



# RUSHCLIFFE BOROUGH COUNCIL

## Internal Audit Progress Report

Corporate Governance Group

7 February 2019

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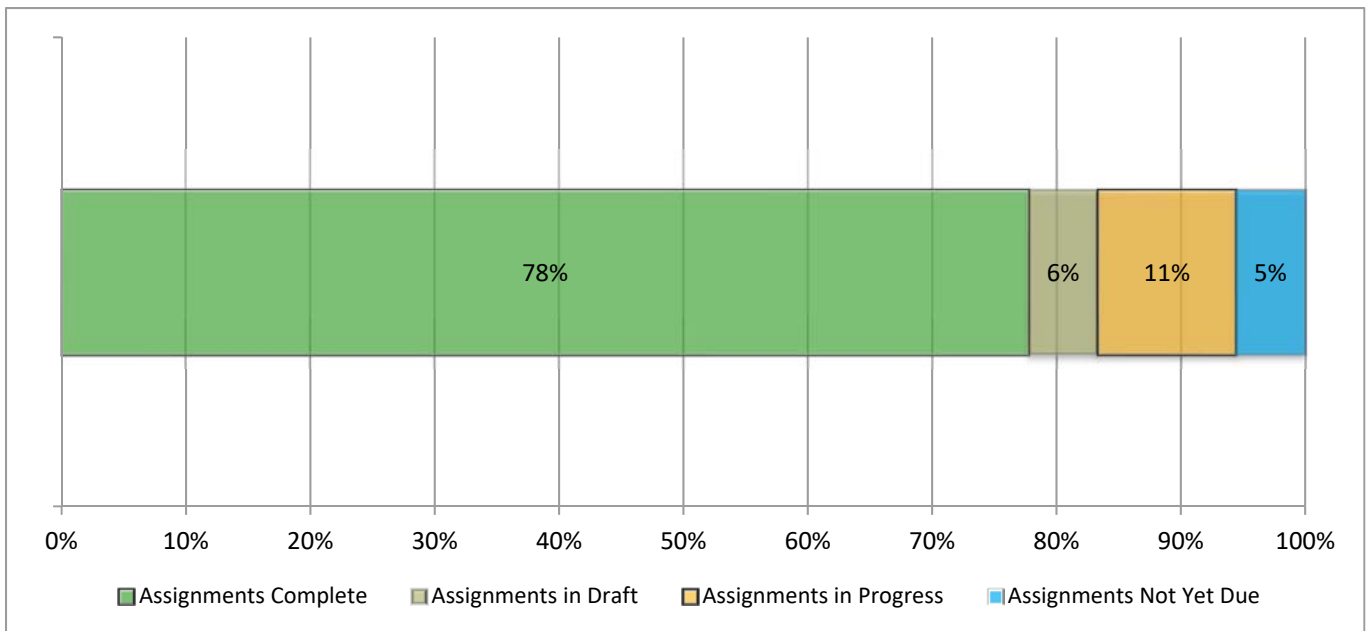


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# 1 INTRODUCTION

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
Markets (10.18/19)	Final		0	1	1
Contract Management – Garages and Fleet (12.18/19)	Final		0	0	0
Community Facilities (13.18/19)	Final		0	0	3
Contract Management – Car Parking (14.18/19)	Final		0	0	0

## 2.1 Impact of findings to date

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### **Markets (10.18/19)**

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

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

The medium priority finding relates to:

- We identified that photographs were not being deleted after receipt of the cheque was confirmed in the bank statement. This is a breach of Data Protection legislation because personal information is being retained by the Council for longer than necessary.



### **Contract Management – Garages and Fleet (12.18/19)**

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

As a result of testing, no management actions were raised from this audit review.



### **Community Facilities (13.18/19)**

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

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



### **Contract Management – Car Parking (14.18/19)**

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

As a result of testing, no management actions were raised from this audit review.

