

# INTERNAL AUDIT PLAN

## RUSHCLIFFE BOROUGH COUNCIL

2025/26



# CONTENTS

|   |    |
|---|----|
| AUDIT RISK ASSESSMENT .....                   | 1  |
| OUR NEXT GEN INTERNAL AUDIT APPROACH.....     | 2  |
| MAPPING YOUR STRATEGIC RISKS .....            | 3  |
| MAPPING YOUR CRR TO THE STRATEGIC PLAN .....  | 7  |
| INTERNAL AUDIT OPERATIONAL PLAN 2025/26 ..... | 14 |
| APPENDIX I .....                              | 22 |



# 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 the client's own assessment of the risks to it achieving its 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 2025/26

The indicative Internal Audit programme for 2025/26 is set out on pages 14 to 21. We met with Executive Directors individually and our plan has been presented to the Executive Management Team in order to bring together a full draft plan to be presented to the Governance Scrutiny Group (GSG) 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 7 to 13.

## INDIVIDUAL AUDITS

When we scope each review, we will reconsider our estimate for the number of days needed 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 and the Director of Finance and Corporate Resources 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.

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# OUR NEXT GEN INTERNAL AUDIT APPROACH

Our 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 allows us to deliver 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

| REF    | STRATEGIC RISKS FROM YOUR CRR   | LIKELIHOOD | IMPACT | NET SCORE | RATING  |
|--------|---|------------|--------|-----------|---|
| CEG 01 | Equal pay claim - Submission of a substantial equal pay claim due to perceived inequality might result in financial consequences and potential low staff morale   | 2          | 3      | 6         |    |
| CEG 02 | Inadequate services - Delivery of inadequate services as a result of poor training and/or inadequate staffing resources leading to an adverse impact on reputation, finance and staff morale  | 2          | 3      | 6         |    |
| CEG 06 | Health and safety - Health and safety risks are not managed adequately across the organisation as result of insufficient resources and/or priority leading to increase accidents and potentially a breach of health and safety legislation                                  | 1          | 3      | 3         |    |
| CEG 07 | Elections - Failure by Returning Officer and elections staff to comply with the relevant legislation and/or deliver the practical aspects of the election as a result of improper resourcing or inadequate training leading to an adverse impact on reputation              | 1          | 4      | 4         |    |
| DEF 01 | Five-year housing supply - Inability to demonstrate a five-year supply of deliverable housing sites against the housing target potentially leading to a lack of new homes for potential residents, and an increased possibility of further development on unallocated sites | 1          | 3      | 3         |  |
| DEG 02 | Council Assets - Failure to manage our land and building assets (including trees) and meet with Landlord Compliance as a result of a lack of resources and/or inadequately trained staff potentially leading to damage to our assets or harm to the public                  | 1          | 3      | 3         |  |
| DEG 03 | Rushcliffe Oaks Crematorium not meeting the business model targets as a result of lower than forecast numbers of cremations being carried out, impacting on the internal rate of return and therefore longer return on investment   | 2          | 3      | 6         |  |
| DEG 07 | Greater Nottingham Strategic Plan - Joint Greater Nottingham Strategic Plan not delivered within the timescale set by government could lead to unplanned development and/or increased costs associated with developing own Strategy   | 2          | 2      | 4         |  |

| REF    | STRATEGIC RISKS FROM YOUR CRR   | LIKELIHOOD | IMPACT | NET SCORE | RATING  |
|--------|---|------------|--------|-----------|---|
| DEG 10 | Flintham Compulsory Purchase Order (CPO) - Legal action and CPO fail to deliver outcomes desired at Flintham to make the site safe and available for development  | 2          | 3      | 6         |    |
| DEG 11 | Compliance - UKSPF submission to government unsupported leading to the financial risk of unsupported projects and potential loss of future funding and ability to realise the borough-wide benefits   | 1          | 4      | 4         |    |
| DEG 12 | Gamston SPD - Uncoordinated development takes place as a result of the Gamston supplementary planning document not being approved in a timely manner potentially leading to a disjointed community lacking in the necessary infrastructure  | 3          | 3      | 9         |    |
| DEG 13 | Impact of changes to government planning policy and legislation - Challenges in the implementation of the changes to legislation and NPPF changes, as a result of impact on resources, expertise and budget constraints, may lead to uncoordinated development, loss of income and damage to the Council's reputation | 2          | 3      | 6         |    |
| FCS 01 | Failure to deliver legislation - Community is not properly represented leading to potentially poorly actioned community governance review petition, community right to challenge, or asset of community value nomination resulting in non-compliance with legislation   | 2          | 2      | 6         |    |
| FCS 02 | Reducing New Homes Bonus - Changes to Government policy or local circumstances could lead to adverse impacts of reduced funding and/or income and, consequently, a budget deficit   | 3          | 3      | 9         |    |
| FCS 03 | Fraud identification - Inadequate or poorly executed internal controls failing to prevent or detect fraud may lead to financial and/or reputational losses  | 2          | 2      | 4         |   |
| FCS 05 | Reduction in the Business Rates base - loss of major business rates payer reducing the rates collected leading to a potential budget deficit  | 3          | 3      | 9         |  |
| FCS 07 | Centralised policy changes - Changes to Government policy that result in an increase in demand on resources leading to a reduction in capacity of the Council to undertake other activities and inability to deliver identified priorities  | 3          | 3      | 9         |  |
| FCS 08 | Capital resources - Reduced capital receipts and/or insufficient balances in capital reserves resulting in an inability to deliver the capital programme preventing delivery of services and generation of new income streams   | 2          | 3      | 6         |  |

