



# RUSHCLIFFE BOROUGH COUNCIL

## Internal Audit Progress Report

Governance Scrutiny Group

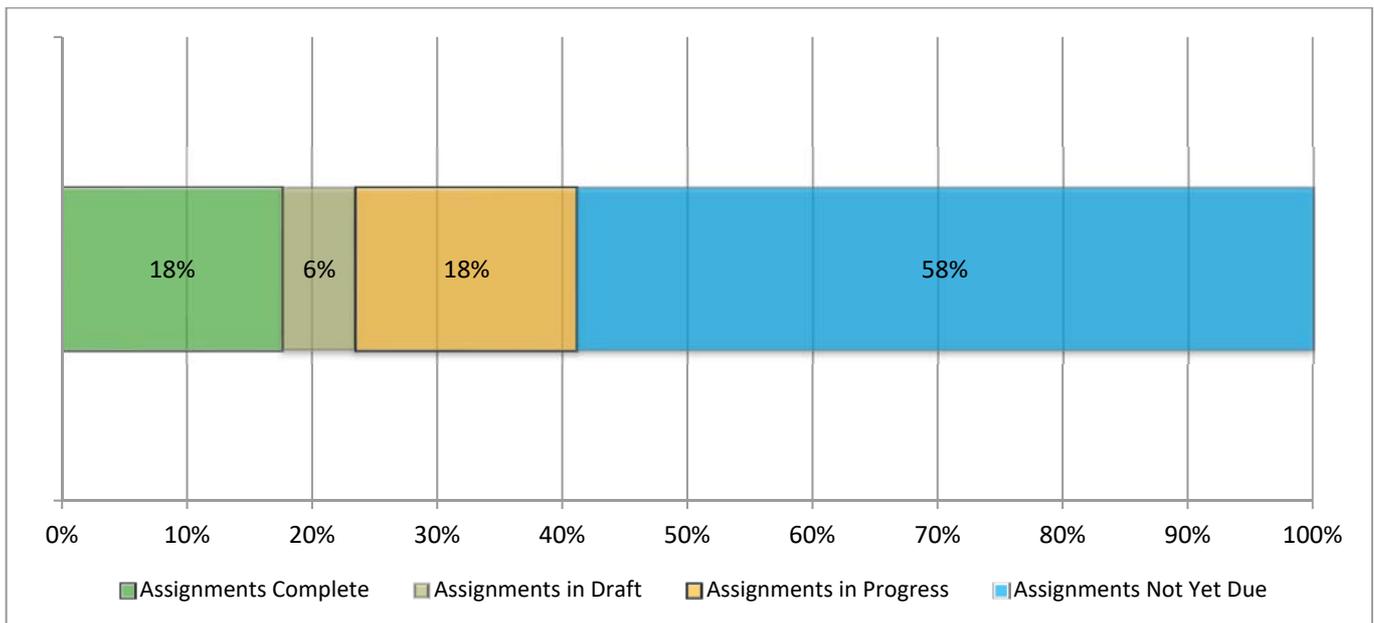
23 July 2019

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# 1 INTRODUCTION

The Internal Audit Plan for 2019/20 was approved by the former Corporate Governance Group on 7 February 2019. 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 GOVERNANCE SCRUTINY GROUP

The Executive Summary and Key Findings of the assignment below is attached to this progress report.

Assignments	Status	Opinion issued	Actions agreed		
			H	M	L
Disabled Facilities Grants (1.19/20)	Final		0	1	4
Corporate Governance (2.19/20)	Final		0	0	1
Housing Benefits (3.19/20)	Final		0	0	1

## 2.1 Impact of findings to date

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### **Disabled Facilities Grants (1.19/20)**

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

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

The medium priority finding relates to:

- For a sample of 20 DFG works undertaken during the last year it was noted that in seven cases the costs of the works were greater than £5k, however, notification was not sent to the Business Support Unit to register a land charge on the Total Land Charges Register.



### **Corporate Governance (2.19/20)**

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

As a result of testing, one 'low' priority management action was identified, and this was agreed by management.



### **Housing Benefits (3.19/20)**

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

As a result of testing, one 'low' priority management action was identified, and this was agreed by management.

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### 3 LOOKING AHEAD

Assignment area	Timing per approved IA plan 2019/20	Status
Building Control	Quarter 3	Draft Report Issued
Land Charges	Quarter 2	In Progress
Treasury Management, Cash and Banking	Quarter 2	In Progress
Fraud – Annual Report	Quarter 4	In Progress
Business Support Unit	Quarter 1	Not Yet Due – moved to Quarter 2
Insurance	Quarter 2	Not Yet Due
Creditors and e-Procurement	Quarter 2	Not Yet Due
Enforcement – Statutory Nuisance	Quarter 3	Not Yet Due
Garden Waste	Quarter 3	Not Yet Due
Payroll	Quarter 3	Not Yet Due
IT	Quarter 3	Not Yet Due
Main Accounting	Quarter 4	Not Yet Due
Property Leases / Rent	Quarter 4	Not Yet Due
Follow Up	Quarter 4	Not Yet Due

## 4 OTHER MATTERS

### 4.1 Changes to the audit plan

There have been no changes made to the Internal Audit Plan.

### 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 Farmbrough 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.

## FOR FURTHER INFORMATION CONTACT

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This report is solely for the use of the persons to whom it is addressed. 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.

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.

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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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## DISABLED FACILITIES GRANTS - 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
5	A land charge is placed on the property register to ensure that any DFG costs between £5k and £10k on applicant owner properties can be clawed back if the property is sold within 10 years.  The Principal Officer (Food, Health and Safety and Housing) is responsible for notifying the Council's Business Support Unit of the land	Yes	No	Of the 20 DFG applications tested, it was established that in seven cases the properties were owned by the applicants and the costs were greater than £5k.  A review of the Total Land Charges (TLC) Register established that in all seven cases the Business Support Unit who are responsible for updating the TLC Register had not been notified to	Medium	a) The process of notifying the Business Support Unit to update the Total Land Charges database has been reviewed and changed as from April 2019.  From April 2019, once the final payment has been made for the Disabled Facilities Grant works, the designated member of staff responsible for land charges will be notified by designated member of staff responsible for processing the invoices for payments to the contractors to	30 April 2019	Business Support Unit

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
	charges to be placed on the property register soon after the works have been completed and the payment of the grant has been made.			<p>register the land charges on the TLC Register.</p> <p>Due to changes in staff in the Business Support Unit we were not able to establish the last time, notification was received regarding placing a land charge on the TLC Register for Disabled Facilities Grants.</p> <p>Where the TLC Register is not updated with the land charges, there is a risk that inaccurate information may be provided to solicitors and may also result in a financial loss to the Council.</p>		<p>update the Total Land Charges Register.</p> <p>b) A review will be undertaken:</p> <p>i) To establish when the Business Support unit were last notified of any applicable land charges in relation to Disabled Facilities Grants;</p> <p>ii) To identify any cases where the Disabled Facilities Grants paid were greater than £5k and the Business Support Unit have not been notified; and</p> <p>iii) The cases identified will be notified to Business Support Unit for inclusion on the Total Land Charges Register.</p>		Principal Officer (Food, Health and Safety and Housing)