



# INTERNAL AUDIT ANNUAL PLAN AND THREE-YEAR STRATEGIC PLAN

RUSHCLIFFE BOROUGH COUNCIL  
2024/25

IDEAS | PEOPLE | TRUST



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## AUDIT RISK ASSESSMENT



### BACKGROUND

Our risk-based approach to internal audit uses Rushcliffe Borough Council's own risk management process and risk register as a starting point for audit planning as this represents your own assessment of the risks to achieving your strategic objectives.

The extent to which we can rely on management's own perception of risk largely depends on the maturity and effectiveness of the Council's own risk management arrangements. In estimating the amount of audit resource required to address the most significant risks, we have also sought to confirm that senior management's own assessment of risk accurately reflects the Council's current risk profile.



### PLANNED APPROACH TO INTERNAL AUDIT 2023/24

The indicative Internal Audit programme for 2024/25 is set out on pages 14 to 20. We met with the Executive Leadership Team in order to bring together a full draft plan to be presented to this Governance Scrutiny Group meeting for formal review and approval. We will keep the programme under continuous review during the year and will introduce to the plan any significant areas of risk identified by management during that period.

The plan is set within the context of a multi-year approach to internal audit planning, such that all areas of key risks would be looked at over a three-year audit cycle. We have suggested future areas of focus as part of the three-year strategic internal audit plan, set out on pages 10 to 13.



### INDIVIDUAL AUDITS

When we scope each review, we will reconsider the anticipated coverage to achieve the objectives established for the work and to complete it to a satisfactory standard in light of the control environment identified within the Council. Where revisions are required, we will obtain approval from the appropriate Executive Director prior to commencing fieldwork.

In determining the timing of our individual audits we will seek to agree a date which is convenient to the Council and which ensures availability of key management and staff and takes account of any operational pressures being experienced.



### VARIATIONS TO THE PLAN

We review the three-year strategic plan each year to ensure we remain aware of your ongoing risks and opportunities. Over the coming pages we have mapped your key risks along with the audit work we propose to undertake, demonstrating we are focussing on your most important issues.

As such, our strategic audit programme follows the risks identified during our planning processes and confirmed via discussions with the Executive Directors. If these were to change, or emerging risks were to develop during this period, we would take stock and evaluate our coverage accordingly.

## OUR NEXT GEN INTERNAL AUDIT APPROACH

Our new and innovative Next Gen approach to internal audit ensures you maximise the potential added value from BDO as your internal audit provider and the expertise we bring from our dedicated Public Sector Internal Audit team and wider BDO specialist teams.

The Next Gen approach has allowed us to move away from the traditional approach of compliance auditing, transitioning in to delivering a healthy mix of assurance that is forward looking, flexible and responsive and undertaken in partnership with yourselves. The key components to this approach are outlined below and underpin our proposed plan coverage:

### Core assurance

Reviews of fundamental finance and operational systems to provide assurance that core controls and procedures are operating as intended.

### Soft controls

Reviews seek to understand the true purpose behind control deficiencies and provide a route map to enhance their effectiveness.

### Future focused assurance

Rather than wait for implementation and then comment on identified weaknesses, we will work with you in an upfront / real time way.

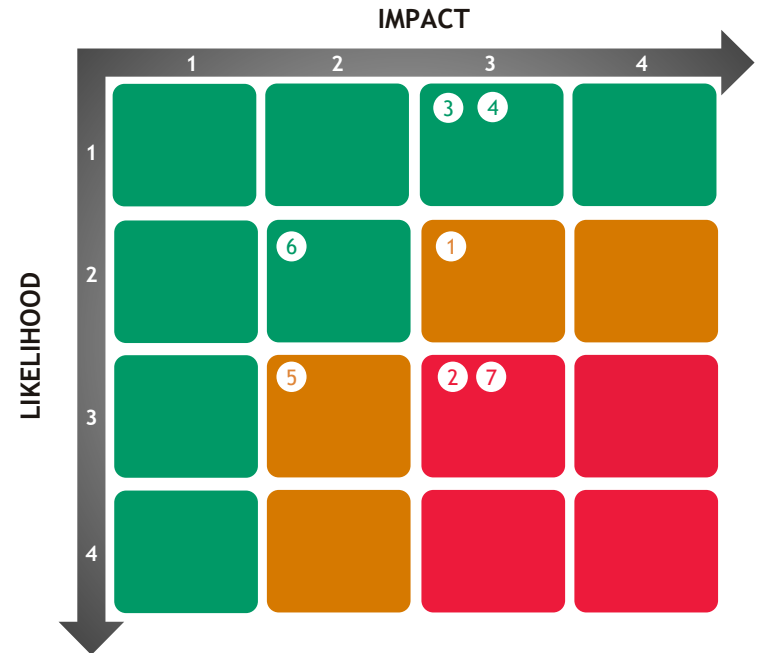
### Flexible audit resource

Undertake proactive work across the Council, perhaps in preparation for regulatory reviews or change management programmes.



