



RUSHCLIFFE BOROUGH COUNCIL

Internal Audit Progress Report

Governance Scrutiny Group

17 September 2019

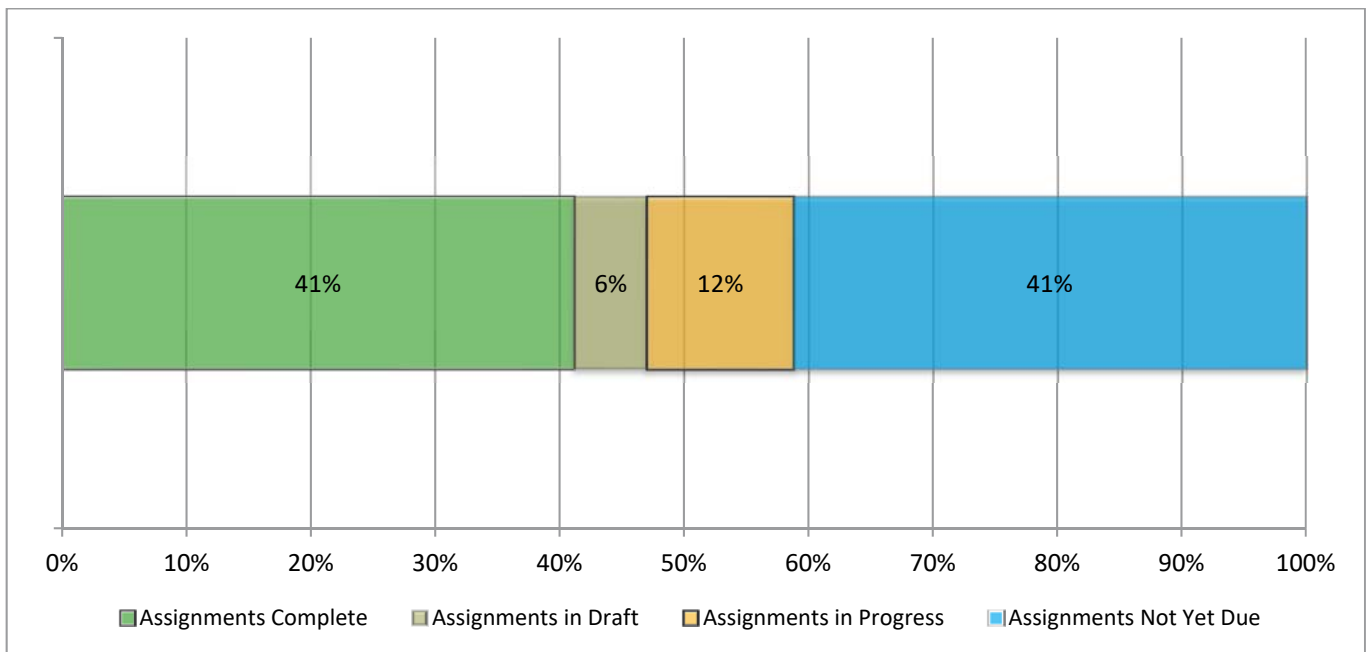


CONTENTS

1	Introduction.....	2
2	Reports considered at this Governance Scrutiny Group	3
3	Looking ahead.....	5
4	Other matters	6
	Appendix A: Internal audit assignments completed to date	7
	For further information contact	8

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
Building Control (4.19/20)	Final		0	3	3
Treasury Management, Cash and Banking (5.19/20)	Final		0	0	0
Land Charges (6.19/20)	Final		0	0	1
Annual Fraud Review	Final	Advisory *			

* A review of the Council's Fraud Annual Report was undertaken and suggestions were provided to management to consider when finalising its Fraud Annual Report.

2.1 Impact of findings to date



Building Control (4.19/20)

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

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

The medium priority findings relate to:

- The contract between South Kesteven District Council, Rushcliffe Borough Council and Newark and Sherwood District Council for the provision of Building Control services was put into place in 2015 for the period 1 April 2016 and 31 March 2019. The deed of variation to this contract is yet to be signed by the contracting parties.
- For the same sample of 20 applications it was identified that: in one case a receipt could not be located on file; and in nine cases the acknowledgement could not be located on the file.
- For the same sample of 20 applications, testing identified that: in one case the completion certificate was not maintained on file; in one case the Surveyor had recorded onto Uniform that a completion certificate was issued however a copy was not found on file; and in one case on a final inspection extra works were identified and as a result a completion certificate was not issued to the applicant at the time. However, at the time of the audit the application was recorded on Uniform as completed and no evidence could be located on the file to confirm that a further inspection and been carried out and a completion certificate had been issued.



Treasury Management, Cash and Banking (5.19/20)

Conclusion: Substantial Assurance

Impact on Annual Opinion: Positive

Following completion of this audit, we did not consider it necessary to raise any management actions.



Land Charges (6.19/20)

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.