| REF    | STRATEGIC RISKS FROM YOUR CRR   | LIKELIHOOD | IMPACT | NET SCORE | RATING  |
|--------|---|------------|--------|-----------|---|
| FCS 09 | Local economic changes - Changes in the economic environment, such as the cost-of-living crisis or a recession, may affect consumer behaviour in terms of their take-up on Council services resulting in insufficient income to support the budget  | 4          | 2      | 8         |    |
| FCS 11 | Increased Service demand - Increase in population resulting in higher demand for services leading to expected increased cost and increased service pressures  | 3          | 2      | 6         |    |
| FCS 13 | Insufficient staff resources or external factors such as customer spending or increased costs leading to a failure to deliver transformation and efficiency projects which may result in a budget deficit, reputational damage and potentially measures put in place to balance the budget position | 4          | 2      | 8         |    |
| FCS 21 | Inflation - Potential inflationary pressures due to changes in the economic environment leading to increased costs and volatility over prediction for budget  | 3          | 3      | 9         |    |
| FCS 22 | Central Government funding - Uncertainty around Government funding with a one-year financial settlement and delays to Government reforms leading to certainty over the budget for one year only impeding longer term planning   | 3          | 3      | 9         |    |
| FCS 23 | Loss of ICT supplier - Key ICT services are disrupted as a result of suppliers going out of business leading to a potential loss of data or systems and a negative impact on the Council's ability to meet customer needs   | 3          | 2      | 6         |    |
| FCS 24 | Failure of ICT systems - Council services are negatively affected by the potential short or long-term loss or failure of ICT systems leading to an inability to meet the needs of the Council's customer  | 2          | 4      | 8         |   |
| FCS 25 | Sensitive data lost or compromised as a result of inadequate systems, controls or staff training may lead to negative impact on residents, damage to the Council's reputation and a potential fine from the ICO   | 2          | 3      | 6         |  |
| FCS 27 | Cyber-attack - Council services or data are negatively affected as a result of major successful cyber-attack leading to short- or long-term disruption to services, damage to the Council's reputation and financial loss   | 2          | 4      | 8         |  |
| FCS 31 | Borrowing costs - Reduction in cash balances requiring the Council to externally borrow at a Time when interest rates are high leading to uncertain increased interest costs  | 2          | 3      | 6         |  |
| FCS 32 | Business Continuity - Being unable to deliver critical services during a disruption, such as unprecedented demand, failure to negotiate contract continuation, or   | 1          | 3      | 3         |  |

| REF    | STRATEGIC RISKS FROM YOUR CRR  | LIKELIHOOD | IMPACT | NET SCORE | RATING   |
|--------|--|------------|--------|-----------|--|
|        | weather-related incident, and/or return to business as usual after a disruption as a result of inadequate preparation  |            |        |           |  |
| FCS 33 | Council is unable to continue to deliver a specific service or project as a result of the withdrawal of funding support from a public sector partner leading to potential negative impacts on the community and reputational damage  | 2          | 3      | 6         |   |
| NS 11  | Failure to respond adequately in an emergency situation as a result of inadequate preparation or management leading to a potentially greater impact on the community, Council finances and/or reputation   | 1          | 3      | 3         |   |
| NS 19  | Avoidable safeguarding incident realised as a result of inadequate internal safeguarding arrangements and training leading to increased harm to the subject and potential for legal action against the Council   | 1          | 3      | 3         |   |
| NS 22  | Failure to deliver the national relocation schemes (Asylum, Homes for Ukraine (HFU), Afghan Relocation Programme) in accordance with national guidance as a result of insufficient temporary or permanent accommodation which could lead to failures to support vulnerable refugees and result in poor publicity for the Council | 2          | 2      | 4         |   |
| NS 23  | Failure to deliver the Carbon Management Plan as a result of inadequate resourcing and prioritisation leading to the Council potentially missing its 2030 Carbon Neutral target  | 2          | 3      | 6         |   |
| NS 35  | CCTV Cameras - Potential non-compliance with ICO requirements as a result of loss of experienced resource leading to a potential reputational and legal impact on the Council  | 3          | 3      | 9         |  |



## MAPPING YOUR CRR TO THE STRATEGIC PLAN

| REF    | STRATEGIC RISKS FROM YOUR CRR  | 2025/26             | 2026/27                  | 2027/28                           |
|--------|--|---------------------|--------------------------|-----------------------------------|
| CED 01 | Equal pay claim  | • N/A               | • N/A                    | • N/A                             |
| CED 02 | Insufficient staff capacity - skills, knowledge etc.   | • N/A               | • N/A                    | • Sickness and Absence Management |
| CED 06 | Health and safety risks are not managed adequately across the organisation as a result of insufficient resources and/or priority leading to increase accidents and potentially a breach of health and safety legislation                           | • Health and Safety | • N/A                    | • N/A                             |
| CED 07 | Failure by Returning Officer and elections staff to comply with the relevant legislation and/or deliver the practical aspects of the election as a result of improper resourcing or inadequate training leading to an adverse impact on reputation | • N/A               | • N/A                    | • N/A                             |
| DEF 01 | Inability to demonstrate a five-year supply of deliverable housing sites against the housing target potentially leading to a lack of new homes for potential residents, and an increased possibility of further development on unallocated sites   | • N/A               | • Local Development Plan | • Strategic Housing               |

| REF    | STRATEGIC RISKS FROM YOUR CRR   | 2025/26  | 2026/27  | 2027/28  |
|--------|---|--|--|--|
| DEG 02 | Failure to manage our land and building assets (including trees) and meet with Landlord Compliance as a result of a lack of resources and/or inadequately trained staff potentially leading to damage to our assets or harm to the public | <ul style="list-style-type: none"> <li>Asset Investment and Management</li> <li>Health and Safety</li> </ul> | <ul style="list-style-type: none"> <li>Capital Projects</li> </ul>   | <ul style="list-style-type: none"> <li>N/A</li> </ul>                                      |
| DEG 03 | Rushcliffe Oaks Crematorium not meeting the business model targets as a result of lower than forecast numbers of cremations being carried out, impacting on the internal rate of return and therefore longer return on investment         | <ul style="list-style-type: none"> <li>Rushcliffe Oaks Crematorium - Operational Management</li> </ul>       | <ul style="list-style-type: none"> <li>N/A</li> </ul>  | <ul style="list-style-type: none"> <li>Fee Setting and Income Generation</li> </ul>        |
| DEG 07 | Joint Greater Nottingham Strategic Plan not delivered within the timescale set by government could lead to unplanned development and/or increased costs associated with developing own Strategy   | <ul style="list-style-type: none"> <li>N/A</li> </ul>  | <ul style="list-style-type: none"> <li>Local Development Plan</li> </ul>   | <ul style="list-style-type: none"> <li>Economic Growth (East Midlands Freeport)</li> </ul> |
| DEG 10 | Flintham Compulsory Purchase Order (CPO) - Legal action and CPO fail to deliver outcomes desired at Flintham to make the site safe and available for development  | <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>                                      |
| DEG 11 | UKSPF submission to government unsupported leading to the financial risk of unsupported projects and potential loss of future funding and ability to realise the borough wide benefit   | <ul style="list-style-type: none"> <li>N/A</li> </ul>  | <ul style="list-style-type: none"> <li>Local Development Plan</li> </ul>   | <ul style="list-style-type: none"> <li>Economic Growth (East Midlands Freeport)</li> </ul> |
| DEG 12 | Uncoordinated development takes place as a result of the Gamston supplementary planning document not being approved in a timely manner potentially leading to a disjointed  | <ul style="list-style-type: none"> <li>N/A</li> </ul>  | <ul style="list-style-type: none"> <li>Planning Services and Development Management (inc. S106)</li> <li>Local Development Plan</li> </ul> | <ul style="list-style-type: none"> <li>N/A</li> </ul>                                      |

