not checked out when in use.</p> <p>Due to the non-compliance identified control effectiveness was Limited. Specifically with relation to tree management and inspections, with increased risk of significant financial penalties for the Council if an incident was to occur where it has not discharged its duty properly.</p> <p><u>Findings</u></p> <ul style="list-style-type: none"> ▶ The PASC Team estimates that only c40% of its tree stock is recorded on TreePlotter demonstrating that an inspection has been performed. ▶ There were significant delays to reactive tree maintenance requests, later than the timescale that they should be addressed in based on the risk level. Furthermore, for scheduled maintenance, there were 92 overdue tasks on trees. ▶ There was inadequate management of inventory at the Depot, with inaccurate inventory logs and items that could not be located during our physical observation on 7 March 2025. ▶ Staff do not consistently check items or equipment out of the Depot when it is being used which could lead to lost or improper use of equipment. Furthermore, inadequate records were maintained for machinery sent to external contractors for servicing and repairs.
Fleet Management	-	4	1	Moderate	Moderate	<p>This audit assessed the Council's management of its fleet of vehicles, focusing on vehicle replacement and management and compliance with statutory requirements. We also assessed the management of fuel stocks held at the Depot.</p> <p><u>Conclusion</u></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>We provided Moderate assurance over the design of controls due to a weakened system of internal control, with gaps in formal controls to support effective management and monitoring of stock, drivers and fuel usage.</p> <p>There was a reliance placed on one individual who retired from the Council in June 2025, however, a staffing review restructure was approved by the Appointments and Conditions of Service Committee to address these and re-allocate the responsibilities. Processes were not consistently documented, and a succession plan was not in place.</p> <p>There was also non-compliance with established processes. For example, there was a lack of proactive monitoring and escalation for drivers operating Council-owned vehicles who had incurred penalty points on their driving licence and non-compliance with the Financial Regulations for the retention of documentation for vehicles disposed by the Council at a public auction.</p> <p>Albeit, we did not note any non-compliance with statutory legislation in the vehicles maintenance or the management of the Operators Licence (O-Licence).</p> <p><u>Findings</u></p> <ul style="list-style-type: none"> Processes performed by the former Waste, Fleet and Depot Manager were not always documented but, since their retirement, have been re-allocated to other staff. The former Waste, Fleet and Depot Manager was the only Transport Manager for the O-Licence which is a condition of the licence. Albeit, the Council have submitted a request for a Period of Grace to the Traffic Commissioner and has planned for other staff to complete the relevant training to be the Transport Manager by the end of August 2025 Inventory and stock were not monitored or recorded effectively on a log or electronic system. The Council hold limited stock on-site which mitigates this risk. TTC Continuum and Vision reports were not regularly monitored and follow up action was not taken with drivers that had received penalty points on their licence. There was also one HGV driver where there was no evidence on Vision that ongoing checks are performed. There was a lack of documentation for disposals of vehicles to explain the rationale and authorisation for these, as required by the Financial Regulations.