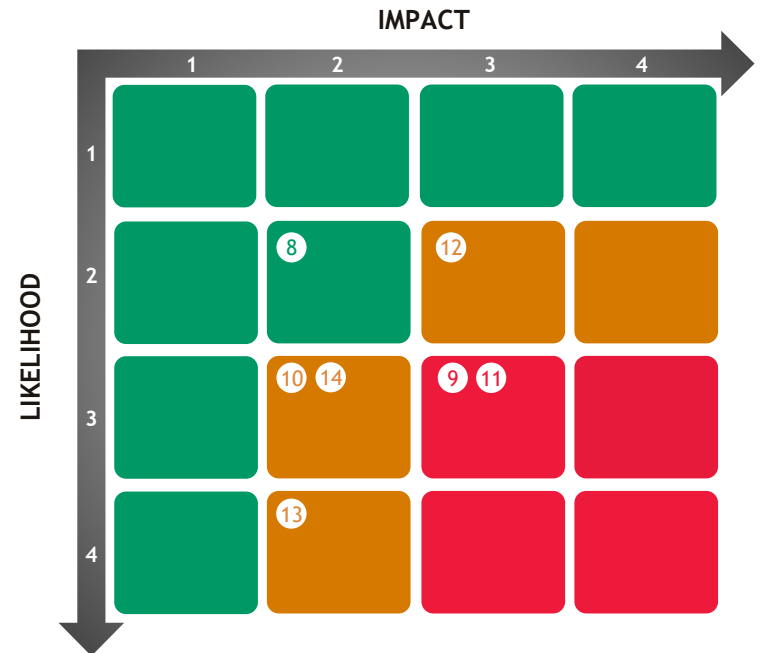
## MAPPING YOUR STRATEGIC RISKS (1/6)

Ref	Strategic Risks from your CRR	Score
1	Equal pay claim	6
2	Insufficient staff capacity - skills, knowledge etc.	9
3	Inability to demonstrate a five-year supply of deliverable housing sites against the housing target leading to further development on unallocated sites	3
4	Failure to properly manage our property assets	3
5	Failure to deliver the new core strategy in partnership with Greater Nottingham Housing Market area	6
6	Failure to properly deal with community governance review legislation, Community Right to Challenge, and nominations for assets of community value	4
7	Reduction in Government funding linked to New Homes Bonus Fairer funding and business rates reviews and the impact of the overall Comprehensive Spending Review	9



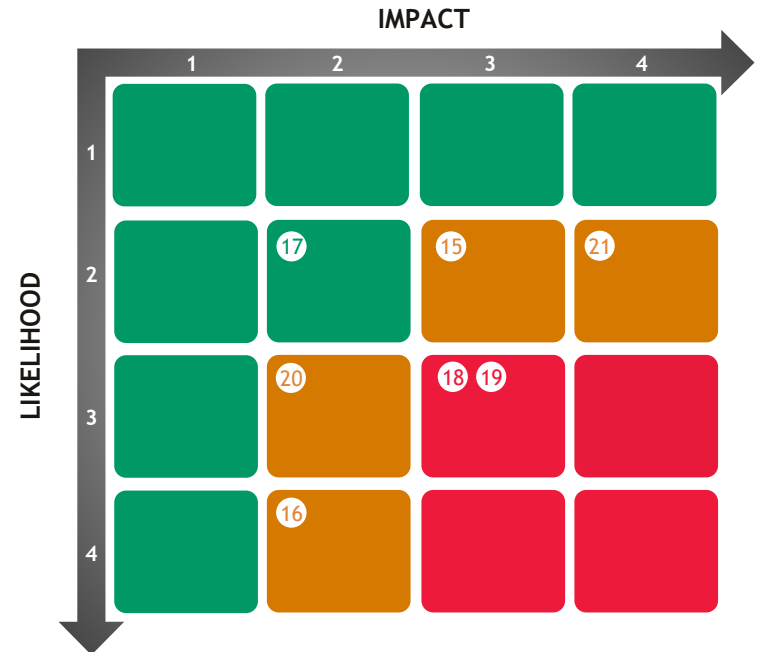
## MAPPING YOUR STRATEGIC RISKS (2/6)

Ref	Strategic Risks from your CRR	Score
8	Failure to prevent or detect fraud and corruption	4
9	Revaluation of major business rate payer ie the impact of Ratcliffe on Soar Power Station closure	9
10	Lack of funding from partners	6
11	Central Government policy changes	9
12	Inadequate capital resources	6
13	Fee income volatility	8
14	Increased demand for services	6