| REF    | STRATEGIC RISKS FROM YOUR CRR   | 2025/26   | 2026/27  | 2027/28  |
|--------|---|---|--|--|
|        | community lacking in the necessary infrastructure   |   |  |  |
| DEG 13 | Impact of changes to government planning policy and legislation - Challenges in the implementation of the changes to legislation and NPPF changes, as a result of impact on resources, expertise and budget constraints, may lead to uncoordinated development, loss of income and damage to the Council's reputation | <ul style="list-style-type: none"> <li>N/A</li> </ul>   | <ul style="list-style-type: none"> <li>Planning Services and Development Management (inc. S106)</li> <li>Local Development Plan</li> </ul> | <ul style="list-style-type: none"> <li>N/A</li> </ul>  |
| FCS 01 | Community is not properly represented leading to potentially poorly actioned community governance review petition, community right to challenge, or asset of community value nomination resulting in non-compliance with legislation  | <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>  |
| FCS 02 | Changes to Government policy or local circumstances could lead to adverse impacts of reduced funding and/or income and, consequently, a budget deficit  | <ul style="list-style-type: none"> <li>Council Tax and NNDR</li> <li>Procurement</li> </ul>                         | <ul style="list-style-type: none"> <li>Waste and Recycling</li> </ul>  | <ul style="list-style-type: none"> <li>Strategic Housing</li> <li>Economic Growth (East Midlands Freeport)</li> <li>Fee Setting and Income Generation</li> </ul> |
| FCS 03 | Inadequate or poorly executed internal controls failing to prevent or detect fraud may lead to financial and/or reputational losses   | <ul style="list-style-type: none"> <li>Main Financial Systems</li> <li>Fraud Report</li> <li>Procurement</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>   |
| FCS 05 | Loss of major business rates payer reducing the rates collected leading to a potential budget deficit   | <ul style="list-style-type: none"> <li>Council Tax and NNDR</li> </ul>  | <ul style="list-style-type: none"> <li>N/A</li> </ul>  | <ul style="list-style-type: none"> <li>N/A</li> </ul>  |

| REF    | STRATEGIC RISKS FROM YOUR CRR   | 2025/26   | 2026/27  | 2027/28  |
|--------|---|---|--|--|
| FCS 07 | Changes to Government policy that result in an increase in demand on resources leading to a reduction in capacity of the Council to undertake other activities and inability to deliver identified priorities   | <ul style="list-style-type: none"> <li>N/A</li> </ul>   | <ul style="list-style-type: none"> <li>Planning Services and Development Management (inc. S106)</li> <li>Waste and Recycling</li> </ul>                            | <ul style="list-style-type: none"> <li>N/A</li> </ul>                                      |
| FCS 08 | Reduced capital receipts and/or insufficient balances in capital reserves resulting in an inability to deliver the capital programme preventing delivery of services and generation of new income streams   | <ul style="list-style-type: none"> <li>Main Financial Systems</li> </ul>                                | <ul style="list-style-type: none"> <li>Main Financial Systems</li> <li>Capital Projects</li> </ul>   | <ul style="list-style-type: none"> <li>Economic Growth (East Midlands Freeport)</li> </ul> |
| FCS 09 | Changes in the economic environment, such as the cost of living crisis or a recession, may affect consumer behaviour in terms of their take-up on Council services resulting in insufficient income to support the budget   | <ul style="list-style-type: none"> <li>Main Financial Systems</li> <li>Council Tax and NNDR</li> </ul>  | <ul style="list-style-type: none"> <li>Main Financial Systems</li> </ul>   | <ul style="list-style-type: none"> <li>Fee Setting and Income Generation</li> </ul>        |
| FCS 11 | Increase in population resulting in higher demand for services leading to expected increased cost and increased service pressures   | <ul style="list-style-type: none"> <li>Council Tax and NNDR</li> <li>Streetwise - Management</li> </ul> | <ul style="list-style-type: none"> <li>Planning Services and Development Management (inc. S106)</li> <li>Leisure Contracts</li> <li>Waste and Recycling</li> </ul> | <ul style="list-style-type: none"> <li>N/A</li> </ul>                                      |
| FCS 13 | Insufficient staff resources or external factors such as customer spending or increased costs leading to a failure to deliver transformation and efficiency projects which may result in a budget deficit, reputational damage and potentially measures put in place to balance the budget position | <ul style="list-style-type: none"> <li>Procurement</li> </ul>   | <ul style="list-style-type: none"> <li>Capital Projects</li> </ul>   | <ul style="list-style-type: none"> <li>Sickness and Absence Management</li> </ul>          |

| REF    | STRATEGIC RISKS FROM YOUR CRR   | 2025/26   | 2026/27  | 2027/28  |
|--------|---|---|--|--|
| FCS 21 | Potential inflationary pressures due to changes in the economic environment leading to increased costs and volatility over prediction for budget  | <ul style="list-style-type: none"> <li>• Main Financial Systems</li> <li>• Streetwise - Management</li> </ul> | <ul style="list-style-type: none"> <li>• Main Financial Systems</li> <li>• Leisure Contracts</li> <li>• Waste and Recycling</li> </ul> | <ul style="list-style-type: none"> <li>• Main Financial Systems</li> </ul> |
| FCS 22 | Uncertainty around Government funding with a one-year financial settlement and delays to Government reforms leading to certainty over the budget for one year only impeding longer term planning                | <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>                    |
| FCS 23 | Key ICT services are disrupted as a result of suppliers going out of business leading to a potential loss of data or systems and a negative impact on the Council's ability to meet customer needs              | <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>• N/A</li> </ul>                    |
| FCS 24 | Council services are negatively affected by the potential short or long-term loss or failure of ICT systems leading to an inability to meet the needs of the Council's customer                                 | <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>• Cyber Security</li> </ul>         |
| FCS 25 | Sensitive data lost or compromised as a result of inadequate systems, controls or staff training may lead to negative impact on residents, damage to the Council's reputation and a potential fine from the ICO | <ul style="list-style-type: none"> <li>• N/A</li> </ul>   | <ul style="list-style-type: none"> <li>• GDPR</li> </ul>   | <ul style="list-style-type: none"> <li>• Cyber Security</li> </ul>         |
| FCS 27 | Council services or data are negatively affected as a result of major successful cyber-attack leading to short- or long-term disruption to services, damage to the Council's reputation and financial loss      | <ul style="list-style-type: none"> <li>• Business Continuity and Emergency Planning</li> </ul>                | <ul style="list-style-type: none"> <li>• N/A</li> </ul>  | <ul style="list-style-type: none"> <li>• Cyber Security</li> </ul>         |