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
Temporary Accommodation	1	1	2	Moderate	Limited	<p>We assessed the operational management of temporary accommodation, including compliance with statutory legislation when placing individuals presenting as homeless and the management of the Council's temporary accommodation stock.</p> <p><u>Conclusion</u></p> <p>There were appropriate policies and strategies in place to support the management of homelessness, including cooperation with other neighbouring authorities. Actions set to deliver the strategies, and the Service Plan were regularly monitored.</p> <p>The Council did not have a supplier to provide housing medical advice to support the banding of individuals and the prioritisation of applicants for the choice-based lettings. As part of service planning for 2025/26, the Council streamlined its KPIs to identify those that were relevant and provided meaningful data to support decision-making.</p> <p>However, there was significant non-compliance with these controls, particularly across our sample of 20 placements with risks assessments not conducted on individuals, housing needs assessments not performance and the absence of regular ongoing checks on individuals.</p> <p><u>Findings</u></p> <ul style="list-style-type: none"> ▶ There was no evidence that the Council-owned temporary accommodation properties had been subject to adequate and timely checks to ensure they meet legal standards in 19 of 20 cases. ▶ In almost half of the priority needs cases the Council had not regularly reviewed an individual assessment of needs, and in seven out of 20 cases a risk assessment had not been conducted for those facing homelessness. ▶ The Council did not have a supplier for housing medical advice which could result in mis-banding applicants and delaying the allocations to properties.
Procurement and Contract Management	-	2	-	Moderate	Moderate	<p>As part of this audit, we assessed the adequacy of procurement and contract management processes at the Council. The Procurement Act 2023 (the Act) went live on 24 February 2025, therefore, this audit also considered the preparedness for the new legislative requirements.</p> <p><u>Conclusion</u></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>The control design and effectiveness were Moderate as there were some controls in place to support the delivery of the system objectives and these were generally followed, with some exceptions.</p> <p>The Council have recruited a new Contract and Procurement who joined in April 2025 and have also procured a new procurement supplier, Orbis Procurement, who specialise in supporting procurement across the public sector.</p> <p>In preparation for the implementation on the Act, the Council have updated its Contract Procedure Rules to incorporate the requirements of the legislative changes and provided training and guidance to staff. There was an absence in guidance for contract management, which the Act does place more obligations for to publicly notify other organisations of poor supplier performance. There was inconsistency in documentation retained and procedures for managing contracts. Furthermore, contract managers were not provided with formal training but this is an action in the 2025-27 Procurement Strategy.</p> <p>There was also non-compliance or inadequate evidence of due diligence for contracts tested in our sample.</p> <p><u>Findings</u></p> <ul style="list-style-type: none"> ▶ In our sample of contracts, due diligence checks were not retained or completed in all instances to identify any financial or reputational risks of engaging with a supplier. These were the responsibility of North East Derbyshire District Council to perform and will be the responsibility of Orbis Procurement under the new contract. ▶ There were inconsistencies in contract management processes for different contracts, with documentation not being retained to demonstrate monitoring and oversight of contractors in some instances.
Budget Management	-	2	1	Moderate	Moderate	<p>This audit focused on the effectiveness management of budget management procedures across the Council. This builds on our budget setting audit in the previous year and comes against a backdrop of financial challenges in local government.</p> <p><u>Conclusion</u></p> <p>We concluded that the Council had a Moderate design and effectiveness of controls for budget management. The wider landscape of budget management across the local government sector places a high importance on approved budgets being managed properly and effectively. The Council planned for a balanced budget in 2024/25,</p>

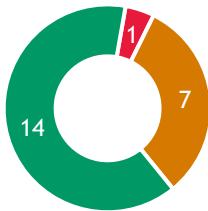
Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<p>however, there was a reliance on transferring funds from earmarked reserves. This is set to continue into 2025/26 with the Council taking steps to address this, including its efficiency savings programme and zero-base budgeting.</p> <p>Budget holders were broadly satisfied with the support and the quality of information provided by the Finance Business Partners (FBPs). This was reported to the SLT, Cabinet and Full Council periodically.</p> <p>We were informed by budget holders that there could be opportunities to further improve budget management by providing refresher training and creating guides on how to use Agresso and effective techniques for managing budgets. Furthermore, actions from one-to-one meetings with budget holders were not documented.</p> <p><u>Findings</u></p> <ul style="list-style-type: none"> ▶ Introductory training is provided for budget holders, however, there is not ongoing refresher training. We interviewed FBPs and budget holders who all informed us that more regular budget management training would be beneficial and allow for more accountability for budget holders over their budgets. ▶ Action logs were not in place to monitor the completion of actions agreed by budget holders and FBPs in the monthly budget monitoring meetings.

SUMMARY OF FINDINGS

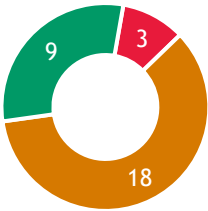
RECOMMENDATIONS AND ASSURANCE DASHBOARD

Recommendations

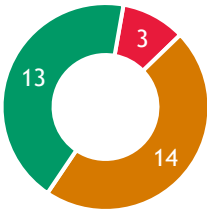
2022/23



2023/24

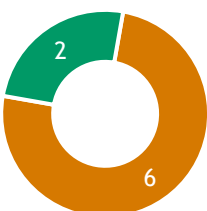
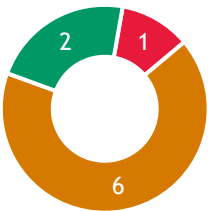
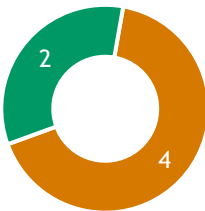


