



# RUSHCLIFFE BOROUGH COUNCIL

## Internal Audit Progress Report

Corporate Governance Group

29 November 2018

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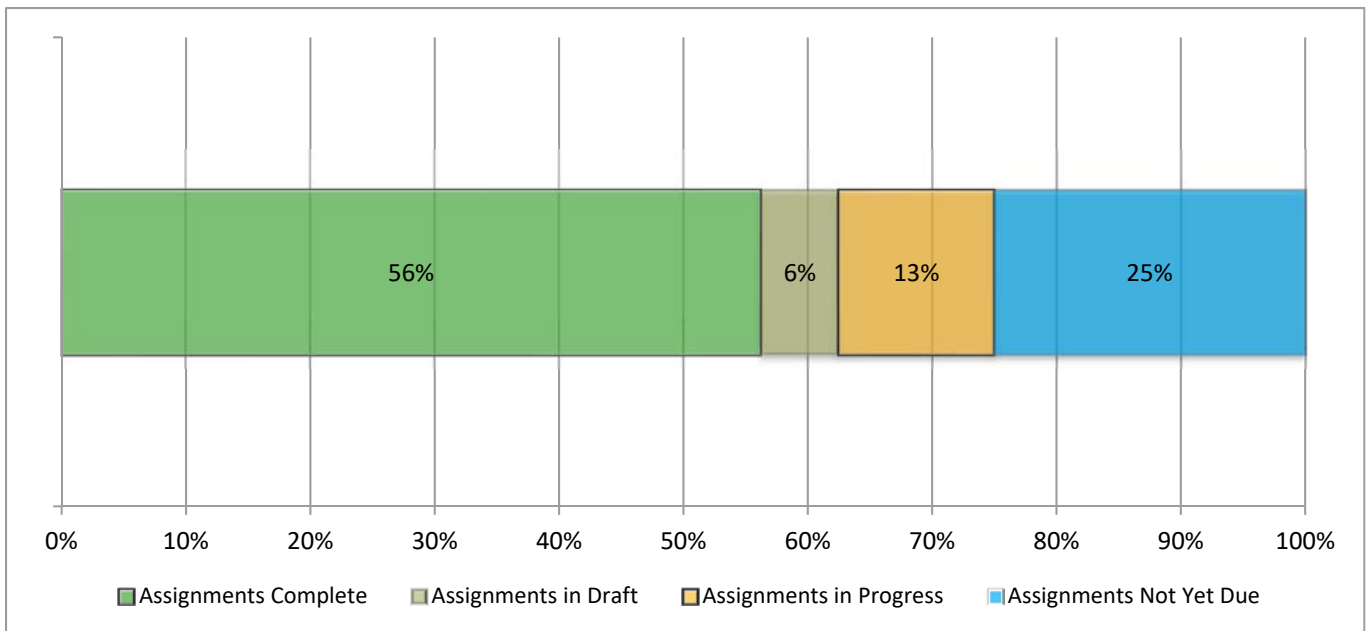


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# 1 INTRODUCTION

The internal audit plan for 2018/19 was approved by the Corporate Governance Group on 10 May 2018. Below provides a summary update on progress against that plan and summarises the results of our work to date. Please see chart below for current progress with the plan.



## 2 REPORTS CONSIDERED AT THIS CORPORATE GOVERNANCE GROUP

This table informs of the audit assignments that have been completed and the impacts of those findings since the last Corporate Governance Group held. The Executive Summary and Key Findings of the assignments below are attached to this progress report.

Assignments	Status	Opinion issued	Actions agreed		
			H	M	L
NNDR (6.18/19)	Final		0	0	2
IT Strategy Review (7.18/19)	Final		0	1	4
Payroll and Expenses (8.18/19)	Final		0	0	1
Income and Debtors (9.18/19)	Final		0	0	4

## 2.1 Impact of findings to date

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### **NNDR (6.18/19)**

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

As a result of testing, two low priority findings were identified. Management actions were agreed in respect of these findings.

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### **IT Strategy Review (7.18/19)**

Conclusion: Reasonable Assurance

Impact on Annual Opinion: Positive

As a result of testing, one medium and four low priority findings were identified. Management actions were agreed in respect of these findings.

