



INTERNAL AUDIT SHARED SERVICE

North West Leicestershire District Council

Internal Audit Progress Report 2024/25 Q2

1. Introduction

- 1.1. Internal Audit is provided through a shared service arrangement led by North West Leicestershire District Council and delivered to Blaby District Council and Charnwood Borough Council. The assurances received through the Internal Audit programme are a key element of the assurance framework required to inform the Annual Governance Statement. The purpose of this report is to highlight progress against the 2024/25 Internal Audit Plan up to 30 September 2024.

2. Internal Audit Plan Update

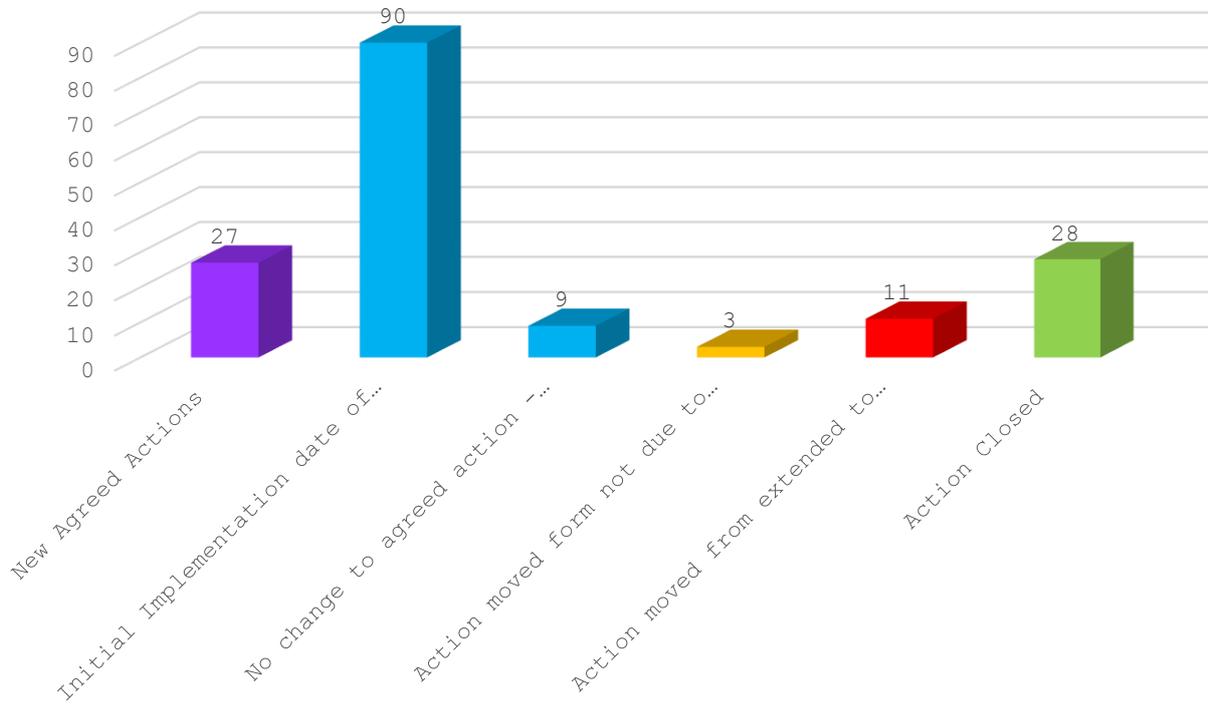
- 2.1 The 2024/25 audit plan is included at Appendix A for information and details the audits in progress. Since the last update two final reports have been issued from the 2023/24 audit plan, this finalised the 2023/24 plan.
- Housing Rents
 - Fleet Management (Confidential – Appendix E)

3. Internal Audit Recommendations

- 3.1. Internal Audit monitor and follow up critical, high and medium priority recommendations. Further details of overdue and extended recommendations are detailed in Appendix C for information. An update on overdue actions since 30 September will be provided at the meeting.

Year	Not Due		Extended		Overdue	
	High	Medium	High	Medium	High	Medium
21/22	-	-	2	1	-	-
22/23	-	-	2	1	7	4
23/24	70	47	4	2	-	-

Movement of Agreed Actions During Quarter 2 2024/25



4. Internal Audit Performance Indicators

- 4.1. Progress against the agreed Internal Audit performance targets is documented in Appendix D.