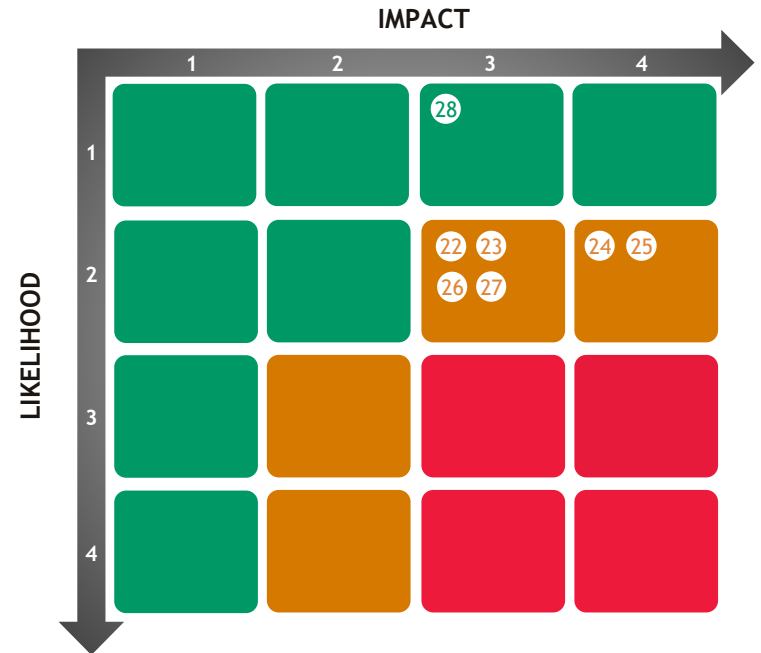
## MAPPING YOUR STRATEGIC RISKS (3/6)

Ref	Strategic Risks from your CRR	Score
15	Risk and return from Asset Investment Strategy	6
16	Failure to deliver the Transformation Strategy	8
17	Failure to properly manage and deliver significant projects	4
18	Potential inflationary pressures, with volatility over prediction for budget	9
19	Uncertainty around Government funding and changes to the business rates system with a one-year financial settlement	9
20	ICT supplier goes out of business	6
21	Long term loss/failure of main ICT systems	8



## MAPPING YOUR STRATEGIC RISKS (4/6)

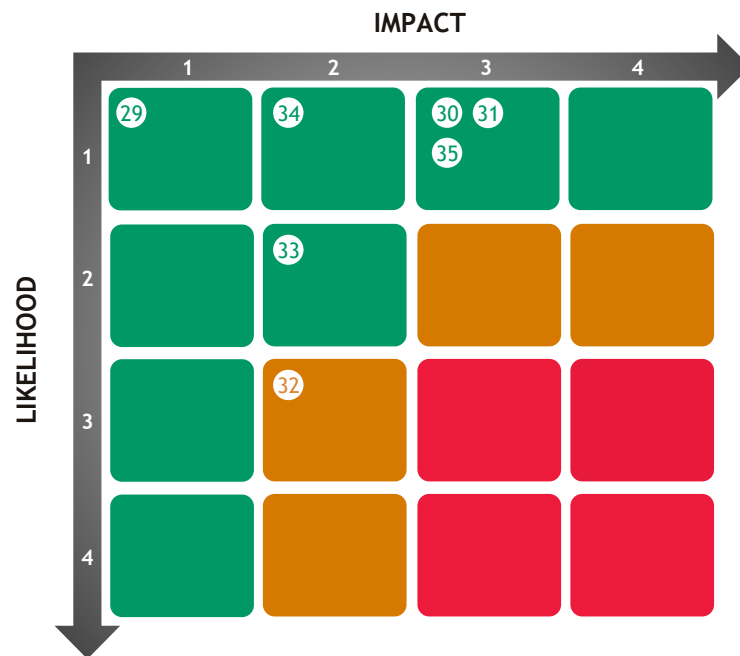
Ref	Strategic Risks from your CRR	Score
22	Loss or compromise of sensitive data	6
23	Short term loss/failure of main ICT systems	6
24	Threat of major successful cyber-attack	8
25	Failure to comply with General Data Protection Regulation	8
26	Loss or compromise of confidential or restricted information or data	6
27	Increases in interest rates which potentially increases the burden if the Council has to borrow	6
28	Failure of internal health and safety compliance or enforcement of health and safety	3





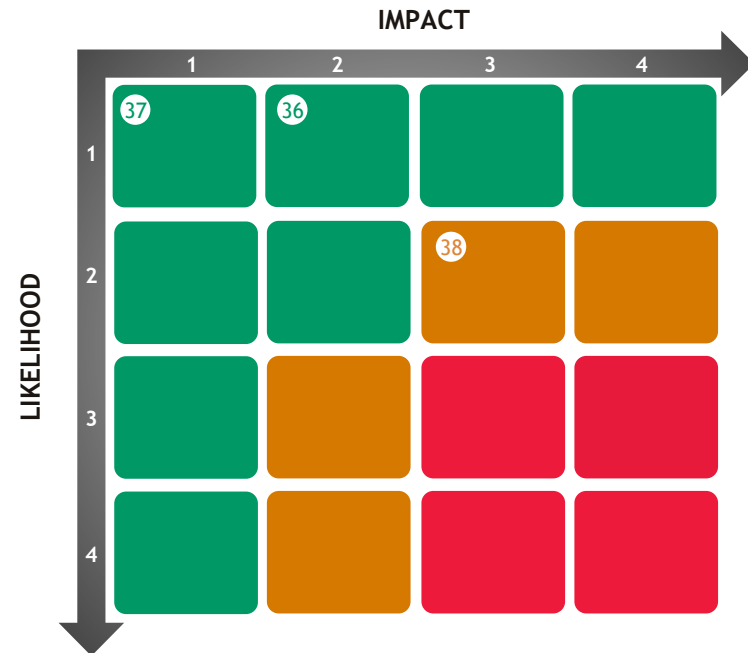
## MAPPING YOUR STRATEGIC RISKS (5/6)