| REF    | STRATEGIC RISKS FROM YOUR CRR   | 2025/26   | 2026/27   | 2027/28                                    |
|--------|---|---|---|--|
| FCS 31 | Reduction in cash balances requiring the Council to externally borrow at a time when interest rates are high leading to uncertain increased interest costs  | • N/A   | • N/A   | • N/A                                      |
| FCS 32 | Being unable to deliver critical services during a disruption, such as unprecedented demand, failure to negotiate contract continuation, or weather-related incident, and/or return to business as usual after a disruption as a result of inadequate preparation | • Business Continuity and Emergency Planning                        | • N/A   | • N/A                                      |
| FCS 33 | Council is unable to continue to deliver a specific service or project as a result of the withdrawal of funding support from a public sector partner leading to potential negative impacts on the community and reputational damage                               | • N/A   | • Capital Projects  | • Economic Growth (East Midlands Freeport) |
| NS 11  | Failure to respond adequately in an emergency situation as a result of inadequate preparation or management leading to a potentially greater impact on the community, Council finances and/or reputation  | • Business Continuity and Emergency Planning<br>• Health and Safety | • N/A   | • N/A                                      |
| NS 19  | Avoidable safeguarding incident realised as a result of inadequate internal safeguarding arrangements and training leading to increased harm to the subject and potential for legal action against the Council  | • N/A   | • Leisure Contracts<br>• Homelessness and Temporary Accommodation | • N/A                                      |

| REF   | STRATEGIC RISKS FROM YOUR CRR  | 2025/26   | 2026/27  | 2027/28   |
|-------|--|---|--|---|
| NS 22 | Failure to deliver the national relocation schemes (Asylum, Homes for Ukraine (HFU), Afghan Relocation Programme) in accordance with national guidance as a result of insufficient temporary or permanent accommodation which could lead to failures to support vulnerable refugees and result in poor publicity for the Council | <ul style="list-style-type: none"> <li>N/A</li> </ul> | <ul style="list-style-type: none"> <li>Homelessness and Temporary Accommodation</li> </ul> | <ul style="list-style-type: none"> <li>N/A</li> </ul>                                     |
| NS 23 | Failure to deliver the Carbon Management Plan as a result of inadequate resourcing and prioritisation leading to the Council potentially missing its 2030 Carbon Neutral target  | <ul style="list-style-type: none"> <li>N/A</li> </ul> | <ul style="list-style-type: none"> <li>Waste and Recycling</li> </ul>                      | <ul style="list-style-type: none"> <li>Environment and Air Quality Management</li> </ul>  |
| NS 35 | CCTV Cameras - Potential non-compliance with ICO requirements as a result of loss of experienced resource leading to a potential reputational and legal impact on the Council  | <ul style="list-style-type: none"> <li>N/A</li> </ul> | <ul style="list-style-type: none"> <li>GDPR</li> </ul>                                     | <ul style="list-style-type: none"> <li>Cyber Security</li> <li>CCTV Management</li> </ul> |

## INTERNAL AUDIT OPERATIONAL PLAN 2025/26

| AREA   | CRR   | DAYS | TIMING | DESCRIPTION OF THE REVIEW   | REASON FOR INCLUSION  |
|--|-------|------|--------|---|---|
| <b>Core Assurance</b>                                |       |      |        |   |   |
| Rushcliffe Oaks Crematorium - Operational Management | DEG03 | 15   | Q3     | <p>This review will provide assurance over the operational management the Rushcliffe Oaks Crematorium, including compliance with statutory legislation and maintenance of the site.</p> <p>We understand that the Council have scheduled a Crematorium Inspection Scheme by the Federation of Burial and Cremation Authorities for 2025/26. Therefore, we will liaise with management to scope this review and prevent any duplication with the external review. The timing of this review will also be dependent on when the external review is conducted.</p> | <p>Rushcliffe Oaks Crematorium was opened in April 2023 to provide crematorium services to residents in Rushcliffe.</p> <p>There are new regulations for death certification that have been introduced new processes for medical examination, so this review will consider whether these have been implemented adequately.</p> <p>As the crematorium has been open and in operation for two years, and there are changes in legislation, this is a timely review to assess the operational management of the crematorium.</p> <p>We undertook a review of the crematorium in 2023/24, focusing on charging/invoicing and the performance monitoring of the crematorium.</p> |
| Asset Investment and Management                      | DEG02 | 15   | Q3     | <p>This audit will assess the management of the Council's asset management and asset investment.</p> <p><u>Asset Management</u></p> <p>We will assess:</p> <ul style="list-style-type: none"> <li>Processes for managing assets, including additions and disposals, to verify whether these comply with the Council's procedures</li> <li>Completeness and accuracy of recording of assets on the Asset Register</li> </ul>   | <p>The Council own a large number of assets for its own use or commercial use to generate income opportunities. There is also an Asset Management Action Plan for the delivery of its Asset Management Strategy. The use and management of its assets is critical to delivering sustainable growth, a priority in the Council's Corporate Strategy.</p> <p>Asset Investment and Management has not been reviewed by Internal Audit in recent years,</p>   |