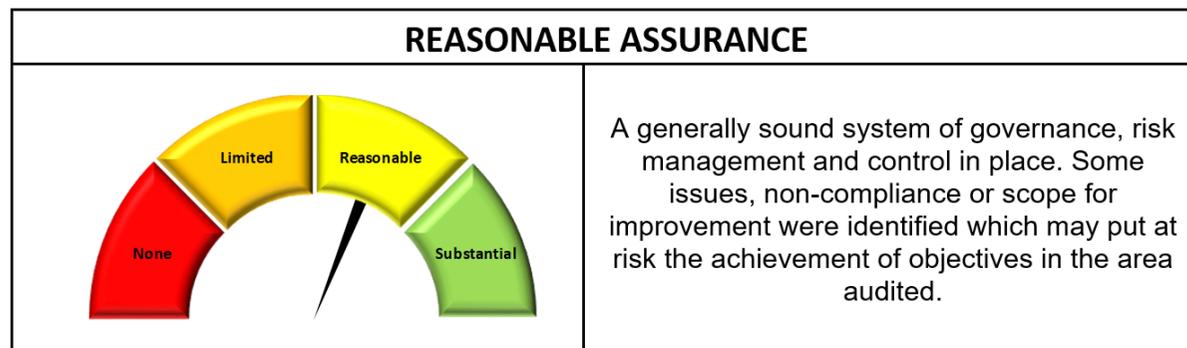
2024/25 AUDIT PLAN AS AT 30 SEPTEMBER 2024

Audit Area	Type	Planned Days	Actual Days	Status	Assurance Level	Recommendations				Comments
						C	H	M	L	
Housing Void Properties	Audit	12		Q3						
Housing Compliance	Audit	20	5.5	In progress						
Housing Contract Management	Audit	20		Q2						Postponed until Q4 to allow for Wates contract to be fully mobilised.
Choice Based Lettings	Advisory	7	1	In progress						
Tree Stock Management	Audit	8	1	In progress						
Waste Services	Audit/ Advisory	20	0.5	To be agreed						
Insurance	Audit	8	11.5	In progress						
VAT & Benefits in Kind	Audit	10		Q2						
Key Financial Systems	Audit	55		Q3,4						
Regeneration Projects	Consultancy	20	22	Draft Report						
IT Audit – IT Security Management	IT Audit Contractor	10		In progress						
IT Audit – Unit 4 Application Review	IT Audit Contractor	10		In progress						
Net Zero	Audit	8		Q3						
Driver Checks	Advisory	6	12.5	Draft Report						
Transformation Projects	Advisory	3		As required						
Complaints	Audit	12		Q2						
UKSPF	Audit	8		Q2						Postponed until Q4
Changing Places	Grant	2		Q3						
Procurement & Contract Management	Audit	12		Q4						
TA Accounts	Assurance		8.5	Completed	N/A					

Housing Decarbonisation Grant	Grant Assurance	5		Q3 & Q4						
CCAN	Advisory			Addition to Plan						
Corporate Property Projects	Advisory			Addition to Plan						
Outstanding from 23/24										
Fleet Management	Audit	8	14	Completed	Limited	-	18	2	-	
Asbestos Management	Audit	10	12	Completed	Limited	-	11	1	-	
Debtors	Audit	10	10	Completed	Limited	-	7	4	1	
Creditors	Audit	10	10	Completed	Limited	-	9	5	-	
Main Accounting	Audit	10	10	Completed	Limited	-	8	4	-	
Treasury Management	Audit	8	7	Completed	Limited	-	5	1	-	
Housing Repairs	Audit	40	51	Completed	Limited	-	4	16	-	
Housing Planned Maintenance	Audit	40	24	Completed	Limited	-	9	2	2	
HMO's	Audit	10	7.5	Completed	Reasonable	-	3	4	2	
Safeguarding	Audit	8	20.5	Completed	Limited	-	6	7	3	
Workforce Planning	Audit	8	5.5	Completed	Limited	-	3	-	-	
Remote Support & Data Exchange	Audit	10	10	Completed	Limited	1	4	4	-	
Cyber Security	Audit	10	10	Completed	Limited	2	-	12	2	
Capital Programme Management	Audit	10	5.5	Completed	Limited	-	3	6	-	
Procurement & Contracts	Audit	10	15	Completed	Limited	-	5	3	-	
Rent Accounting	Audit	10	9	Completed	Reasonable	-	1	5	-	