Ref	Strategic Risks from your CRR	Score
29	Unforeseen incidents happening at public events	1
30	Failure of business continuity	3
31	Ineffective emergency planning arrangements	3
32	Response to flooding impacts on delivery of statutory services	6
33	Inadequate resources to respond to flooding incidents	4
34	Failure of public sector partnerships / withdrawal of financial support	2
35	Failure to safeguard children and vulnerable adults	3



## MAPPING YOUR STRATEGIC RISKS (6/6)

Ref	Strategic Risks from your CRR	Score
36	Ensuring the Afghan Relocation Programme is supported in accordance with national guidance (funding and community cohesion)	2
37	Ensure the Homes for Ukraine Scheme is supported in accordance with national guidance (funding & community cohesion)	1
38	Failure to deliver the Carbon management plan objectives	6



## MAPPING YOUR CRR TO THE STRATEGIC PLAN (1/4)

Ref	Strategic Risks from your CRR	2024/25	2025/26	2026/27
1	Equal pay claim	<ul style="list-style-type: none"> <li>Equality, Diversity and Inclusion</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
2	Insufficient staff capacity - skills, knowledge etc.	<ul style="list-style-type: none"> <li>Workforce Planning and Succession</li> <li>Equality, Diversity and Inclusion</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
3	Inability to demonstrate a five-year supply of deliverable housing sites against the housing target leading to further development on unallocated sites	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Building Control and Development Management</li> </ul>	<ul style="list-style-type: none"> <li>Strategic Housing</li> <li>Local Development Plan</li> </ul>
4	Failure to properly manage our property assets	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Asset Investment and Management</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
5	Failure to deliver the new core strategy in partnership with Greater Nottingham Housing Market area	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Planning Services</li> <li>Strategic Housing</li> <li>Local Development Plan</li> </ul>
6	Failure to properly deal with community governance review legislation, Community Right to Challenge, and nominations for assets of community value	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
7	Reduction in Government funding linked to New Homes Bonus Fairer funding and business rates reviews and the impact of the overall Comprehensive Spending Review	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Strategic Housing</li> <li>Local Development Plan</li> </ul>

## MAPPING YOUR CRR TO THE STRATEGIC PLAN (2/4)

Ref	Strategic Risks from your CRR	2024/25	2025/26	2026/27
8	Failure to prevent or detect fraud and corruption	<ul style="list-style-type: none"> <li>• Main Financial Systems</li> <li>• Fraud Report</li> </ul>	<ul style="list-style-type: none"> <li>• Main Financial Systems</li> <li>• Fraud Report</li> </ul>	<ul style="list-style-type: none"> <li>• Main Financial Systems</li> <li>• Fraud Report</li> </ul>
9	Revaluation of major business rate payer ie the impact of Ratcliffe on Soar Power Station closure	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• Council Tax and NNDR</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
10	Lack of funding from partners	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
11	Central Government policy changes	<ul style="list-style-type: none"> <li>• Procurement</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• Planning Services</li> </ul>
12	Inadequate capital resources	<ul style="list-style-type: none"> <li>• Budgetary Control</li> <li>• Main Financial Systems</li> <li>• Disabled Facilities Grant</li> </ul>	<ul style="list-style-type: none"> <li>• Main Financial Systems</li> </ul>	<ul style="list-style-type: none"> <li>• Main Financial Systems</li> </ul>
13	Fee income volatility	<ul style="list-style-type: none"> <li>• Budgetary Control</li> </ul>	<ul style="list-style-type: none"> <li>• Council Tax and NNDR</li> </ul>	<ul style="list-style-type: none"> <li>• Planning Services</li> </ul>
14	Increased demand for services	<ul style="list-style-type: none"> <li>• Budgetary Control</li> <li>• Procurement</li> </ul>	<ul style="list-style-type: none"> <li>• Building Control and Development Management</li> <li>• Streewise - Management</li> </ul>	<ul style="list-style-type: none"> <li>• Planning Services</li> </ul>
15	Risk and return from Asset Investment Strategy	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• Asset Investment and Management</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
16	Failure to deliver the Transformation Strategy	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• Asset Investment and Management</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
17	Failure to properly manage and deliver significant projects	<ul style="list-style-type: none"> <li>• Procurement</li> </ul>	<ul style="list-style-type: none"> <li>• Streewise - Management</li> </ul>	<ul style="list-style-type: none"> <li>• Planning Services</li> </ul>
18	Potential inflationary pressures, with volatility over prediction for budget	<ul style="list-style-type: none"> <li>• Budgetary Control</li> <li>• Main Financial Systems</li> <li>• Procurement</li> </ul>	<ul style="list-style-type: none"> <li>• Main Financial Systems</li> <li>• Streewise - Management</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>