| AREA                   | CRR                        | DAYS | TIMING | DESCRIPTION OF THE REVIEW   | REASON FOR INCLUSION   |
|------------------------|----------------------------|------|--------|---|--|
|                        |                            |      |        | <ul style="list-style-type: none"> <li>Asset maintenance and repairs scheduling to support the upkeep of Council-owned assets.</li> </ul> <u>Asset Investments</u><br>We will assess:<br>The asset investment strategy to assess whether this is in place and supported by clear and robust plans.  | therefore, it has been included in the Internal Audit Plan the Governance Scrutiny Group with assurance over the management and use of assets.   |
| Main Financial Systems | FCS03, FCS08, FCS09, FCS21 | 14   | Q1     | We review main financial systems on a cyclical basis to provide core assurance to the Governance Scrutiny Group over the controls in place for its financial systems.<br>We will agree with management on the specific areas for coverage in this audit, which may include: <ul style="list-style-type: none"> <li>Accounts receivables</li> <li>Accounts payables</li> <li>Payroll.</li> </ul> These areas have not been reviewed in recent years and therefore, are due to be reviewed. | Main financial systems are a core area of assurance for our Head of Internal Audit opinion.<br>Main financial systems are reviewed on a cyclical basis to provide the Governance Scrutiny Group with assurance that these are operating effectively to mitigate the risk of control gaps/failures leading to inadequate financial management or fraud. |
| Council Tax and NNDR   | FCS02, FCS05, FCS09, FCS11 | 14   | Q2     | This review will assess: <ul style="list-style-type: none"> <li>Council tax and NNDR policies and procedure guidance for staff</li> <li>VOA valuations to confirm these reconcile with the systems</li> <li>Addition of new properties and liabilities to assess whether these are billed accurately and timely</li> <li>Application of discounts and exemptions in accordance with national and local policies with sufficient evidence from the occupier</li> </ul>                     | This is a routine audit taken in a regular cycle. The last time this was undertaken at the Council was 2021/22.  |

| AREA                  | CRR                        | DAYS | TIMING | DESCRIPTION OF THE REVIEW  | REASON FOR INCLUSION  |
|-----------------------|----------------------------|------|--------|--|---|
|                       |                            |      |        | <ul style="list-style-type: none"> <li>Income recovery procedures for overdue liabilities from occupiers</li> <li>Collection performance reporting to management.</li> </ul>   |   |
| Streetwise Management | FCS11, FCS21               | 15   | Q2     | <p>This review will provide assurance over the performance oversight and operational management of the Streetwise service. This will assess the quality of performance reporting to identify whether Streetwise has delivered in line with its objectives.</p> <p>Furthermore, we will review how processes are established across Streetwise to support effective street cleansing services in the borough.</p> | <p>The Council brought the Streetwise services back in-house in 2022 to help achieve value for money through the provision of these services. We have not reviewed the performance or operational delivery of Streetwise since it returned as an in-house function, therefore, we have included it in the Audit Plan for 2025/26.</p> <p>This is an important service provided by the Council.</p>  |
| Procurement           | FCS02, FCS03, FCS13, FCS23 | 15   | Q4     | <p>This review will assess the Council's procurement processes and procedures via sample testing of higher risk contracts to provide a deep dive and root cause analysis of non-compliance with the procurement rules. This review will also incorporate compliance with the key changes in the Procurement Act 2023.</p>  | <p>The Procurement Act 2023 is due to go live on 24 February 2025, having been delayed by five months from its original inception date. These impact the public sector procurement rules; therefore, it is critical that the Council comply with these. The Council have recently moved its procurement function to Nottinghamshire County Council. The service was previously provided by Welland Procurement Shared Service.</p> <p>We have deliberately scheduled this audit for Q4 to enable the Council sufficient time to implement the requirements under the new legislation.</p> |
| Health and Safety     | CED06, DEG02, NS11         | 14   | Q4     | <p>We will review Health and Safety Policies and adherence to them across the Council. We will also assess training in this area and whether arrangements are effective. The following areas will be covered in this audit:</p>  | <p>Health and safety is considered a low risk on the corporate risk register but could have a significant impact if issues materialised. Therefore, our review will provide the Governance Scrutiny Group with assurance over the health and safety risk assessments in service areas, incident reporting</p>   |

| AREA         | CRR | DAYS       | TIMING | DESCRIPTION OF THE REVIEW  | REASON FOR INCLUSION                                 |
|--------------|-----|------------|--------|--|--|
|              |     |            |        | <ul style="list-style-type: none"><li>• How incidents are reported and managed/escalated</li><li>• How sites are maintained to ensure they are safe. This includes Council offices and housing properties</li><li>• Performance reporting to management groups for oversight of health and safety management. We will review minutes and interview key stakeholders.</li></ul> | and management, and governance of health and safety. |
| <b>Total</b> |     | <b>102</b> |        |  |  |

| AREA                 | CRR   | DAYS      | TIMING | DESCRIPTION OF THE REVIEW   | REASON FOR INCLUSION   |
|----------------------|-------|-----------|--------|---|--|
| <b>Soft Controls</b> |       |           |        |   |  |
| Fraud Report         | FCS03 | 10        | Q1     | 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. | 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. There was estimated to be £33bn lost to fraud in the public sector in 2020/21, including from local authorities. |
| <b>Total</b>         |       | <b>10</b> |        |   |  |

| AREA                                       | CRR                | DAYS      | TIMING | DESCRIPTION OF THE REVIEW  | REASON FOR INCLUSION  |
|--|--------------------|-----------|--------|--|---|
| <b>Future Focused Assurance</b>            |                    |           |        |  |   |
| Business Continuity and Emergency Planning | FCS27, FCS32, NS11 | 15        | Q3     | <p>To provide assurance that the processes and systems in place to manage resilience and continuity of critical services across the Council are sound.</p> <p>We will review the adequacy of the business continuity and emergency plans and assess how these align to local service plans and whether there is adequate oversight that these all remain up-to-date, regularly assessed and/or tested via desktop scenarios or live testing.</p> <p>A critical focus of this review will be the Council's emergency planning and response to flood incidents in the borough.</p> | <p>Business Continuity and Emergency Planning is a critical service to support the continuation of the Council's services in the event of disruption, loss of access to key systems or in an emergency incident. The Council receive support from Nottinghamshire County Council and the Local Resilience Forum on these areas and have recently refreshed its Business Continuity Plan.</p> <p>There has been an increase in flood incidents over recent years with a growth in the number of named storms. Therefore, our review will provide assurance over the planning and preparedness for such an event.</p> |
| <b>Total</b>                               |                    | <b>15</b> |        |  |   |