3 LOOKING AHEAD

Assignment area	Timing per approved IA plan 2019/20	Status
Insurance	Quarter 2	Draft Report Issued
Creditors and e-Procurement	Quarter 2	In Progress
IT	Quarter 3	In Progress – revised date agreed with management
Business Support Unit	Quarter 1	Not Yet Due – revised date agreed with management
Enforcement – Statutory Nuisance	Quarter 3	Not Yet Due
Garden Waste	Quarter 3	Not Yet Due
Payroll	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.

APPENDIX A: INTERNAL AUDIT ASSIGNMENTS COMPLETED TO DATE

Report previously seen by the Governance Scrutiny Group and included for information purposes only:

Assignment	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

FOR FURTHER INFORMATION CONTACT

Chris Williams, Head of Internal Audit

chris.williams@rsmuk.com

Address:

RSM Risk Assurance Services LLP
Suite A, 7th Floor
City Gate East
Tollhouse Hill
Nottingham NG1 5FS

Phone: 01159 644450
Mobile: 07753 584993

rsmuk.com

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.

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.

RSM Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.

BUILDING CONTROL - 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 areas 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
-----	---------	-------------------------	------------------------	---------------------------------	----------	-----------------------	---------------------	-------------------

Area: Contractual Agreement

1	Contract is in place and signed by both Rushcliffe Borough Council and South Kesteven District Council and records the services to be provided by South Kesteven District Council.	Yes	No	<p>A Building Control Contract is in Place. The contract is between South Kesteven District Council, Rushcliffe Borough Council and Newark and Sherwood District Council and is for period 1 April 2016 to 31 March 2019.</p> <p>A deed of variation has been prepared by the South Kesteven District Council Legal Team and the document states that:</p> <p><i>“This Agreement shall come into force on the Commencement Date and shall continue until 31 March 2020 or until terminated in accordance with the provisions of this Agreement.”</i></p>	Medium	<p>South Kesteven District Council and Rushcliffe Borough Council</p> <p>There have been delays in Legal in preparing the deed of variation by the South Kesteven District Council Legal Team.</p> <p>The deed of variation extending the Building Control Contract for another year to 31 March 2020 has now been prepared and will be signed and dated by all contracting parties (South Kesteven District</p>	31 July 2019	<p>EMBC</p> <p>Building Control Lead Officer - Building Control (Shared Services)</p>
---	--	-----	----	--	--------	---	--------------	---

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				<p>It was however noted that the deed of variation has as yet to be signed by the contracting parties (South Kesteven District Council, Rushcliffe Borough Council and Newark and Sherwood District Council).</p> <p>There is a risk that in an event of a dispute or query the Council may not have a recourse.</p>		Council, Rushcliffe Borough Council and Newark and Sherwood District Council) as soon as possible.		

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
Area: Processing of Applications								
4	Payments are received and receipted in a timely manner. A written acknowledgement is issued to applicants following validation, registration onto the Uniform system and receipt of the correct fee.	Yes	No	<p>EMBC</p> <p>For the same sample of 20 applications testing confirmed that:</p> <p>a) In 19 cases on receipt of the fees a receipt was issued to the applicant and a copy was maintained on file. However, in one case the receipt could not be located on file.</p> <p>There is a risk that the applicant may not be aware of the fees being received by the Team.</p> <p>b) In all cases the validity code for the application was recorded on Uniform.</p> <p>c) In nine cases it could not be confirmed that a written acknowledgement was issued to applicants as a copy could not be located on the file.</p> <p>There is a risk that applicant may not be aware of the application and the fees being received by the Team.</p>	Medium	<p>EMBC</p> <p>Staff will be reminded by email to ensure that:</p> <p>a) A copy of the receipt is maintained on file with the application.</p> <p>b) A written acknowledgement is issued to applicants following validation, registration onto the Uniform system and receipt of the correct fee.</p>	31 July 2019	EMBC Building Control Lead Officer - Building Control (Shared Services)
6	Upon satisfactory completion of works, a Completion Certificate is issued to the applicant signed off by authorised officers (Assistant Director, Commercial and Operational and an	Yes	No	<p>EMBC</p> <p>For the same sample of 20 applications testing confirmed that:</p> <p>a) In one case the completion certificate could not be located on file.</p> <p>b) In one case the notes states a copy of the completion certificate was issued however a copy of the</p>	Medium	<p>EMBC</p> <p>Staff will be reminded by email to ensure that a copy of the certificate issued to the applicant is maintained on file.</p>	31 July 2019	EMBC Building Control Lead Officer - Building Control (Shared Services)

Ref	Control	Adequate control design	Controls complied with	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
	authorised officer (Surveyor).			<p>completion certificate could not be located on file.</p> <p>c) In one case on final inspection extra works were identified and notified to the applicant and a completion certificate was not issued. It was however noted that the application was recorded as “completed” on Uniform.</p> <p>There is a risk that in event of a query the Council may not be able to evidence that a completion certificate was issued.</p>				