## MAPPING YOUR CRR TO THE STRATEGIC PLAN (3/4)

Ref	Strategic Risks from your CRR	2024/25	2025/26	2026/27
19	Uncertainty around Government funding and changes to the business rates system with a one-year financial settlement	• N/A	• N/A	• N/A
20	ICT supplier goes out of business	• Cyber Security	• N/A	• N/A
21	Long term loss/failure of main ICT systems	• Cyber Security	• N/A	• N/A
22	Loss or compromise of sensitive data	• Cyber Security	• N/A	• GDPR
23	Short term loss/failure of main ICT systems	• Cyber Security	• N/A	• N/A
24	Threat of major successful cyber-attack	• Cyber Security	• N/A	• N/A
25	Failure to comply with General Data Protection Regulation		• N/A	• GDPR
26	Loss or compromise of confidential or restricted information or data	• Cyber Security	• N/A	• GDPR
27	Increases in interest rates which potentially increases the burden if the Council has to borrow	• Budgetary Control	• N/A	• N/A
28	Failure of internal health and safety compliance or enforcement of health and safety	• N/A	• N/A	• Health and Safety
29	Unforeseen incidents happening at public events	• N/A	• N/A	• Health and Safety

## MAPPING YOUR CRR TO THE STRATEGIC PLAN (4/4)

Ref	Strategic Risks from your CRR	2024/25	2025/26	2026/27
30	Failure of business continuity	• N/A	• Business Continuity and Emergency Planning	
31	Ineffective emergency planning arrangements	• N/A	• Business Continuity and Emergency Planning	• Health and Safety
32	Response to flooding impacts on delivery of statutory services	• N/A	• Building Control and Development Management • Business Continuity and Emergency Planning	• Planning Services
33	Inadequate resources to respond to flooding incidents	• N/A	• Business Continuity and Emergency Planning	• Health and Safety
34	Failure of public sector partnerships / withdrawal of financial support	• N/A	• Building Control and Development Management	• N/A
35	Failure to safeguard children and vulnerable adults	• N/A	• N/A	• Leisure Contracts • Homelessness and Temporary Accommodation
36	Ensuring the Afghan Relocation Programme is supported in accordance with national guidance (funding and community cohesion)	• N/A	• N/A	• Homelessness and Temporary Accommodation
37	Ensure the Homes for Ukraine Scheme is supported in accordance with national guidance (funding & community cohesion)	• N/A	• N/A	• Homelessness and Temporary Accommodation
38	Failure to deliver the Carbon management plan objectives	• Environment - Carbon Management Action Plan	• Waste and Recycling	• N/A

## INTERNAL AUDIT OPERATIONAL PLAN 2024/25 (1/7)

Area	CRR	Days	Timing	Description of the Review	Reason for Inclusion
<b>Core Assurance</b>					
<b>Workforce and Succession Planning</b>	2	15	Q1	This review will assess the Council's workforce and succession planning arrangements, focusing on critical and senior roles to assess whether there are appropriate controls in place to support the development and retention of knowledge and skills within the organisation.	The risk of insufficient capacity, knowledge and skills is a high risk on the Corporate Risk Register (Risk Score: 9), reflecting wider challenges around retention of staff and workforce management more widely across the sector. Additionally, succession planning for critical and senior roles is a significant risk to ensure continuity within the organisation.
<b>Main Financial Systems</b>	8, 12, 18	14	Q2	This is a cyclical review, and we will therefore agree with management at the start of the year what the focus of this review will be. The review will focus on Accounts Receivables and Payroll for 2024/25 as these have not been covered since 2021/22.	Assurance of main financial systems is critical to support our Annual Opinion.
<b>Budgetary Control</b>	12, 13, 14, 18, 27	14	Q2	The purpose of this review is to provide assurance of budgetary control arrangements in the Council from budget setting, budget management and governance structures to support effective oversight of budgets. We will also assess whether there is accountability of budgets to support ownership of budget management responsibilities.  This review will also assess whether the Council's budget management reporting is aligned to other local authorities.	Potential inflationary pressures, with volatility over prediction for budget is a high risk on the Corporate Risk Register (Risk Score: 9). There has been an increase in Section 114 notices issued across the sector, with councils declaring that they will not balance the budget. Therefore, we have included this in the 2024/25 Plan to provide the Council with assurance over its budgetary control procedures.

## INTERNAL AUDIT OPERATIONAL PLAN 2024/25 (2/7)

Area	CRR	Days	Timing	Description of the Review	Reason for Inclusion
<b>Core Assurance</b>					
<b>Disabled Facilities Grant</b>	12	14	Q4	<p>We will review the application to payment of the Disabled Facilities Grant, to assess whether it complies with statutory requirement and the Council's processes.</p> <p>This review will also involve a walkthrough of the processes and division of roles between the role of the Council versus Nottinghamshire County Council in managing DFG and scoping the work with contractors/architects. We will provide benchmarking to the Council on the arrangements of other local authorities.</p>	<p>The administration of the Disabled Facilities Grant is a statutory service provided by local authorities, to support disabled resident make modifications to their home to aid their living. Mandatory Disabled Facilities Grant is £30,000. The Council previously provided a discretionary top-up of £10,000 but due to financial pressures this was suspended by Cabinet in July 2022.</p> <p>For 2023/24 the Council had a budget of £1.202m for Disabled Facilities Grants capital schemes of which £0.406m had been spent at November 2023.</p>
<b>Fraud Report</b>	8	12	Q1	<p>Provide an annual report on the activities of the Council and areas of potential fraud such as council tax and benefits as well as compliance with functional standards and ensuring up to date policies and procedures are in place.</p> <p>Last year we recommended to the Council that it should undertake a fraud risk assessment.</p> <p>Therefore, as part of this review we will undertake a walkthrough of the risk assessment process and provide assurance over a sample of key risks to agree to supporting evidence.</p>	<p>CIFAS reported in 2019 of the rise of local authority fraud and lack of identification across the sector, therefore it is a significant risk across the sector.</p>





