

INTERNAL AUDIT PROGRESS REPORT

Rushcliffe Borough Council

SEPTEMBER 2022

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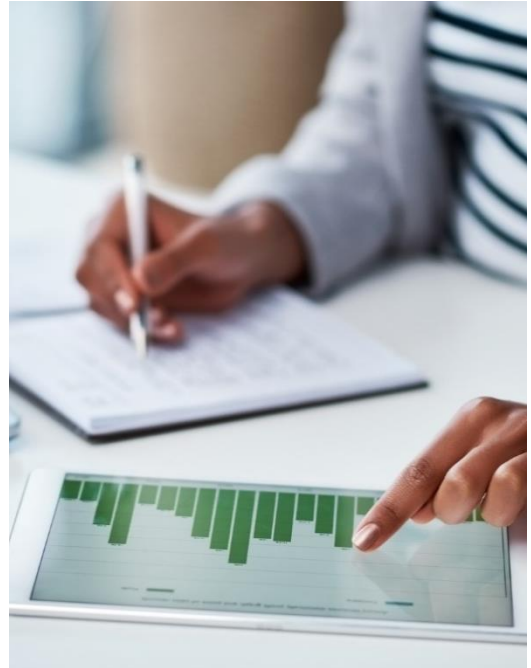
SUMMARY OF 2022/2023 WORK

INTERNAL AUDIT

This report is intended to inform the Audit Committee of progress made against the 2022/2023 internal audit plan. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

INTERNAL AUDIT METHODOLOGY

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in Appendix 1 of this report, and are based on us giving either 'substantial', 'moderate', 'limited' or 'no'. The four assurance levels are designed to ensure that the opinion given does not gravitate to a 'satisfactory' or middle band grading. Under any system we are required to make a judgement when making our overall assessment.



2022/2023 INTERNAL AUDIT PLAN

We are now making good progress in the delivery of 2022/2023 audit plan, and we are pleased to present the following reports to this Audit Committee meeting:

- ▶ Project Management
- ▶ Risk Management
- ▶ Environment

Planning and/or fieldwork is underway in respect of the following audits:

- ▶ Health and Wellbeing
- ▶ Safeguarding
- ▶ IT Asset Management
- ▶ Main Financial Systems

We anticipate presenting these reports at future Audit Committee meetings.

CHANGES TO THE 2022/2023 INTERNAL AUDIT PLAN

No changes to note.

REVIEW OF 2022/2023 WORK

AUDIT	AUDIT COMMITTEE	PLANNING	FIELDWORK	REPORTING	DESIGN	EFFECTIVENESS
Fraud Report	June 2022	✓	✓	✓	N/A	N/A
Project Management (1)	September 2022	✓	✓	✓	M	S
Environment	September 2022	✓	✓	✓	S	M
Risk Management	September 2022	✓	✓	✓	S	S
Health and Wellbeing	TBC	✓	✓			
Safeguarding	TBC	✓	✓			
Main Financial Systems (MFS)	TBC	✓				
IT Asset Management	TBC	✓				
Sustainable Warmth Funding	TBC	✓				
Channel Shift	TBC	✓				
Project Management (2)	TBC	✓				



PROJECT MANAGEMENT

CRR REFERENCE:

Risk 6 - Ability to deliver Bingham Arena and Enterprise Centre project on time and within budget

Risk 18 - Failure to deliver the Transformation Strategy

Risk 19 - Failure to deliver and manage significant projects

Design Opinion	M Moderate	Design Effectiveness	S Substantial
Recommendations	0	1	2



SCOPE

BACKGROUND

As stewards of public finances, effective project management is necessary within local government to ensure that public monies are spent efficiently and produce the outputs and outcomes as articulated in a local authority's corporate strategy and benefit the public.

A sound controls environment is also necessary to mitigate against potential fraud.