| AREA  | CRR | DAYS     | TIMING | DESCRIPTION OF THE REVIEW  | REASON FOR INCLUSION  |
|---|-----|----------|--------|--|---|
| <b>Flexible Audit Resource - To be allocated during the year as required but could include the examples shown below</b> |     |          |        |  |   |
| Contingency   | N/A | 3        | Q1-4   | We have built contingency days into our Audit Plan to be allocated to flexible work. | Flexible audit days are built into our plan to manage and support on emerging risks that develop throughout the year. |
| <b>Total</b>  |     | <b>3</b> |        |  |   |

| 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                   |
| Recommendations follow up       | N/A | 7         | Q1 - Q4 | Assessment and reporting of status of implementation of recommendations raised | Assurance for Executive Leadership Team and GSG |
| Governance Scrutiny Groups      | N/A | 5         | Q1 - Q4 | Attendance at GSG meetings, pre-meets and GSG Chair liaison                    | Effective contract management                   |
| <b>Total</b>                    |     | <b>20</b> |         |  |   |

| SUMMARY                 | DAYS       |
|-------------------------|------------|
| Core Assurance          | 102        |
| Soft Controls           | 10         |
| Future Focused Reviews  | 15         |
| Flexible Audit Resource | 3          |
| Contract Management     | 20         |
| <b>Total days</b>       | <b>150</b> |

# APPENDIX I

## INTERNAL AUDIT CHARTER

This charter is a requirement of internal audit standards.

The charter formally defines internal audit's 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 of this charter resides with the GSG on behalf of the Cabinet.

## STANDARDS OF INTERNAL AUDIT PRACTICE

To fulfil its purpose, internal audit will perform its work in accordance with the *Global Internal Audit Standards in the UK Public Sector*, which encompass:

- ▶ The global Institute of Internal Auditors (IIA) *Global Internal Audit Standards* (GIAS) effective from January 2025
- ▶ The Internal Audit Standards Advisory Board (IASAB) *Application Note Global Internal Audit Standards in the UK Public Sector* effective from 1 April 2025.

For local government internal audit, internal audit is also required to comply with the Chartered Institute of Public Finance and Accountancy (CIPFA) *Code of Practice for the Governance of Internal Audit in UK Local Government*, effective from 1 April 2025.

The GIAS refer to the 'board' as 'the highest-level body charged with governance, such as a board of directors, an Audit Committee, a board of governors or trustees, or a group of elected officials or political appointees.' For Council, 'the board' is the GSG acting on behalf of the Council.

The GIAS also refer to the 'chief audit executive' as the 'leadership role responsible for effectively managing all aspects of the internal audit function and ensuring the quality performance of internal audit services in accordance with Global Internal Audit Standards.' For the Council's internal audit function, 'the chief audit executive' is the BDO-assigned Partner acting as the Head of Internal Audit (HoIA).

## INTERNAL AUDIT'S PURPOSE AND MANDATE

### Purpose

The purpose of the internal audit function is to strengthen the Council's ability to create, protect, and sustain value by providing the GSG and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The internal audit function enhances the Council's:

- ▶ Successful achievement of its objectives
- ▶ Governance, risk management, and control processes
- ▶ Decision-making and oversight
- ▶ Reputation and credibility with its stakeholders
- ▶ Ability to serve the public interest.

The Council's internal audit function is most effective when:

- ▶ Internal auditing is performed by competent professionals in conformance with the GIAS in the UK Public Sector
- ▶ The internal audit function is independently positioned with direct accountability to the GSG
- ▶ Internal auditors are free from undue influence and committed to making objective assessments.



The role of the Council's internal audit therefore includes:

- ▶ Supporting the delivery of the Council's strategic objectives by providing risk-based and objective assurance on the adequacy and effectiveness of governance, risk management and internal controls
- ▶ Championing good practice in governance through assurance, advice and contributing to the Council's annual governance review
- ▶ Advising on governance, risk management and internal control arrangements for major projects, programmes and system changes
- ▶ Access to the Council's collaborative and arm's-length arrangements.

#### **Mandate - Authority**

The GSG grants the internal audit function the mandate to provide the GSG and senior management with objective assurance, advice, insight, and foresight.

The internal audit function's authority is created by its direct reporting relationship to the GSG. Such authority allows for unrestricted access to the GSG.

The GSG authorises the internal audit function to:

- ▶ Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities; internal auditors are accountable for confidentiality and safeguarding records and information
- ▶ Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives
- ▶ Obtain assistance from the necessary organisation's personnel in relevant engagements, as well as other specialised services from within or outside the organisation to complete internal audit services.

#### **Mandate - Independence, position, and reporting relationships**

- ▶ The HoIA will be positioned at a level in the organisation that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function.
- ▶ The HoIA will report functionally to the GSG and administratively to the s151 Officer.
- ▶ This positioning provides the organisational authority and status to bring matters directly to senior management and escalate matters to the GSG, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.
- ▶ The HoIA will confirm to the GSG, at least annually, the organisational independence of the internal audit function.
- ▶ The HoIA will disclose to the GSG any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfil its mandate.

### **GOVERNANCE SCRUTINY GROUP OVERSIGHT**

To establish, maintain, and ensure that the Council's internal audit function has sufficient authority to fulfil its duties, the GSG will:

- ▶ Discuss with the HoIA and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function
  - ▶ Ensure the HoIA has unrestricted access to and communicates and interacts directly with the GSG, including in private meetings without senior management present
  - ▶ Discuss with the HoIA and senior management other topics that should be included in the internal audit charter
-

- ▶ Participate in discussions with the HoIA and senior management about the “essential conditions”, described in the GIAS, which establish the foundation that enables an effective internal audit function
- ▶ Review and approve the internal audit function’s charter annually, which includes the internal audit mandate and the scope and types of internal audit services
- ▶ Approve the risk-based internal audit plan
- ▶ Approve the internal audit function’s human resources administration and budgets
- ▶ Collaborate with senior management to determine the qualifications and competencies the Council expects in a HoIA
- ▶ Authorise the appointment and removal of the HoIA and outsourced internal audit provider
- ▶ Approve the fees paid to the outsourced internal audit provider
- ▶ Review the HoIA’s and internal audit function’s performance
- ▶ Receive communications from the HoIA about the internal audit function including its performance relative to its plan
- ▶ Ensure a quality assurance and improvement program has been established and review the results annually
- ▶ Make appropriate inquiries of senior management and the HoIA to determine whether scope or resource limitations are inappropriate.