CORE ASSURANCE



SOFT CONTROLS

FUTURE FOCUSED  
ASSURANCEFLEXIBLE AUDIT  
RESOURCE

## INTERNAL AUDIT OPERATIONAL PLAN 2024/25 (3/7)

Area	CRR	Days	Timing	Description of the Review	Reason for Inclusion
<b>Core Assurance</b>					
<b>Procurement</b>	11,14, 17,18	15	Q4	<p>We will use data analytics to identify high risk procurements using the Council's purchase ledger data and its Contracts Register. We will then focus our sample testing on higher risk contracts to provide a deep dive and root cause analysis of non-compliance with the procurement rules.</p> <p>The review will also consider the Council's preparedness for the changes in legislation with the introduction of the Procurement Act 2023, which is expected to come into force from October 2024.</p>	<p>Our use of data analytics will allow us to focus the review on higher risk cases, providing the Council with deeper insights into non-compliance with procurement rules to ascertain the root cause. Procurement is a key risk for all local authorities, to demonstrate value for money with its stakeholders.</p> <p>There are upcoming changes to public sector procurement rules with the Procurement Act 2023, therefore, it is critical that the Council are prepared for these changes.</p> <p>Potential inflationary pressures has a risk score of 12 on the CRR, therefore value for money through robust procurement arrangements is an important control.</p> <p>The Council have recently moved its procurement function to Nottinghamshire County Council. The service was previously provided by Welland Procurement Shared Service.</p>

## INTERNAL AUDIT OPERATIONAL PLAN 2024/25 (4/7)

Area	CRR	Days	Timing	Description of the Review	Reason for Inclusion
<b>Soft Controls</b>					
<b>Equality, Diversity and Inclusion</b>	1, 2	14	Q3	<p>This review will provide assurance over the Council's policies, processes and procedures to promote and support EDI within its workforce. It will also assess the effectiveness of data collection, monitoring and reporting for EDI purposes.</p> <p>We will consider the Council's delivery of its Equalities Scheme 2021-25 to ascertain how actions are delivered and monitored, and whether there is sufficient oversight of the impact of these actions. We will ascertain whether EDI is central to staff-related processes, ie workforce reporting, recruitment, etc.</p>	<p>EDI is a key issue across the local government sector. The Council has publicly stated on its website that strives to ensure Rushcliffe is an inclusive council with welcoming and safe communities, demonstrating a commitment to EDI. Therefore, this review will provide assurance over actions taken to achieve this objective.</p>
<b>Environment - Carbon Management Action Plan</b>	38	14	Q3	<p>This review will assess the governance, management and monitoring of the Carbon Management Action Plan. We will also seek evidence for a sample of 'completed' actions to determine whether it support the status of actions. Importantly, we will review whether actions identified in the Carbon Management Action Plan have been costed and these are incorporated into the Council's budget.</p>	<p>The Council have made a commitment to work towards becoming carbon neutral by 2030 for its own operations, alongside committing to supporting local residents and businesses to reduce their carbon footprint. We previously undertook a review of Environment in 2022/23 and provided Substantial assurance for the control design and Moderate assurance for the control effectiveness. Therefore, this review would seek to assess whether the Council have developed further on its arrangements to manage its climate change commitments.</p>

# INTERNAL AUDIT OPERATIONAL PLAN 2024/25 (5/7)

Area	CRR	Days	Timing	Description of the Review	Reason for Inclusion
<b>Future Focussed Assurance</b>					
<b>Cyber Security</b>	20, 21, 22, 23, 24, 26	15	Q3	This review will assess the Council’s overall approach to Cyber including: <ul style="list-style-type: none"> <li>Review overall Security policies, risk identification and management</li> <li>How systems are identified and prioritised</li> <li>Assess connections and reliance on third parties and how exposure is managed</li> <li>Cyber security training for staff as the gate keeper to cyber risks</li> <li>Assess technology and tools in place to identify and mitigate cyber risks</li> <li>Assess response management procedures.</li> </ul>	The threat of a cyber security attack has been identified as a medium risk on the Corporate Risk Register (Risk Score: 8), recognising the increase in risk facing local authorities. More widely, there is an increase in the number of reported cyber-attacks on local authorities, by 50% in some instances. Therefore, it is critical that local authorities have sufficient controls in place to mitigate and manage cyber security risks.



## INTERNAL AUDIT OPERATIONAL PLAN 2024/25 (6/7)

Area	CRR	Days	Timing	Description of the Review	Reason for Inclusion
<b>Flexible Live Assurance - To be allocated during the year as required but could include the example shown below</b>					
<b>Contingency</b>	N/A	3	All	Contingency days left to allocate to flexible work.	We have built in an allocation of flexible days into our plan to support the Council on emerging risks or projects during the year.