Rushcliffe Borough Council (the Council) is an ambitious Council and capital expenditure was reported as £9.3m in the audited 2020-21 accounts. The Council's Corporate Strategy (2019-23) outlines significant expenditure delivering multiple large scale ongoing projects, including the following:

- Bingham Leisure Centre (£2.2m) - In December 2020, Cabinet approved the construction of a new leisure centre, community hall and separate office building on a Council-owned site at Chapel Lane in Bingham, to be called 'Bingham Arena'. The key strategic objective of this project is to provide employment and enhanced leisure opportunities in the area, meeting the needs of a growing community. It is due to be completed in September 2022 and therefore prior to the Leisure Strategy's mid-point review in 2023
- Crematorium (£8.5m) - Plans for a new crematorium and memorial gardens in Stragglethorpe were approved by Cabinet in 2019 and will be operated inhouse. Construction work on the site was due to start in July 2021 and the crematorium is scheduled to be fully operational by the Autumn of 2022
- Meritec - As part of the 'Digital by Design' programme the Council was due to implement a new Meritec solution to enable customers to have a 'My Account', bringing all interaction with RBC into one place
- Hybrid Mail - another initiative introduced as part of the 'Digital by Design' programme.

The effective delivery of these projects is vital to the Council to ensure that money has been well-spent and is able to generate the anticipated revenue and other benefits from the projects.

AREAS REVIEWED

This review focussed on the Bingham Leisure Centre, Crematorium and Meritec projects. Hybrid Mail is due to be reported on in a separate report in Q3 2022. The Council had a Project Management Framework 2012 (the Framework) in place which we used as the basis for this review, however, this document is out of date and no longer used by the Council. We used a combination of this Framework and standard project management best practice to benchmark the stages of project management in place at the Council, from inception and initiation to delivery. We reviewed documentation, meeting minutes,

highlight reports and reviews, financial reporting and spoke with staff to understand the processes in place. Where we have included cases of non-compliance against the Council's 2012 Framework, we view these as standard best practice project management steps.



AREAS OF STRENGTH

- ▶ Feasibility studies were performed and approved by the Cabinet for large scale projects such as the Bingham Leisure Centre and Crematorium
- ▶ Project Initiation Documents (PID) were accomplished for all the projects tested
- ▶ Meetings are held with the project team (including external project management teams), project board, SRO, and member scrutiny groups in fixed intervals to discuss project progress
- ▶ Risk assessment (level 2 projects) and risk register (level 3 and 4 projects) were completed during project planning and are monitored and updated on a regular basis
- ▶ Project spend is monitored by the project managers and finance accountants on a monthly basis
- ▶ Regular site visits are done by the project team, project board, SRO and member scrutiny groups
- ▶ Issues encountered and corresponding resolutions are logged for the Bingham Leisure Centre project
- ▶ A lessons learned log is maintained for the Bingham Leisure Centre project detailing, as well, different actions that could be done in the future for the project or a different one
- ▶ All changes to the Bingham Leisure Centre project are monitored through a Change Control Log and these are all supported by Employers Agent Instructions approved by the project manager.



AREAS OF CONCERN

- ▶ As the Framework is out of date and not used by staff, there is at present a lack of consistent guidance available to project managers for Council expectations in relation to the initiation, delivery and completion of projects (Finding 1 - Medium)
- ▶ We noted two low level administration related findings (Findings 2 and 3- Low).



CONCLUSION

- ▶ The Council has historically successfully managed large-scale and complex projects, such as the Rushcliffe Arena. Whilst this review has identified that there is a control gap in relation to the absence of an up-to-date Project Management Framework, testing of specific projects found that operationally this has not impeded their delivery and that robust measures such as regular and transparent reporting to Cabinet and continuous risk assessment is in place.
- ▶ This leads us to conclude an opinion of Moderate assurance in relation to control design and Substantial assurance in relation to operational effectiveness.

