



Governance Scrutiny Group

Thursday, 6 February 2020

Internal Audit Strategy 2020-2023

Report of the Executive Manager - Finance and Corporate Services

1. Purpose of report

- 1.1. The Internal Audit contract was due for renewal during 2019/20 and a procurement exercise was undertaken in conjunction with Gedling Borough Council. The Council's current internal auditors, RSM, were unsuccessful in this process and the contract was awarded to BDO who scored highly against all cost and quality indicators.
- 1.2. This report focuses on the three-year Internal Audit Strategy as a result of discussions with BDO and senior officers. This is included at Appendix A for consideration. This combines audits from the previous strategy (taking place in years two and three) as well as a number of new audits which have been introduced to increase the robustness of the Council's processes and provide additional assurance to the Governance Scrutiny Group.
- 1.3. A member of the BDO internal audit team will attend the meeting to introduce the company, present the report and answer any questions the Group may have.

2. Recommendation

It is RECOMMENDED that the Governance Scrutiny Group approve the Internal Audit Strategy 2020-2023.

3. Reasons for Recommendation

- 3.1. To conform with best practice and Public Sector Internal Audit Standards; and give assurance to the Corporate Governance Group regarding the Council's internal control environment.

4. Supporting Information

- 4.1. The Council's internal auditors, BDO, have compiled an Audit Strategy for the 2020 to 2023 period. This has been discussed and agreed with senior officers of the Council. This is included at Appendix A for information. Ten audits are planned for 2020/21 totalling approximately 150 days and covering a number of the Council's key processes and systems. These include:

- Budget Management and Reporting

- Licensing
- Markets
- Pest and Dog Control

4.2. There will also be a follow-up audit of recommendations made in previous years but not yet implemented to ensure that audit recommendations are being complied with by officers.

4.3. There are four questions to assist the Group in their consideration of the audit plan. These are:

- Is the Group satisfied that sufficient assurances are being received within their annual plan to monitor the Council's risk profile effectively?
- Does the strategy for internal audit cover the Council's key risks as they are recognised by the Group?
- Are the areas selected for coverage this coming year appropriate?
- Is the Group content that the standards within the charter (as set out in Appendix 1) are appropriate to monitor the performance of internal audit?

4.4. BDO LLP was awarded this contract, in part, due to their competitive audit fee. The confirmed fee for 2020/21 is £53,250 (excluding VAT) or £52,185 if the Council chooses to pay upfront the fee for the year, which it is planning on doing.

5. Risks and Uncertainties

5.1. There are no risks directly attributable to the report although the nature of the internal audit service and the audit plan helps manage risk. The audit fees are always subject to risk in terms of if an internal control weakness is identified fees can potentially exceed the budget or work may take less time than planned (ie there is both upside and downside risk).

6. Implications

6.1. Financial Implications

The audit fee relating to the costs of the audit work is included within existing budgets.

6.2. Legal Implications

None

6.3. Equalities Implications

None

6.4. Section 17 of the Crime and Disorder Act 1998 Implications

None

7. Link to Corporate Priorities

Quality of Life	None
Efficient Services	Undertaking a programme of internal audit ensures that proper and efficient services are delivered by the Council.
Sustainable Growth	None
The Environment	None

8. Recommendations

It is RECOMMENDED that the Governance Scrutiny Group approve the updated Internal Audit Strategy and detailed Audit Plan 2020 to 2023.

For more information contact:	Peter Linfield Executive Manager - Finance and Corporate Services Tel: 0115 9148439 plinfield@rushcliffe.gov.uk
Background papers available for Inspection:	None
List of appendices:	Appendix A – Internal Audit Strategy 2020-2023 Appendix 1 – BDO Audit Charter