## INTERNAL AUDIT OPERATIONAL PLAN 2024/25 (7/7)

Area	CRR	Days	Timing	Description of the Review	Reason for Inclusion
<b>Contract Management</b>					
Planning / liaison / management	N/A	8	Q1 - Q4	Creation of audit plan, meeting with Executive Directors	Effective contract management
Recommendation follow up	N/A	7	Q1 - Q4	Assessment and reporting of status of implementation of recommendations raised	Assurance for Executive Team and Governance Scrutiny Group
Governance Scrutiny Group	N/A	5	Q1 - Q4	Attendance at Governance Scrutiny Group meetings, pre-meets and Governance Scrutiny Group Chair liaison	Effective contract management
<b>Summary</b>					
Core assurance	Various	84			
Soft controls	Various	28			
Future focused	Various	15			
Flexible audit resource	Various	3			
Contract Management		20			
<b>Total days</b>		<b>150</b>			

## APPENDIX I (1/5)

### Internal Audit Charter - Role and Scope of Internal Audit

#### PURPOSE OF THIS CHARTER

This charter is a requirement of Public Sector Internal Audit Standards (PSIAS).

The charter formally defines internal audit's mission, purpose, authority and responsibility. It establishes internal audit's position within Rushcliffe Borough Council (the Council) and defines the scope of internal audit activities.

Final approval resides with the Full Council (the Board), in practice the charter shall be reviewed and approved annually by management and by the Governance Scrutiny Group on behalf of the Board of the Council.

#### INTERNAL AUDIT'S MISSION

Internal audit's mission is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

#### STANDARDS OF INTERNAL AUDIT PRACTICE

To fulfil its mission, internal audit will perform its work in accordance with PSIAS, which encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF): Definition of Internal Auditing, Code of Ethics, and International Standards for the Professional Practice of Internal Auditing.

#### INTERNAL AUDIT DEFINITION AND ROLE

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Internal audit acts primarily to provide the Governance Scrutiny Group with information necessary for it to fulfil its own responsibilities and duties. Implicit in internal audit's role is that it supports management to fulfil its own risk, control and compliance responsibilities. The range of work performed by internal audit is set out in PSIAS and not repeated here.

#### INTERNAL AUDIT'S SCOPE

The scope of internal audit activities includes all activities conducted by the Council. The Internal Audit Plan sets out those activities that have been identified as the subject of specific internal audit engagements.

The provision of assurance services is the primary role for internal audit in the UK public sector. This role requires the chief audit executive to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control.

Assurance engagements involve the objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system or other subject matter. The nature and scope of the assurance engagement are determined by internal audit.

Consulting engagements are advisory in nature and are generally performed at the specific request of management, with the aim of improving governance, risk management and control and contributing to the overall opinion. The nature and scope of consulting engagement are subject to agreement with management. When performing consulting services, internal audit should maintain objectivity and not assume management responsibility.

#### EFFECTIVE INTERNAL AUDIT

Our internal audit function is effective when:

- It achieves the purpose and responsibility included in the internal audit charter
- It conforms with the Standards
- Its individual members conform with the Code of Ethics and the Standards
- It considers trends and emerging issues that could impact the organisation.

## APPENDIX I (2/5)

### Internal Audit Charter - Role and Scope of Internal Audit

The internal audit activity adds value to the Council (and its stakeholders) when it considers strategies, objectives and risks, strives to offer ways to enhance governance, risk management and control processes and objectively provides relevant assurance.

We will agree with you an audit plan for a total number of days activity. Once agreed, we will turn this into a cash budget which we will work to, in order to ensure that you have certainty around the fees you will pay us.

#### INDEPENDENCE AND INTERNAL AUDIT'S POSITION WITHIN RUSHCLIFFE BOROUGH COUNCIL

To provide for internal audit's independence, its personnel and external partners report to the Head of Internal Audit, who reports functionally to the Governance Scrutiny Group. The Head of Internal Audit has free and full access to the Chair of the Governance Scrutiny Group. The Head of Internal Audit reports administratively to the Section 151 Officer who provides day-to-day oversight.

The appointment or removal of the Head of Internal Audit will be performed in accordance with established procedures and subject to the approval of the Chair of the Governance Scrutiny Group.

The internal audit service will have an impartial, unbiased attitude and will avoid conflicts of interest. The internal audit service is not ordinarily authorised to perform any operational duties for the Council.

In the event that internal audit undertakes non-audit activities, safeguards will be agreed to ensure that independence or objectivity of the internal audit activity are not impaired. This might include a separate partner review of the work or a different team undertaking the work. Approval of the arrangements for such engagements will be sought from the Governance Scrutiny Group prior to commencement.

In the event that internal audit provides assurance services where it had previously performed consulting services, an assessment will be undertaken to confirm that the nature of the consulting activity did not impair objectivity and safeguards will be put in place to manage individual objectivity when assigning resources to the engagement. Such safeguards will be communicated to the Governance Scrutiny Group.

Internal audit must be free from interference in determining the scope of internal auditing, performing work and communicating results. Should any interference take place, internal audit will disclose this to the Governance Scrutiny Group to discuss the implications.