ENVIRONMENT

CRR REFERENCE:

CRR 32 - Response to flooding impacts on delivery of service

CRR 33 - Inadequate resources to respond to flooding incidents.

Design Opinion	S Substantial	Design Effectiveness	M Moderate
Recommendations	0	2	2



SCOPE

BACKGROUND

There is international recognition that responding to climate change is critical, requiring immediate and proactive attention. The key international law instrument outlining the commitment to global emissions reduction is the Paris Agreement 2015, which sets out a goal to limit global warming to below 2 degrees above pre-industrial levels, aiming for a limit of 1.5 degrees warming by the end of the century. The COP26 international climate change conference took place in 2021, which aimed to secure global net zero (where total emissions are equal to or less than the emissions removed from the environment) by 2050 and keep within a maximum of 1.5C warming.

In advance of COP26, the UK government released its Net Zero Strategy: Build Back Greener in October 2021 and passed the Environment Act in November 2021. The Environment Act 2021 sets out four priority areas: air quality, water, biodiversity and resource efficiency/waste reduction. It includes some specific responsibilities for local authorities, including responsibilities around air quality, a requirement for all councils to collect food and garden waste for free, a 10% biodiversity net gain for 30 years for new developments and flooding and tree felling consultations.

Rushcliffe Borough Council (the Council) declared a 'Climate Emergency' in March 2019. In March 2020 it made a commitment towards becoming carbon neutral in 2030 for its own operations. The Council has tracked its own carbon emissions since 2008 and these have fallen from over 5,000 t CO₂e to just over 2,400 t CO₂e in 2021.

The Council has a Climate Change Strategy (2021-2030) along with a Carbon Neutral Strategy and Carbon Management Action Plan (CMP)(2020), and a Nature Reserves Strategy (2020). It is also party to a wider Air Quality Strategy within Nottinghamshire.

The Council has demonstrated its pioneering spirit in relation to this agenda by establishing a £1m climate change reserve to support projects that help achieve its targets. Among other achievements, the Council completed a successful pilot in running its waste fleet with hydrogenated vegetable oil (HVO) instead of Diesel in 2021 which it is estimated produced up to 90% reduction in fleet emissions. The Council has installed electric vehicle charging points, is in the process of redeveloping Rushcliffe Country Park as a 'net zero' country park used Department of Business, Energy and Industrial Strategy (BEIS) funding to retrofit homes and worked with other local authorities to lobby the government to introduce standards and regulations that encourage developers to deliver sustainable homes. It is currently working on a Local Development Order to redevelop the Ratcliffe-on-Soar coal power plant, which will be decommissioned in 2025. The Council plans to make this site a hub for renewable energy technological innovation and production.

AREAS REVIEWED

This audit considered the strategy, policies and action plans the Council has in place in relation to it declaring a Climate Emergency. We examined these documents as well as

service plans, Council and Committee minutes and decisions, and other relevant plans such as the Local Plan. We interviewed key staff and sought to understand how plans are being progressed and reporting on. We also sought to verify that the Council is adequately preparing for changes required by the Environment Act 2021.