2024/25



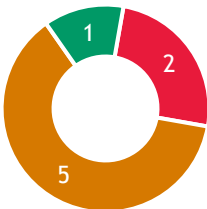
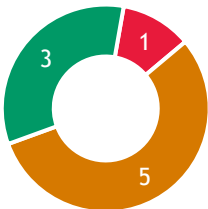
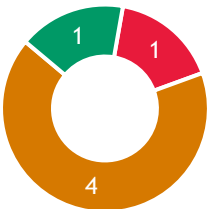
In 2024/25 there were 30 recommendations which is a small increase to the prior year, albeit there has been a higher proportion of low significance

Control Design



The opinions for the Control Design have remained stable in 2024/25 to the prior year. Our internal audit plan is prepared using a risk-based approach therefore, the higher proportion of Moderate opinions is partly expected.

Operational Effectiveness



There were two Limited effectiveness reports provided in the year which is higher than in the previous year. These relate to areas where the Council have had budgetary challenges in previous years.

ADDED VALUE



USE OF SPECIALISTS

Our reviews were performed by our dedicated Public Sector Internal Audit Team. For specialist reviews, these were completed by subject matter experts to ensure the Council received assurance from qualified individuals.



FLEXIBLE APPROACH

We applied a flexible approach to ensure that we could provide assurance to the Council over its emerging risks. During the year, we removed the IT Disaster Recovery review with a Parks and Street Care audit, which is considered a higher risk area.



ADVISORY AND SOFT CONTROLS

Our audit plan did not only consider core financial controls, but also covered soft controls which are critical the Council's objectives. This included the Carbon Management Strategy and the EDI Maturity Assessment, which assessed the culture and governance around these key processes. This goes beyond regular audits of standard services delivered by the Council.



KEY THEMES



PEOPLE

There was a continued welcoming of internal audit reviews from staff across the Council, demonstrating the commitment to improving internal controls, governance and risk management. SLT has continued to provide support and time to us during the year, integrating us into key senior management meetings to raise the profile and importance of internal audit across the Council.



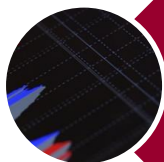
EFFECTIVE FINANCIAL CONTROLS

Financial risks and controls are critical in the current climate of financial challenges across local government. Our review of budgetary controls assessed how effectively budgets are managed across the Council. We also review income charging and collection processes provide assurance over how effectively there are followed.



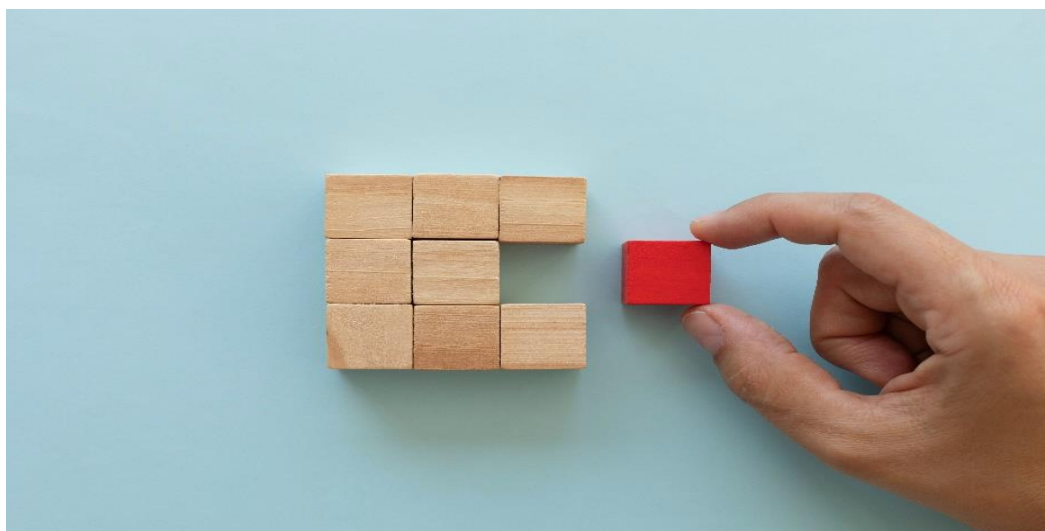
COMPLIANCE WITH STATUTORY REQUIREMENTS

The Council deliver statutory services to residents and manage services that are regulated by legislation. Our review of Fleet Management and Parks and Street Care provided assurance to the Council over its compliance with statutory requirements.