SUMMARY OF FINAL AUDIT REPORTS ISSUED DURING 2024/25 Q2

Housing Rents



Key Findings

Areas of positive assurance identified during the audit:

- There is a robust process for ensuring that annual rents are set in line with the Rents Policy and appropriately approved and uploaded to the system.
- Current tenants arrears collection rates are regularly monitored and are calculated as a proportion of the authority's rent roll.
- Refunds are being made to originating bank accounts.
- The rent suspense account is being regularly reviewed and transactions cleared promptly.

The main areas identified for improvement are:

- Former tenant arrears are measured against total rent debt.
- Former tenant arrears action is undertaken in accordance with procedure.
- Credit balances need regularly reviewing.
- Regular reviews of system access are undertaken.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. Management report former tenant arrears collection rates as a percentage of income collected against the total rent debt at the end of each period, in accordance with the Former Tenant Arrears Policy, enabling management/ members to determine the effectiveness of the former tenant arrears recovery processes and ensure income collection is being maximised.	Medium	Performance targets will be set and reported to the Housing Improvement Board. Performance indicators will be included in the service delivery plan.	Housing Strategy and Systems Team Manager.	January 2025
2. Collection rates are reported to the new Housing Improvement Board for scrutiny.	Medium	As above.	Housing Strategy and Systems Team Manager.	January 2025
3. A review is completed of all former tenant accounts in arrears to ensure accounts are not stagnant in the recovery process. Based on the findings appropriate action should be taken in accordance with the Former Tenant Arrears Procedure.	Medium	A review of former tenant arrear cases will be completed and procedures will be reviewed or replaced if necessary. The use of a debt collection agency will be considered.	Housing Strategy and Systems Team Manager.	March 2025
4. Accounts in credit should be regularly reviewed and actioned to ensure that amounts do not become excessive, and amounts are correctly credited back to the original payment account to reduce the risk of fraud and money-laundering.	High	Quarterly rent statements are issued to show credit balances which give opportunity for tenants to request a refund. Officers believe the risk of fraud and money-laundering is reduced through current working practices and accept the level of risk remaining. Quarterly reviews of credit balances will be undertaken and documented in the housing management system.	Housing Management Team Manager	November 2024
5. A Credit Balances Policy is put in place to ensure that the Council's stance on rent accounts in credit is clear to tenants and staff.	Medium	The Council's stance on credit balances will be included when the wider review on the Income and Rent Policy is undertaken.	Housing Strategy and Systems Team Manager	November 2024
6. A clear review process is put in place to clarify review periods, responsibilities and procedures to ensure leavers are identified, acceptable periods for inactively before accounts are revoked, and access for support administrators upon completion of certain tasks.	Medium	Internal Audit will share audit findings to enable the team to immediately cleanse the system based on the findings. Procedures will be put in place to revoke access to officers who have not accessed the system within the last two months.	Housing Strategy and Systems Team Manager	November 2024