AREAS OF STRENGTH

- ▶ All staff interviewed were positive about this agenda and enthusiastic about working to meet the carbon neutral and net zero carbon targets. Many officers cited the lead that the CEO has taken on this topic and noted the engagement of Members. The Council established a £1m Climate Change Reserve that will be used to support projects that help the Council become carbon neutral. To access the fund a business case must be presented to and approved by the Executive Management Team
- ▶ The Council has a Climate Change Strategy (2021-2030) in place, which cites the UK Government's net zero by 2050 target and highlights the Council's plan to become carbon neutral by 2030 and zero carbon by 2050. The Strategy was published in November 2021 and is due for review in November 2023. The Strategy displays good practice in a number of areas:
 - It clearly defines its scope 1 and 2 emissions and the distinction between what is in the Council's control, and what it needs to influence (scope 3)
 - It splits Council activities into the categories Buildings & Assets; Community & Business; Fleet & Transport; Waste & Recycling and Supply Chain, which allows for clear accountability and encouraging this agenda to be embedded across all Council service areas
 - Conservation is a central tenant of the Strategy, which is a key point of focus within the Environment Act, demonstrating that the Council is well-prepared for the new biodiversity requirements of the Act.
- ▶ Supporting the Strategy is the CMP, which is a thorough review of the actions needed to implement the Council's climate change mitigation ambitions. The actions are set out clearly in defined sections which promotes easy management and review. They are also given a rating on whether they are short, medium or long-term actions and whether their carbon reduction benefit is high, medium or low, allowing officers to direct their attention and resources accordingly
- ▶ The Carbon Management Group meets on a quarterly basis to review the action tracker. The Communities Manager restructured the group in 2021 and the process now involves Lead Specialists, along with action owners. These meetings are not minuted but updates to the tracker are made. The involvement of Lead Specialists is encouraging as it increases the prominence of the group and environmental agenda, as well as providing a forum for cross- service discussion and information sharing
- ▶ Annual updates on the CMP are then reported on to the Communities Scrutiny Group, which in turn report to Cabinet
- ▶ Discussions with the Communities Manager, Neighbourhoods Manager, Team Leader-Environment (previous and new) and the Environmental Sustainability Ecologist confirmed that all staff are knowledgeable about the Act and are preparing for it as far as is possible given the limited information available from government currently. The Council is ahead of many councils with respect of the biodiversity requirements as there is a professional ecologist on the team, who has produced a document detailing the anticipated changes and impact it will have on the Council in relation to biodiversity
- ▶ The Environmental Sustainability Ecologist has recently achieved facilitator status from Climate Fresk, which enables them to deliver training on environmental sustainability. Training is currently being planned for all those directly involved with the CMP and Member portfolio holders in the Autumn 2022. An awareness programme for all staff is also being devised
- ▶ Partnership working is critical to both combatting climate change, and the Council's CEO demonstrates clear commitment to this by, for example, chairing the Nottinghamshire Local Authority D2N2 Environmental Strategy Working Group. Other officers are also working with partners in multiple contexts, for example:

- The Director for Neighbourhoods set up the Big Business Carbon Club to encourage local businesses to share best practice and ideas
- The Service Manager, Neighbourhoods - works with the Nottinghamshire Waste Partnership (NWP) which is attended by a DEFRA representative
- The Ecology Officer chairs the Nottinghamshire Biodiversity Action Group and facilitates the Rushcliffe Nature Conservation Strategy Group (which includes the Wildlife Trust).



AREAS OF CONCERN

- ▶ Emissions data is incomplete and data quality is not yet robust (Finding 1 - Medium)
- ▶ Decision-making processes across the Council could be strengthened to support the carbon neutral and net zero carbon targets (Finding 2 - Medium and Finding 3- Low)
- ▶ The CMP should include more specific dates and milestones and we recommend biannual reporting to the Communities Scrutiny Group (Finding 4 - Low).




CONCLUSION

- ▶ The Council is demonstrably committed to tackling climate change and has devised a clear strategy and action plan to do so, which also addresses the requirements of the Environment Act. Funds and responsibilities to help achieve this have been designated. We have however also identified improvements required regarding the data quality of emissions data underlying these actions. In addition, monitoring the progress of actions and creating tangible milestones that will enable Members to measure how successfully the CMP is progressing have also been identified as improvement areas. We also note some opportunities to further strengthen the transparency between service areas in relation to work plans and decision making. We therefore conclude a substantial opinion in relation to the design of controls given the extensive plans in place and a moderate opinion in relation to operational effectiveness of those controls because of the emissions finding and other findings relating to the potential improvements that could be implemented to help fully realise the ambitious plans.