EMERGING RISKS

An effective audit plan has due consideration with emerging risks. We reviewed the Council's delivery of its Carbon Management Action Plan (amidst a climate emergency declaration) and Procurement and Contract Management. Due to a required change in policies and procedures, caused by the new framework for public procurement introduced by the Procurement Act 2023, this is an emerging risk for local authorities.



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 2024/25 was carried out in accordance with the internal audit plan approved by the Senior Leadership Team (SLT) 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 2024/25 Internal Audit Annual Plan which was 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 1 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 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 Senior Leadership Team (SLT) 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 was 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 our reports were generally provided within the requested timeframes, with some exceptions. The responses were robust which demonstrated a positive engagement with internal audit and ambition to improve the control environment.

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.

Broadly, recommendations were implemented in a timely manner and there were timely responses for requests to provide information to support the implementation of audit recommendations. This has been an improvement to prior years and there has been a significant reduction in the outstanding historic recommendations, some of which have been superseded by audits in the current year.

We continue to have direct access to Pentana to align our follow up procedure with the Council's usual performance management systems to increase the engagement with the follow up of recommendations. This also provides oversight from management on a live basis.

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.

We have met with External Audit on several occasions to maintain an open dialogue and relationship.

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 no major weaknesses in the internal control system for the areas reviewed in 2024/25. 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 2024/25
- ▶ 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 results of regulatory reviews and other assurance providers
- ▶ The effects of any significant changes in the organisation's objectives or systems
- ▶ Matters arising from previous internal audit reports to the Council.







KEY PERFORMANCE INDICATORS

Quality Assurance	KPI	RAG Rating
High quality documents produced by the auditor that are clear and concise and contain all the information requested.	Average client satisfaction received in 2024/25 was 4.3/5. While this is a positive score, we will continue to aim for high levels of satisfaction and act on any areas identified for further improvement.	
Frequent communication to the customer of the latest mandatory audit standards and professional standards prescribed by the main accountancy bodies.	Sector updates are provided within the Audit Committee progress report. These provide the Audit Committee with information on hot topics and emerging risks across local government.	
The auditor attends the necessary meetings as agreed between the parties at the start of the contract.	All meetings (pre-meetings, individual audit meetings and contract review meetings) are attended by a BDO Partner or Manager. Where there has been a change in contract manager during the year, we had an effective handover process to ensure continuity in the service provided to the Council.	
Information is presented in the format requested by the customer.	In our audit satisfaction survey issued after each assignment identified that our reports added value and were presented appropriately. An average score of 4.3/5 was received in 2024/25 when asked whether our final reports were clear and concise.	
External audit can rely on the work undertaken by internal audit (where planned).	Our internal audit work is available to external audit.	
Annual Audit Plan delivered in line with timetable.	We have completed our annual programme of work for 2024/25 in time to issue our Head of Internal Audit Opinion. Where possible, the audits were delivered evenly over the year.	
At least 60% input from qualified staff.	In delivering the Internal Audit Programme, 82.7% of input was from qualified staff. Remaining audit work was performed by staff working towards a professional qualification.	
Positive result from any external review.	The External Audit Quality Assessment by the Institute of Internal Auditors in April 2021 found BDO to 'generally conform' (the highest rating) to the International Professional Practice Framework and Public Sector Internal Audit Standards.	

APPENDIX I: OPINION AND RECOMMENDATION SIGNIFICANCE

ANNUAL OPINION DEFINITION	
Substantial - Fully meets expectations	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.
Moderate - Significantly meets expectations	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.
Limited - Partly meets expectations	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.
No - Does not meet expectations	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
Substantial 	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.
Moderate 	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.
Limited 	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.
No 	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	
High	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.
Medium	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.
Low	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:

GURPREET DULAY

Gurpreet.Dulay@bdo.co.uk

This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact BDO LLP to discuss these matters in the context of your particular circumstances. BDO LLP, its partners, employees and agents do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO Member Firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

© 2025 BDO LLP. All rights reserved.

www.bdo.co.uk