#### **Changes to the Mandate and Charter**

Circumstances may justify a follow-up discussion between the HoIA, GSG, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- ▶ A significant change in the GIAS in the UK Public Sector
- ▶ A significant acquisition or reorganisation within the Council
- ▶ Significant changes in the HoIA, GSG, and/or senior management
- ▶ Significant changes to the Council’s strategies, objectives, risk profile, or the environment in which the Council operates
- ▶ New laws or regulations that may affect the nature and/or scope of internal audit services.

#### **Support for Internal Audit**

Internal audit’s activities require access to and support from senior management, the GSG and those charged with governance. Support allows internal audit to apply the mandate and charter in practice and meet expectations.

The Council will support the internal audit function by:

- ▶ Championing the role and work of internal audit to the staff within the Council and to partner organisations with whom internal audit works
- ▶ Facilitating access to senior management, the GSG and the Council’s external auditor
- ▶ Assisting, where possible, with access to external providers assurance such as regulators, inspectors and consultants
- ▶ Engaging constructively with internal audit’s findings, opinions and advice
- ▶ Building awareness and understanding of the importance of good governance, risk management and internal control for the success of the Council and of internal audit’s contributions.

The Council will also put in place conditions to enable the internal audit work:

- ▶ Ensuring that the reporting line of the HoIA is not lower than a member of the senior management team and that the HoIA has access to all members of the team
- ▶ Ensuring that client responsibility lies with a member of senior management

The GSG will support internal audit by:

- ▶ Enquiring of senior management and the HoIA about any restrictions on the internal audit's scope, access, authority or resources that limit its ability to carry out its responsibilities effectively
- ▶ Considering the audit plan or planning scope, and formally approving or recommending approval to those charged with governance
- ▶ Meeting at least annually with the HoIA in sessions without senior management present.

Senior management will establish and safeguard internal audit's independence by:

- ▶ Ensuring internal audit's access to staff and records, as set out in regulations and the charter, operates freely and without any interference
- ▶ Ensuring that the HoIA reports in their own right to the GSG on the work of internal audit
- ▶ Providing opportunities for the HoIA to meet with the GSG without senior management present
- ▶ Where there are actual or potential impairments to the independence of internal audit, working with the HoIA to remove or minimise them or ensure safeguards are operating effectively
- ▶ Recognising that if the HoIA has additional roles and responsibilities beyond internal auditing, or if new roles are proposed, it could impact on the independence and performance of internal audit; in such cases the impact must be discussed with the HoIA and the views of the GSG sought
- ▶ Where needed, appropriate safeguards will be put in place by senior management to protect the independence of internal audit and support conformance with professional standards. Matters around the appointment, removal, remuneration and performance evaluation of the HoIA will be undertaken by senior management, but these arrangements must not be used to undermine the independence of internal audit. The GSG will provide feedback on the performance evaluation of the HoIA, which should include feedback from the Chair of the GSG.

#### **Interaction between the GSG and Internal Audit**

The GSG will support internal audit's independence by reviewing the effectiveness of safeguards at least annually, including any issues or concerns about independence from the HoIA. The HoIA will have the right of access to the Chair of the GSG at any time. The GSG can escalate its concerns about internal audit independence to those charged with governance.

To ensure there is good interaction between the GSG and internal audit, the GSG will agree its work plan with the HOIA to ensure there is appropriate coverage of internal audit matters within GSG agendas. The GSG workplan will provide for the internal audit mandate and charter, strategy, plans, engagement reporting and the annual conclusion, and quality reports.

The GSG is familiar with the Council's assurance framework, governance, risk management and internal control arrangements to facilitate its interactions with internal audit.

Senior management will engage with the GSG on any significant changes to governance, risk and control arrangements and any concerns they may have on assurance. The GSG will have oversight of the annual governance statement before final approval.

Where there is disagreement about the management of risks or agreed audit actions between internal audit and senior management, the GSG will review and make their recommendation to either management or those charged with governance.

#### **Internal Audit Resources**

The GSG and senior management will engage with the HOIA to review whether internal audit's financial, human and technological resources are sufficient to meet internal audit's mandate as set out in the

regulations and achieve conformance with GIAS in the UK public sector. Where there are concerns about internal audit's ability to fulfil its mandate or deliver an annual conclusion, the concerns will be formally recorded and reported to those charged with governance.

If resource issues result in a limitation of scope on the annual conclusion, this will be reported and disclosed in the annual governance statement. Decisions on internal audit resourcing by senior management and those charged with governance must take account of the longer-term risks to the governance and financial sustainability of the Council and internal audit's role in supporting those objectives. Where there are temporary resource constraints, senior management must work with the HOIA to establish longer-term plans for sustainable internal audit resources.

## Quality

Annually, the GSG will review the results of the HOIA's assessment of conformance against GIAS in the UK public sector (including CIPFA's Code of Practice for the Governance of Internal Audit in UK Local Government), including any action plan. The GSG will review the HOIA's annual report, including the annual conclusion on governance, risk management and control, and internal audit's performance against its objectives. To meet the requirements of the regulations (the mandate) for internal audit, the GSG will satisfy itself on the effectiveness of internal audit. They will take into account conformance with the standards, interactions with the Committee, performance and feedback from senior management. Their conclusions will be reported to those charged with governance, for example, as part of the GSG's annual report.

## External Quality Assessment

On behalf of those charged with governance and the GSG, senior management will ensure that internal audit has an external quality assessment at least once every five years of its conformance against GIAS in the UK public sector, (including CIPFA's Code of Practice for the Governance of Internal Audit in UK Local Government).

Senior management and the HOIA will discuss the timing of the review and report the options and their recommendation to the GSG. The proposals for the scope, method of assessment and assessor will be brought to the GSG for agreement. The assessor must use CIPFA's Code of Practice for the Governance of Internal Audit in UK Local Government alongside the standards and be familiar with the sector. The GSG will receive the complete results of the assessment and consider the HOIA's action plan to address any recommendations. Progress will be monitored. Where the GSG does not have delegated authority, the committee will report the overall results of the external quality assessment to those charged with governance.

## HEAD OF INTERNAL AUDIT ROLES AND RESPONSIBILITIES

### Ethics and Professionalism

The HOIA will ensure that internal auditors:

- ▶ Conform with the GIAS in the UK Public Sector, including the principles of Ethics and Professionalism (integrity, objectivity, competency, due professional care, and confidentiality) and the Seven Principles of Public Life (the 'Nolan Principles') (selflessness, integrity, objectivity, accountability, openness, honesty and leadership)
- ▶ Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation and be able to recognise conduct that is contrary to those expectations
- ▶ Encourage and promote an ethics-based culture in the organisation
- ▶ Report organisational behaviour that is inconsistent with the organisation's ethical expectations, as described in applicable policies and procedures.