RISK MANAGEMENT

CRR REFERENCE: ALL CRR RISKS

Design Opinion	Substantial	Design Effectiveness	Substantial
Recommendations			



SCOPE

BACKGROUND


Risk management is a fundamental part of both the operational and strategic thinking of every part of service delivery within an organisation. Robust risk management processes involve identifying, analysing and addressing risks in a timely and ongoing manner. This provides assurance that an organisation is nurturing the achievement of its objectives by minimising, eliminating, reducing or accepting the level of risk it undertakes.

Rushcliffe Borough Council (the Council) has a Corporate Risk Register (CRR) in place which is managed by the Service Manager - Corporate Services and presented to the Governance Scrutiny Group (GSG) on a bi-annual basis. The most recent update was taken to the GSG on 3 February 2022. The risk register presented 45 corporate and 33 operational risks including 8 ‘high alert’ risks.

Risk is monitored daily by team leaders and managers. The Council uses the Pentana system to record risks and the Performance Officer manager is responsible for prompting service areas to update the system and providing day to day guidance and management on risk. Service managers review the risks in their service area every two months at the executive management team (EMT) meetings. A Risk Management Group (RMG) is also in place which meets quarterly. The Performance, Reputation and Constitutional Services Manager convenes discussions with the service managers to discuss changes to the CRR prior to the update to the GSG.

AREAS REVIEWED

During this audit we reviewed the current policies and procedures in place along with the corporate and service area risk registers. We examined executive management team (EMT), RMG and GSG reports and minutes to understand that level of engagement around risk management at the Council.



AREAS OF STRENGTH

- ▶ Risk Management Strategy: The current Risk Management Policy (2020-2023) was approved by the GSG and includes the key topic areas we would expect to see, such as an overview of risk management, roles and responsibilities, the Terms of Reference for the RMG and the Council's risk appetite statement
- ▶ Roles and Responsibilities: A clear structure is in place for managing risk. The Council uses the Pentana system to record risks. The Director of Finance and Corporate Services holds the ultimate responsibility for risk management. The Service Manager, Corporate Services is responsible for high level risk management and reporting on corporate risks to the GSG, and the Performance Officer is responsible for the day-to-day management of risk, engaging with risk owners to regularly review and update the Pentana system
- ▶ Alignment of risk registers: The Council's corporate risk register includes the key corporate risks detailed in the service risk registers, confirming that the registers are

aligned and therefore that risks are being reported to GSG. The risks in the service area risk registers are also aligned to the Council's Corporate Plan

- ▶ Review and reporting of risk registers: Minutes and reports obtained confirmed that service risk registers are reviewed every two months at EMT meetings. The corporate risk register is subject to regular review on a quarterly basis by the RMG to monitor the key risk themes. The Council is also proactive in identifying 'opportunities', which is not the case at many other councils. Risk management progress reports to the GSG provide insight as to which risks are reducing or increasing in severity and provides narrative about actions being taken to address this. During Covid, risk reporting to GSG highlighted specific Covid-related risks. This approach was not taken across all councils and is evidence of the Council's good practice in engaging in ongoing review of risk management and adapting its approach in a timely manner
- ▶ Risk management training: training was provided to both Members and officers in 2020 and refresher training was arranged in July 2022 (for officers) and will be undertaken in September 2022 (for Members)
- ▶ The Council regularly engages with its insurance provider in relation to risk management, and the insurance provider is holding a session on how to improve the identification of opportunity risk across the Council later in 2022.



AREAS OF CONCERN

- ▶ Risks are not always fully articulated with cause and consequence, and mitigating controls are not always specific, measurable, achievable, relevant or time-bound (SMART). The Council uses a residual risk rating in its assessment of risk as opposed to stating an inherent and residual risk rating.



ADDED VALUE

- ▶ BDO recently undertook a benchmarking survey across local government clients on risk management, and the results of this will be presented separately to the Council in September 2022.