OVERDUE RECOMMENDATIONS AS AT 30 SEPTEMBER 2024

Audit Year	Audit	Recommendation	Priority	Response/ Agreed Action	Responsible Officer	CLT Lead	Original Due Date	1st Follow up comments	Extension Date	Second Follow up comments	Extension Date	Further Management update	Further extension date
2022/23	Payroll	1. A review of the roles carried out between HR Administration, HR Payroll and Finance Payroll should be carried out to ensure, adequate separation of duties exist between HR (staffing), payroll (preparation) and payroll (payment).	High	Agree – will need to look at roles of staff and how to implement to ensure adequate separation of duties.	Head of Finance and Head of HR and Organisational Development	Director of Resources/ Head of HR & OD	April-24	Not implemented due to resourcing issues/ staff leaving. Will further discuss with Director of Finance and Head of Finance.	July-24	Jul 24 – No response received			
2022/23	Payroll	2. A regular review of the iTrent audit log is carried out by an independent officer to ensure functions are appropriate to the officer.	High	Agree – appropriate audit log to be sourced, possibly reviewed by Senior HR Advisors.	Head of HR and Organisational Development.	Head of HR and Organisational Development	Dec-23	Dec 23 – Not implemented due to resourcing issues/ staff leaving. Will further discuss with Director of Finance and Head of Finance.	July 24	Jul 24 – No response received			
2022/23	Payroll	3.Consideration should be given to providing training to a member of the Human Resources Team to ensure business continuity in the event of the absence of the HR Analyst.	Medium	Agree – training to be provided to a member of the HR Team but may require additional resource.	Head of HR and Organisational Development.	Head of HR and Organisational Development	Dec-23	Dec 23 – Not implemented due to resourcing issues/ staff leaving. Will further discuss with Director of Finance and Head of Finance.	July 24	Jul 24 – No response received			
2022/23	Payroll	4. Sample testing should be undertaken when changes to standing data occur to confirm they have been correctly applied.	High	Agree – sample checking to be undertaken and evidence retained.	Payroll Officer / HR Analyst	Director of Resources	Dec-23	Dec-23 Testing to be undertaken in January with changes to NI and again Feb/ March.	July-24	Jul 24 – No response received			
2022/23	Payroll	5. On, at least, an annual basis an establishment report from iTrent should be run and issued to Heads of Service / Managers to confirm the accuracy of the report. The report should include all staff, vacancies, hours worked, contractual basis, salary and salary point. Checks should be documented and once completed should be returned to HR to action any items identified and to retain as evidence of checks being undertaken.	High	Agree – report to be obtained from iTrent and issued on an annual basis.	Head of HR and Organisational Development.	Head of HR and Organisational Development.	Mar-24	Extended as requested.	July-24	Jul 24 – No response received			
2022/23	Payroll	6.A review of the payroll checking process is carried out to eliminate duplication, reduce the risk of fraud and ensure independence in the review and checking of the monthly payroll.	High	Agree – current payroll checks to be reviewed and revised.	Exchequer Services Team Leader and Head of HR and Organisational Development	Director of Resources / Head of HR and Organisational Development	Dec-23	Dec 23 – Not implemented due to resourcing issues/ staff leaving. Will further discuss with Director of Finance and Head of Finance.	July 24	Jul 24 – No response received			

2022/23	Payroll	7. A full review of user access is carried out, in particular System Administrator access should be reviewed, and the number reduced.	High	Agree – access to be reviewed and removed where no longer required.	Head of HR and Organisational Development	Head of HR and Organisational Development	Dec-23	Dec 23 – Not implemented due to resourcing issues/ staff leaving. Will further discuss with Director of Finance and Head of Finance.	July 24	Jul 24 – No response received			
2022/23	Payroll	8. A review of the access for the HR Analyst should be undertaken and access removed / disabled where no longer required.	High	Agree – access to be reviewed and removed where no longer required.	Head of HR and Organisational Development	Head of HR and Organisational Development	Dec-23	Dec 23 – Not implemented due to resourcing issues/ staff leaving. Will further discuss with Director of Finance and Head of Finance.	July 24	Jul 24 – No response received			
2022/23	Payroll	9. Consideration should be given to ICT undertaking the System Administration role within iTrent. This would assist with the separation of duties, referred to in recommendation 1.	Medium	Agree – will discuss transfer of responsibilities with IT Manager.	Head of HR and Organisational Development	Head of HR and Organisational Development	Dec-23	Dec 23 – Not implemented due to resourcing issues/ staff leaving. Will further discuss with Director of Finance and Head of Finance.	July 24	Jul 24 – No response received			
2022/23	ASB	2. The performance indicators are reviewed and where appropriate new indicators added to measure performance against the incremental approach.	Medium	Review the indicators in line with the review of the ASB policy. With the intention to make the indicators for community safety and housing the same.	Housing Management Team Manager.	Head of Housing	Mar-24	March 23: New set of indicators within the policy. Extension to ensure that these are fully embedded and reported following the approval of the Policy at Cabinet	July 24	Jul 24 – Information provided does not detail any ASB performance indicators. No further update provided			
2022/23	ASB	3. Statistical information and benchmarking is completed to ensure comparison for best practice, and identifying trends, in accordance with the ASB Policy.	Medium	This statement within the policy was intended for housing, as the policy is driven by housing legislation and will be reviewed as part of the policy. Housing response 17.7.23: a new suite of indicators is now being captured in line with the Tenant satisfaction measures outlined by the Social Housing regulator.	Housing Management Team Manager.	Head of Housing	Mar-24	March 23: New set of indicators within the policy. Extension to ensure that these are fully embedded and reported following the approval of the Policy at Cabinet	July 24	Jul 24 – No information received			