### Objectivity

The HOIA will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the HOIA determines

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that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others.

Internal auditors will have no direct operational responsibility or authority over any activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment.

Internal auditors will:

- ▶ Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the HoIA, GSG, management, or others
- ▶ Exhibit professional objectivity in gathering, evaluating, and communicating information
- ▶ Make balanced assessments of all available and relevant facts and circumstances
- ▶ Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

### Managing the Internal Audit Function

The HoIA has the responsibility to:

- ▶ Understand the Council's governance, risk management and control processes, and the importance in the UK public sector of securing value for money, in developing an effective strategy and plan.
- ▶ At least annually, develop a risk-based internal audit plan that considers the input of the GSG and senior management; discuss the plan with the GSG and senior management and submit the plan to the GSG for review and approval
- ▶ Communicate the impact of resource limitations on the internal audit plan to the GSG and senior management
- ▶ Review and adjust the internal audit plan, as necessary, in response to changes in the Council's business, risks, operations, programs, systems, and controls
- ▶ Communicate with the GSG and senior management if there are significant interim changes to the internal audit plan
- ▶ Ensure internal audit engagements are performed, documented, and communicated in accordance with the GIAS in the UK Public Sector
- ▶ Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the GSG and senior management periodically and for each engagement as appropriate
- ▶ Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the GIAS in the UK Public Sector and fulfil the internal audit mandate (in public sector internal audit, the HoIA is required to have a CMIIA, or a CCAB qualification, or an equivalent professional qualification which includes training on the practice of internal audit, and suitable internal audit experience)
- ▶ Identify and consider trends and emerging issues that could impact the Council and communicate to the GSG and senior management as appropriate
- ▶ Consider emerging trends and successful practices in internal auditing
- ▶ Establish and ensure adherence to methodologies designed to guide the internal audit function
- ▶ Ensure adherence to relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the GIAS; any such conflicts will be resolved or documented and communicated to the GSG and senior management
- ▶ Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services; if the HoIA cannot achieve an appropriate level of coordination, the issue will be communicated to senior management (including the barriers to effective co-ordination with other assurance providers) and if necessary escalated to the GSG.

## Communication with the Governance Scrutiny Group and Senior Management

The HoIA will report periodically eg quarterly to the GSG and senior management regarding:

- ▶ The internal audit function's mandate
- ▶ The internal audit plan and performance relative to its plan
- ▶ Internal audit budget
- ▶ Significant revisions to the internal audit plan and budget
- ▶ Potential impairments to independence, including relevant disclosures as applicable
- ▶ Results from the quality assurance and improvement program, which include the internal audit function's conformance with the GIAS in the UK Public Sector and action plans to address the internal audit function's deficiencies and opportunities for improvement
- ▶ Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the GSG
- ▶ Results of assurance and advisory services
- ▶ Resource requirements
- ▶ Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond the Council's risk appetite.

## Quality Assurance Improvement Programme

The HoIA will develop, implement, and maintain a quality assurance and improvement program (QAIP) that covers all aspects of the internal audit function.

The program will include external and internal assessments of the internal audit function's conformance with the GIAS in the UK Public Sector, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement.

The plan will assess the efficiency and effectiveness of internal audit and identify opportunities for improvement.

Annually, the HoIA will communicate with the GSG and senior management about the internal audit function's QAIP, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments.

External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside BDO. Qualifications must include at least one assessor holding an active Certified Internal Auditor credential. For public sector internal audit, such a person should have an understanding of the GIAS commensurate with the Certified Internal Auditor designation, including internal audit relevant continuing professional development and an understanding of how the GIAS are applied in the UK public sector.

## SCOPE AND TYPES OF INTERNAL AUDIT SERVICES

The scope of internal audit services covers the entire breadth of the Council, including all the Council's activities, assets, and personnel.

The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the GSG and management on the adequacy and effectiveness of governance, risk management, and control processes for the Council.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

- ▶ Risks relating to the achievement of the Council's strategic objectives are appropriately identified and managed

- ▶ The actions of the Council’s officers, directors, management, employees, and contractors or other relevant parties comply with organisational policies, procedures, and applicable laws, regulations, and governance standards
- ▶ The results of operations and programs are consistent with established goals and objectives
- ▶ Operations and programs are being carried out effectively and efficiently
- ▶ Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Council
- ▶ The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable
- ▶ Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

### INTERNAL AUDIT PERFORMANCE MEASURES AND INDICATORS

The tables below 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 GSG 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.

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

| MEASURE / INDICATOR   |
|---|
| <p><b>Audit Coverage</b></p> <p>Annual Audit Plan delivered in line with timetable.<br/>Actual days are in accordance with Annual Audit Plan.</p>   |
| <p><b>Relationships and customer satisfaction</b></p> <p>Customer satisfaction reports - overall score at average at least 3.5 / 5 for surveys issued at the end of each audit.<br/>Annual survey to the Chair of the GSG to achieve score of at least 70%.<br/>External audit can rely on the work undertaken by internal audit (where planned).</p> |
| <p><b>Staffing and Training</b></p> <p>At least 60% input from qualified staff.</p>   |
| <p><b>Audit Reporting</b></p> <p>Issuance of draft report within 3 weeks of fieldwork ‘closing’ meeting.<br/>Finalise internal audit report 1 week after management responses to report are received.<br/>90% recommendations to be accepted by management.<br/>Information is presented in the format requested by the customer.</p>                 |
| <p><b>Audit Quality</b></p> <p>High quality documents produced by the auditor that are clear and concise and contain all the information requested.<br/>Positive result from any external review.</p>   |

### MANAGEMENT AND STAFF PERFORMANCE MEASURES AND INDICATORS

The management and staff of the 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 Council
- 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.

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

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

| MEASURE / INDICATOR   |
|---|
| <p><b>Response to Reports</b><br/>Audit sponsor to respond to terms of reference within one week of receipt and to draft reports within two weeks of receipt.</p>                   |
| <p><b>Implementation of recommendations</b><br/>Audit sponsor to implement all audit recommendations within the agreed timeframe.</p>   |
| <p><b>Co-operation with internal audit</b><br/>Internal audit to confirm to each meeting of the GSG whether appropriate co-operation has been provided by management and staff.</p> |

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