CONCLUSION

- ▶ The Council has a robust and mature framework in place for reviewing and reporting on the risks it faces. Roles and responsibilities are clear and the Council regularly reviews and reports on risk. We identified some areas that we argue could be strengthened, notably in the articulation and rating of risks and their associated mitigating controls. We assessed these according to the BDO risk maturity assessment tool and have made relevant recommendations in relation to this. We do however accept that the risk management process is subjective with no one correct method, and that the Council has made an informed decision about how it approaches risk management. Given that the Council is a high performing and well-run Council, we have therefore given an opinion of substantial for both the design and effectiveness of controls.

SECTOR UPDATE

This briefing summarises recent publication and emerging issues relevant to local government that may be of interest to your organisation. It is intended to provide a snapshot of current issues for senior managers and Members.

COST OF LIVING CRISIS

The Local Government Association draws attention to its Cost of Living hub: The rising costs of fuel, food and other essentials are combining with existing disadvantage and vulnerability within our communities to put many households at greater risk of both immediate hardship and reduced opportunity and wellbeing.

Councils and local partners have delivered remarkable services and support and will continue to do what they can to protect people against higher costs, targeting help at those facing the most complex challenges.

But they can't tackle the problem alone. We need to strengthen and maintain a collaborative approach between national and local government and key partners in the private, public and voluntary sectors.

<https://www.local.gov.uk/about/campaigns/build-back-local/cost-living>

Citizen's Advice Bureau has also released a dashboard, giving near real-time insight on the crisis as it unfolds:

<https://wearecitizensadvice.org.uk/our-new-cost-of-living-dashboard-the-crisis-were-seeing-unfold-aac74fb98713>

FOR INFORMATION

For the Audit Committee Members and Executive Directors

GOVERNMENT UNVEILS £110M RURAL PROSPERITY FUND

The government has allocated £110m to the new Rural England Prosperity Fund to support businesses such as farms, wedding venues and pubs.

The fund will be jointly rolled out by the Department for Environment, Food & Rural Affairs and the Department for Levelling Up, Housing & Communities.

It is set to be invested in projects to boost productivity and create rural job opportunities. Examples include farm businesses which are looking to open a farm shop, wedding venue or tourism facilities or improvements to rural community hubs such as pubs or village halls.

Investment will also provide capital grants to develop, restore and refurbish local, natural, cultural heritage assets and sites and for the provision of gigabit-capable digital infrastructure at rural community hubs.



The Rural England Prosperity Fund will be delivered by eligible local authorities. Defra and DLUHC say it will give local leaders a greater say in investment than was previously the case under former EU schemes. It will be in addition to the £2.6bn allocated by the government via the UK Shared Prosperity Fund and the new fund will be integrated into the UKSPF. It is a rural top-up for eligible local authorities.

The announcement of the fund coincides with the release of the government's 'Delivering for Rural England' report which sets out how "rural interests will be at the heart of the government's approach to levelling up".

Levelling up secretary Greg Clark said: "This major investment in rural businesses will help us boost the countryside economy and close the rural productivity gap.

"It's our mission to spread opportunity across the whole of the UK and this funding will help us do just that."

Lord Benyon, the minister for rural affairs said: "We are addressing the rural productivity gap, levelling up opportunities and outcomes, and looking after the rural areas and countryside that so many of us are proud to call home.

"The Rural England Prosperity Fund worth up to £110m recognises the unique strengths and challenges of rural communities, and will support them to invest and grow their economies in line with local priorities."

The prospectus has been published. The submissions window for eligible authorities is expected to be 3 October to 30 November. The government is expected to make decision on funding in early 2023 and councils should receive their first payments in April 2023.

[Government unveils £110m Rural Prosperity Fund | Local Government Chronicle \(LGC\) \(lgcplus.com\)](#)

FOR INFORMATION

For the Audit Committee Members and Executive Directors

DLUHC PULLS BACK FROM PLAN TO APPOINT COMMISSIONERS TO NOTTINGHAM

The communities secretary has decided not to appoint commissioners at Nottingham City Council immediately, but has strengthened the powers of its external improvement board.