The medium priority finding relates to:

- It was unclear what reports or other metrics were provided to the EMT regarding the progress of the RBSi Programme. There is a risk that the lack of reporting key information to management could lead to delays, overspends and the failure to deliver the intended outcomes i.e. a failure to deliver the Strategy.
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### **Payroll and Expenses (8.18/19)**

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

As a result of testing, one low priority finding was identified, and a management action was agreed in respect of this finding.

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### **Income and Debtors (9.18/19)**

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

As a result of testing, four low priority findings were identified. Management actions were agreed in respect of these findings.

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### 3 LOOKING AHEAD

Assignment area	Audit Timing	Status	Target Corporate Governance Group meeting
Markets	8 October 2018	Draft Report Issued	7 February 2019
Contract Management – Car Parks	26 November 2018	In Progress	7 February 2019
Community Facilities	26 November 2018	In Progress	7 February 2019
Budgetary Control and Setting	7 January 2019	Not started	7 February 2019
Safeguarding	28 January 2019	Not started	9 May 2019
Follow Up	28 January 2019	Not started	9 May 2019
Health and Safety	25 February 2019	Not started	9 May 2019

## 4 OTHER MATTERS

### 4.1 Changes to the audit plan

At the request of management, we have included two additional reviews relating to 'Streetwise' and 'Contract Management – Garage and Fleet'. We have been requested to review the processes and controls in place in both these areas.

### 4.2 Quality Assurance and Continual Improvement

To ensure that RSM remains compliant with the PSIAS framework we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews being used to inform the training needs of our audit teams.

The Quality Assurance Team is made up of: Ross Wood (Manager, Quality Assurance Department) with support from other team members across the Department. All reports are reviewed by James Farnbrough as the Head of the Quality Assurance Department.

This is in addition to any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments.

### 4.3 Post Assignment Surveys

We are committed to delivering an excellent client experience every time we work with you. Your feedback helps us to improve the quality of the service we deliver to you. Currently, following the completion of each product we deliver we attached a brief survey for the client lead to complete.

We would like to give you the opportunity to consider how frequently you receive these feedback requests; and whether the current format works. Options available are:

- After each product (current option);
- Monthly / quarterly / annual feedback request; and
- Executive lead only, or executive lead and key team members.

## APPENDIX A: INTERNAL AUDIT ASSIGNMENTS COMPLETED TO DATE

Report previously seen by the Audit Committee and included for information purposes only:

Assignment	Status	Opinion issued	Actions agreed		
			H	M	L
Risk Management (1.18/19)	Final		0	0	0
Business Continuity (2.18/19)	Final		0	0	1
General Data Protection Regulations (GDPR) Governance – Post Implementation Review (3.18/19)	Final	Advisory	Seven management actions to consider		
Council Tax (4.18/19)	Final		0	0	3
Asset Investment (5.18/19)	Final	Advisory	0	0	1



## FOR FURTHER INFORMATION CONTACT

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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

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We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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# IT STRATEGY REVIEW - DETAILED FINDINGS

## Categorisation of internal audit findings

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

This report has been prepared by exception. Therefore, we have included in this section, only those risks of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Recommendation for management	Implementation date	Responsible owner
<b>Risk: The IT Strategy is not fit for purpose as department requirements have not been met.</b>								
3	<b>Monitoring</b> Monitoring of the implementation of the Strategy is performed via the progress reporting of the RBSi Programme.	Yes	No	Metrics providing Programme delivery data is reported at Performance Clinics, which we were informed is discussed as part of EMT meetings. Each service Manager will receive these statistics and should report these to EMT.  Copies of the minutes of the EMT meetings were provided to demonstrate that these discussions were taking place, but the minutes did not make it clear what discussions took place and what metrics were scrutinised.  There is a risk that the lack of reporting of key information to management could lead to delays,	Medium	EMT will have regular discussions regarding the progress of the RBSi Programme and the discussions should be supplemented with suitable reporting of key metrics. The use of 'dashboard' reports could help facilitate this. Furthermore, these discussions should be minuted to provide transparency regarding the discussions taking place and the metrics being reviewed.	30 November 2018  <u>Management Comment</u>  As above.	Executive Manager – Operations and Transformation

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Recommendation for management	Implementation date	Responsible owner
				overspend and the failure to deliver the intended outcomes i.e. a failure to deliver the Strategy fully.				

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