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### 3 LOOKING AHEAD

Assignment area	Audit Timing	Status	Target Corporate Governance Group meeting
Budgetary Control and Setting	7 January 2019	Draft Report Issued	7 February 2019
Safeguarding	28 January 2019	In Progress	9 May 2019
Follow Up	28 January 2019	In Progress	9 May 2019
Health and Safety	25 February 2019	Not started	9 May 2019

## 4 OTHER MATTERS

### 4.1 Changes to the audit plan

There are no changes to the internal audit plan since the previous Corporate Governance Group.

### 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
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



## 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.

Our report is prepared solely for the confidential use of Rushcliffe Borough Council, and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

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

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## 2 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 regulatory scrutiny/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, regulatory scrutiny, 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	Action for management	Implementation date	Responsible owner
<b>Risk: Losses due to fraud or error, inefficient processing or inappropriate activity.</b>								
1	<p>All cash is banked on day of receipt at the Post Office, located in Bingham Market Place and a copy of the paying in receipt, issued by the Post Office is retained in the weekly cash collection sheet.</p> <p>Any cheques received are posted to RBC, who is then responsible for receipting and banking the cheques.</p> <p>A spreadsheet based weekly cash collection sheet is maintained by</p>	Yes	No	<p>We tested every Thursday market since April 2018 (i.e. one market per week for 26 weeks) and confirmed that all markets run had weekly market cash collection sheets in place.</p> <p>All income was collected from every trader present at the market. Receipts are issued for every payment received and are consistently numbered. We also confirmed that the income summary and reconciliation are completed in full and photographic evidence of the Post Office receipt for the total amount banked is kept on file.</p>	Medium	We will ensure that all photographs of market traders cheque payments are deleted as soon as the cheque has cleared through the banking system.	30 November 2018	Property Support Officer

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
	<p>the Markets Manager and is submitted to the Council to evidence the collection and banking in the markets income. This includes details of income collected from each trader, receipt numbers issued, and a reconciliation of cash and cheques collected for banking.</p>			<p>As part of our test, we confirmed actual receipt of the cash banked at Bingham Post Office into the RBC Bank account and general Ledger.</p> <p>Any payments received by cheque are recorded on weekly cash collection sheets and these are then posted direct to the Council for receipting and banking.</p> <p>From our testing, we were also able to confirm receipt of the cheques by the Council, their banking and recording in the general ledger. The Markets Manager takes a photograph of each cheque received and sends this to the Council independently. The photograph of the cheque is a useful control to evidence that the cheque has been received in case the original cheques become lost in the post. The original cheques are posted to the Council, via the Royal Mail and are receipted and banked at the Customer Contact Centre.</p> <p>Our testing of the Weekly Cash Collection Sheets, identified that the photographs of cheques, containing customer account details and a signature; are being retained on file. Once the cheque has been banked and paid, the retention of the photograph of each cheque is unnecessary.</p>				

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				<p>There is a risk that, by retaining this personal information longer than is necessary; the Council is in breach of Data Protection legislation. Therefore, the photographs of cheques should be deleted as soon as possible, after the cheque has cleared into the Council's bank account.</p>				
2	The Markets Manager collects all stall rents from the traders on a weekly or monthly basis, according to the terms of the Traders Licence. No arrears are allowed. The rent is collected in either cash or cheques and a consecutively numbered receipt is issued in exchange for the rent paid.	Yes	No	<p>From our testing, we identified that receipt number 25320 had not been issued to any trader and was unaccounted for. Our testing confirmed that receipts issued 28/06/18 correctly ended with receipt number 25319 and that the receipts issued on 05/07/18 started with receipt number 25321. If a receipt cannot be accounted for, there is a risk that any cash collected using that receipt could be misappropriated.</p> <p>Therefore, all receipts should be accounted for and any receipts that are spoiled or otherwise not used, should be recorded on the weekly cash collection sheets, with a suitable explanation provided.</p>	Low	We will ensure that the Markets Manager is instructed to account for any spoiled or missing receipts and will record on the relevant weekly collection record, the numbers of any spoiled receipts. This will ensure that every receipt is accounted for.	31 December 2018	Property Support Officer