Greg Clark had been expected to issue a formal intervention of the authority, [after the previous secretary of state said he "minded to" do so in June](#). The external improvement board was appointed in January 2021 following a review into governance issues there sparked by failings in its oversight of its energy company, Robin Hood Energy.

But earlier this year Nottingham found itself in more hot water for unlawful use of Housing Revenue Account expenditure, with independent reports citing "serious historical financial and governance failings" and "cultural failings" at the authority.

There has been much speculation that the improvement board's chair Sir Tony Redmond would be made a commissioner.

But instead Mr Clark has given the board statutory powers to compel the council to act on their advice.

The council has been issued with new directions, which will remain in force until September 2024, to speed up improvements, and strengthen their approach to longer term budgeting.

Its improvement board has been ordered to advise DLUHC in three months whether sufficient progress continues to be made, or whether commissioners should be appointed.

Mr Clark said: "Under Sir Tony Redmond's leadership of the improvement board, working with the council leader, Nottingham City Council has taken important steps to deliver the changes expected by local residents. However, it is clear that more action is needed to ensure the council is able to meet its best value duty.

"I have therefore issued directions today that will empower the improvement and assurance board and accelerate improvements at the council."

Nottingham had resisted the attempt to appoint commissioners.

In their representation earlier this summer Nottingham's chief Mel Barrett and leader David Mellen (Lab) said that over the last 18 months the council has been "undertaking a comprehensive organisation wide transformation and improvement programme, arising from the need to respond to the failures of governance in relation to Robin Hood Energy".

"Cultural change in an organisation takes time, we believe the changes we have made (and will continue to make) show the organisation to be very different to the one it was a few years ago," they said.

This afternoon the city welcomed the government's decision.

Council leader, Cllr Mellen, said: "I would like to thank the significant number of partners and stakeholders who wrote to the government in support of the council and the progress we were making. This was acknowledged by the secretary of state who said that he wants to offer help not punishment.

"We know there is a lot more work to do but we have demonstrated our determination to address the issues which led to the non-statutory review and I am confident we will continue to work well with the Board to make the progress needed to emerge a better council."

Mr Barrett added: "We have had a positive relationship with Sir Tony Redmond and the improvement and assurance board and have valued their support and challenge as part of our improvement journey. I have no doubt this will continue as we work together in the interest of providing services in the best possible way for Nottingham residents.

“It is reassuring that government has identified that our Together for Nottingham recovery and improvement plan remains the basis of the council’s required improvement, but we understand the pace of improvement needs to increase and that the plan will need to be reappraised to ensure we continue to head in the right direction.”

Mr Clark’s decision on Nottingham was announced on the same afternoon as Essex CC was appointed as commissioner over its neighbouring unitary, Thurrock BC.





Three other areas are currently undergoing formal intervention; Liverpool, Slough and Sandwell, while Croydon LBC and Peterborough City Council both have advisory improvement panels which report back to the Department for Levelling Up, Housing & Communities.

DLUHC pulls back from plan to appoint commissioners to Nottingham | Local Government Chronicle (LGC) ([lgcplus.com](https://www.lgcplus.com))

FOR INFORMATION





For the Audit Committee Members and Executive Directors

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 Governance Scrutiny Group meetings, pre-meetings, individual audit meetings and contract reviews have been attended by either the director or 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	No surveys have been received as yet for 22/23	
Completion of audit plan	We had hoped to bring the Project Management report to this Governance Scrutiny Group however this experience delays from the auditee and will now be brought to the next Governance Scrutiny Group	

APPENDIX 1

OPINION SIGNIFICANCE DEFINITION

LEVEL OF ASSURANCE	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION	FINDINGS FROM REVIEW
 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 non compliance 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

RECOMMENDATION SIGNIFICANCE	
 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.



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