EXTENDED RECOMMENDATIONS AS AT 30 SEPTEMBER 2024

Audit Year	Audit	Recommendation	Priority	Response/ Agreed Action	Responsible Officer	CLT	Original Due Date	1st Follow up comments	Extension Date	Second Follow up comments	Extension Date	Further Management update	Further extension date
2021/22	Corporate Estates Management	2. A performance monitoring and reporting framework is introduced which includes contractor and legislative compliance performance monitoring and periodic reporting to the Statutory Duty Group and, where necessary, the Corporate Leadership Team.	High	Overlapping with the audit we have begun the introduction of a performance monitoring framework, utilising a RAG system. This will be reported through to CLT. It would be beneficial to include properties not managed by property services into this report.	Head of Economic Regeneration	Head of Economic Regeneration	Oct-22	Update - consultants have been employed to develop a Corporate Asset Management Toolkit. This will cover frequency of inspections and recording of compliance.	Jul-23	Jul-23 – Good progress is being made but consultants still engaged.	Dec-23	Dec-23 Contractor performance is currently being monitored via the Statutory Duty Group. Further improvements are expected to be delivered by the council adopting a digital Asset Management System to work alongside the Asset Management Toolkit currently being prepared. Work to identify Asset Management Systems is with implementation and onboarding likely to take 6 months.	Oct-24
2021/22	Corporate Estates Management	4. The process for recording and monitoring issues through the compliance tracker is fully implemented and a reporting framework is put in place, to ensure that any remedial actions or works required are identified and tracked to fruition in a timely manner	Medium	Agreed – for the property services managed properties. This may take longer to fully implement if we follow a corporate landlord model. If not then there will not be assurance for all properties.	Head of Economic Regeneration	Head of Economic Regeneration	Oct-22	Update - consultants have been employed to develop a Corporate Asset Management Toolkit. This will cover frequency of inspections and recording of compliance.	Jul-23	Jul-23 – Good progress is being made but consultants still engaged.	Dec-23	As per recommendation 2	Oct-24
2021/22	Corporate Estates Management	6. A comprehensive record of all assets and statutory inspections/ checks that are required by the Council is introduced. These records should cover all services and be monitored and reported against on a regular basis to ensure testing/ checks have taken place as required. Note: This recommendation was made in the Health and Safety Audit, undertaken in February 2021 (due for implementation in June 2021) and as yet has not been implemented.	High	Not all of these assets are owned by the authority. The scope of the contracts need to be known and recorded and performance monitored against this. Where assets are owned by the authority these will be detailed as required.	Head of Economic Regeneration	Head of Economic Regeneration	Mar-23	Extended to align with other recommendations	Jul-23	Jul-23 – Good progress is being made but consultants still engaged.	Dec-23	The digital Asset Management System will automatically schedule inspections at the required frequency. It is expected that a decision on which Asset Management system is to be adopted will be taken by 31/3/2023 with implementation and onboarding likely to take 6 months thereafter.	Oct-24