#### INTERNAL AUDIT'S ROLE IN COUNTERING FRAUD, BRIBERY AND CORRUPTION

Management, not internal auditors are responsible for the prevention and detection of fraud, bribery and corruption. Auditors will, however, be alert in all their work to risks and exposures that could allow fraud or corruption as well as seeking to identify indications that fraud and corruption may have been occurring. Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud and corruption will be detected. In the event that internal audit suspects a fraud, this will be referred to appropriate management in the first instance and then the Governance Scrutiny Group.

#### ACCESS TO RECORDS AND CONFIDENTIALITY

There are no limitations to internal audit's right of access to the Council's officers, records, information, premises, or meetings which it considers necessary to fulfil its responsibilities.

When the auditors receive confidential information about your affairs it shall at all times be kept confidential, except as required by law or as provided for in regulatory, ethical or other professional pronouncements applicable. All information will be maintained in line with appropriate regulations, for example the Data Protection Act 2018.

## APPENDIX I (3/5)

### Internal Audit Charter - Role and Scope of Internal Audit

#### COORDINATION AND RELIANCE WITH OTHER ASSURANCE PROVIDERS

In co-ordinating activities internal audit may rely on the work of other assurance and consulting service providers.

A consistent approach is adopted for the basis of reliance and internal audit will consider the competency, objectivity, and due professional care of the assurance and consulting service providers. Due regard will be given to understanding of the scope, objectives and results of the work performed by other providers of assurance and consulting services.

Where reliance is placed upon the work of others, internal audit is still accountable and responsible for ensuring adequate support for conclusions and opinions reached by the internal audit activity.

#### INTERNAL AUDIT'S COMMITMENTS TO THE COUNCIL

Internal audit commits to the following:

- Working with management to improve risk management, controls and governance within the organisation
- Performing work in accordance with PSIAS

- Complying with the ethical requirements of PSIAS
- Dealing in a professional manner with the Council's staff, recognising their other commitments and pressures
- Raising issues as they are identified, so there are no surprises and providing practical recommendations
- Liaising with external audit and other regulators to maximise the assurance provided to the Council.
- Reporting honestly on performance against targets to the Governance Scrutiny Group.

#### INTERNAL AUDIT PERFORMANCE MEASURES AND INDICATORS

The tables on the following pages contain some of the performance measures and indicators that are considered to have the most value in assessing the efficiency and effectiveness of internal audit.

The Governance Scrutiny Group should approve the measures which will be reported to each meeting and / or annually as appropriate. In addition to those listed here we also report on additional measures as agreed with management and included in our Progress Report.

#### QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

As required by PSIAS, an external assessment of the service will be performed at least every five years. BDO also has an internal quality assurance review process in place, which takes place annually. This is performed by a separate team independent to the internal audit team.

The results of internal and external assessments will be communicated to the Governance Scrutiny Group as part of the internal audit annual report, along with corrective action plans.



## APPENDIX I (4/5)

### Internal Audit Charter - Role and Scope of Internal Audit

#### TABLE ONE: PERFORMANCE MEASURES FOR INTERNAL AUDIT

##### Measure / Indicator

##### Audit Coverage

Annual Audit Plan delivered in line with timetable.

Actual days are in accordance with Annual Audit Plan.

##### Relationships and customer satisfaction

Customer satisfaction reports - overall score at average at least 3.5 / 5 for surveys issued at the end of each audit.

Annual survey to Governance Scrutiny Group to achieve score of at least 70%.

External audit can rely on the work undertaken by internal audit (where planned).

##### Staffing and Training

At least 60% input from qualified staff.

##### Audit Reporting

Issuance of draft report within 3 weeks of fieldwork 'closing' meeting.

Finalise internal audit report 1 week after management responses to report are received.

90% recommendations to be accepted by management.

Information is presented in the format requested by the customer.

##### Audit Quality

High quality documents produced by the auditor that are clear and concise and contain all the information requested.

Positive result from any external review.

#### MANAGEMENT AND STAFF COMMITMENTS TO INTERNAL AUDIT

The management and staff of Rushcliffe Borough Council commit to the following:

- Providing unrestricted access to all of the Council's records, property, and personnel relevant to the performance of engagements
- Responding to internal audit requests and reports within the agreed timeframe and in a professional manner
- Implementing agreed recommendations within the agreed timeframe
- Being open to internal audit about risks and issues within the organisation
- Not requesting any service from internal audit that would impair its independence or objectivity
- Providing honest and constructive feedback on the performance of internal audit.

#### MANAGEMENT AND STAFF PERFORMANCE MEASURES AND INDICATORS

The three indicators on the following page are considered good practice performance measures but we go beyond this and report on a suite of measures as included in each Governance Scrutiny Group Progress Report.

## APPENDIX I (5/5)

### Internal Audit Charter - Role and Scope of Internal Audit

#### TABLE TWO: PERFORMANCE MEASURES FOR MANAGEMENT AND STAFF

##### Measure / Indicator

##### Response to Reports

Audit sponsor to respond to terms of reference within one week of receipt and to draft reports within two weeks of receipt.

##### Implementation of recommendations

Audit sponsor to implement all audit recommendations within the agreed timeframe.

##### Co-operation with internal audit

Internal audit to confirm to each meeting of the Governance Scrutiny Group whether appropriate co-operation has been provided by management and staff.

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