2022/23	Rent Accounting and Arrears	10. With the introduction of Unit 4 (new Finance System) the rent debit should be uploaded automatically from the Housing System to the General Ledger each week. This should enable weekly reconciliations between the two systems to be carried out.	High	Agreed	Housing Strategy and Systems Team Manager	Director of Communities	Aug-23	Aug 23 – No response	Sept 23	Sept 23 - Issues regarding UNIT4 - meeting with Finance planned for w/c 11.9.23. Will require an extension to the implementation date.	Oct 23	Nov-23 Further extension requested. Sept-24 Further extension due to ongoing issues with Unit 4	Mar-24 Sept-24 Mar-25
2023/24	Safeguarding	7.The updated DBS Policy should be made available to staff on SharePoint. The out-of-date DBS Policy should be removed from SharePoint to avoid confusion.	High	Agreed	Head of HR and Organisational Development	Chief Executive	May-24	June 24 - The revised policy will be considered by CLT in early August 2024 and SharePoint will then be updated accordingly.	Oct -24				
2023/24	Safeguarding	8. Staff required to have DBS checks should be made aware of the requirement to have annual rechecks, the results of which should be provided to and recorded by HR. Consideration should be given to including this as an item within the annual Individual Development Review (IDR) to ensure that it is not overlooked. Consideration should be given to including this as an item within the annual Individual Development Review (IDR) to ensure that it is not overlooked.	High	Agreed – however the policy is to be changed, and the requirement will be for DBS rechecks to be completed every three years.	Head of HR and Organisational Development	Chief Executive	May-24	June 24 - An updated list of posts requiring checks is being circulated to managers and when the revised policy has been agreed by CLT all staff checks will be renewed.	Oct-24				
2023/24	Procurement and Contracts	3. The contract register should be reviewed and updated on a regular basis to ensure compliance with the Local Government Transparency Code. Responsibility for updating the contracts register should be relevantly assigned.	High	Agreed. This is currently in train. If the full information is not available, will publish and add full detail at a later date.	Procurement Officer	Director of Resources	Jun-24	June 24 – The data continues to be compiled. It is intended that the register will be published on the Council's website by the end of July.	Aug-24	July 24 - Currently reviewing how the software available can be utilised to ensure that the register is relevantly published.	Sep-24		
2023/24	Procurement and Contracts	2. The Procurement information on SharePoint should be reviewed and removed if no longer required.	Medium	Agreed	Director of Resources	Director of Resources	Aug-24	Sept-24 – Extension requested.	Nov-24				

2022/23	Rent Accounting and Arrears	1. The policies and procedures held by both the Rent Accounting and Housing Management Teams should be reviewed and updated where necessary. Any obsolete / out of date policies should be archived.	Medium	Agreed – consultation is required for certain policies. This can also be picked up as part of the Policy audit whereby all council policies are listed, with the author and recommended review date.	Housing Strategy and Systems Team Manager and Housing Management Team Manager.	Director of Communities	Dec-23	Dec 23 – This will be picked up following the policy audit report being presented to CLT.	Jun-24	June 24 – To be addressed through the ongoing policy review process and through the specific Rent Accounting Audit recently completed.	Mar-25		
2022/23	Rent Accounting and Arrears	3. A review as to the circumstances in which properties are taken 'out of debit' and whether this is the correct action to take should be carried out. Where a decision is made to continue to take properties 'out of debit', then the relevant policy / procedure needs to be updated.	High	Agreed, this will be reviewed along with the decision-making process.	Head of Housing	Director of Communities	Jun-24	June 24 – To be addressed via the Head of Housing working with the Head of Finance and the Housing Systems and Strategy Team Leader.	Dec-24				
2023/24	Houses in Multiple Occupation	5. The discrepancy in respect of the information relating to the number of self-contained units is investigated and resolved to ensure that all details are accurately recorded on the Public Register.	Medium	Agreed.	Systems Support Officer.	Director of Communities	Aug-24	Aug-24 - There are currently issues with the public register system, but this is due to be upgraded shortly and a review will be carried out after the upgrade.	Oct-24				
2023/24	Main Accounting and Budgetary Control	3. Work on closing FY 2021/22 and 22/23 Accounts be completed as a matter of priority, to enable a confirmed opening balance for FY 2023/24.	High	Agree - The Finance Team is currently finalising the 2021/22 and 2022/23 accounts.	Head of Finance	Director of Resources	Aug-24	Sept-24 – Extension requested	Sept-24				

2024/25 INTERNAL AUDIT PERFORMANCE

Performance Measure	Position as at 30.09.2024	Comments
Achievement of the Internal Audit Plan	11%	A number of audits are in progress but are not included until a draft report has been issued.
Quarterly Progress Reports to Management Team and Audit and Standards Committee	On track	
Follow up testing completed in month agreed in final report	On track	
Annual Opinion Report - August 2024 Audit and Governance Committee Meeting	Achieved	
100% Customer Satisfaction with the Internal Audit Service	100%	Based on two received during 2023/24
Compliance with Public Sector Internal Audit Standards	Conforms	External inspection carried out w/c 30 November 2020 which confirmed that the Council conforms with the Public Sector Internal Audit Standards.