APPENDIX

RUSHCLIFFE BOROUGH COUNCIL

PROPOSED STRATEGIC AND ANNUAL OPERATIONAL INTERNAL AUDIT PLAN AND CHARTER

Strategic	2020-2023
Annual Operational	2020-2021

IDEAS | PEOPLE | TRUST

BDO

INTERNAL AUDIT STRATEGIC PLAN 2020 - 2023
Risk based plan

One of our 3 core aspects of our proposal is that **we deliver a risk based plan**. We believe there is no stronger evidence of this then the tailored plan we have devised for you. We see this plan as a demonstration of our commitment to the Council and if selected as your preferred supplier we would immediately engage with you and build strong relationships as set out in our proposal. This process would further refine the plan to ensure that it fully meets the needs of the Council.

Introduction

Our role as internal auditors is to provide independent, objective assurance designed to add value and improve your performance. Our approach, as set out in the Firm's Internal Audit Manual, is to help you accomplish your objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Our approach complies with best professional practice, in particular, Public Sector Internal Audit Standards.

Internal Audit at Rushcliffe Borough Council

In producing the internal audit plan for 2020-23 we would seek to further clarify our initial understanding of the Council together with its risk profile in the context of:

- The overall strategy and objectives of the Council

- The key areas where management wish to monitor performance and the manner in which performance is measured

- The financial and non-financial measurements and indicators of such performance

- The key challenges facing the Council.

INTERNAL AUDIT STRATEGIC PLAN 2020 - 2023
Risk based plan

Background

Our risk based approach to Internal Audit uses the Council's own risk management process and risk register as a starting point for audit planning as this represents the Rushcliffe Borough Council's own assessment of the risks to it achieving its strategic objectives.

The extent to which we can rely on management's own perception of risk largely depends on the maturity and effectiveness of the Council's own risk management arrangements. In estimating the amount of audit resource required to address the most significant risks, we have also sought to confirm that senior management's own assessment of risk accurately reflects Rushcliffe Borough Council's current risk profile.

Planned approach to internal audit 2020/21

The indicative Internal Audit programme for 2020/21 is shown on the next page, with an indicative strategic plan for 2020/21 to 2022/23 shown on the pages subsequent to that. We met with the senior management from the Finance team in order to bring together a full plan which will be presented at the February 2020 Governance Group. We will keep the programme under continuous review during the year and will introduce to the plan any significant areas of risk identified by management during the period.

The plan is set within the context of a multi-year approach to internal audit planning, such that all areas of key risks would be looked at over a three year audit cycle. In setting the number of days in the plan we have assumed that the control environment within the Council will improve as we work with you to address the issues you have.

Individual audits

When we scope each review, we will reconsider our estimate for the number of days needed to achieve the objectives established for the work and to complete it to a satisfactory standard in light of the control environment identified within the Council. Where revisions are required we will obtain approval from the appropriate Executive Director prior to commencing fieldwork.

In determining the timing of our individual audits we will seek to agree a date which is convenient to the Council and which ensures availability of key management and staff.

Variations to the Plan

We review the three year strategic plan each year to ensure we remain aware of your ongoing risks and opportunities. Over the coming pages we have mapped your key risks along with the audit work we are undertaking, demonstrating we are focussing on your most important issues.

As such our strategic audit programme follows the risks identified during our planning processes and confirmed via discussions with the Executive Directors.

INTERNAL AUDIT STRATEGIC PLAN 2020 - 2023
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Area	2020/21	Focus Area	Indicative Date
1. Events, Social Media and Communications	12	Strategic Risk and Internal Control	Q1
2. Budget Management and Reporting (high level)	12	Strategic Risk and Internal Control	Q3
3. Cyber	15	Strategic Risk and Internal Control	Q2
4. Retention & Recruitment	12	Strategic Risk and Internal Control	Q2
5. Main Financial Systems inc. Payroll, Ctax/NNDR and Treasury Management	22	Internal Control	Q3
6. Licensing	13	Internal Control	Q4
7. Markets	13	Internal Control	Q1
8. Country Parks Income inc. Lark in the Park		Internal Control	Q2
9. Pest and Dog Control		Internal Control	Q1
10. Fraud Report	12	Strategic Risk and Internal Control	Q4
Management Time	7	All	Q1 – Q4
Follow-up	7	All	Q1 – Q4
Grand total	**150**		

INTERNAL AUDIT STRATEGIC PLAN 2020 - 2023

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Audit Area, Vision and Corporate Risk	Year 1	Year 2	Year 3	Risks Identified	Description of Review	Value BDO will add
1. Risk Management Efficient Services CRR_FCS05 Revaluation of major business rate payer CRR_FCS07 Central Government policy changes		12		1. Our sector experience informs us that risk management is generally weaker in local authorities compared to other parts of the public sector 2. We have identified risks which are similar/repetitive in your corporate risks especially around data – this is not necessarily wrong but we would want to understand your framework more to unpick whether this approach facilities strong and robust discussions	• Use our Risk Maturity Toolkit to advise where the Council sit in terms of risk management on a five-point scale from Naive to Enable • Assess how the Council system is used and if risks are engaged with well and updated effectively to manage and mitigate risks • Interview key personnel involved in the process	A member of our Team, Charlotte Thomas, has also supported the process of risk management at the London Borough of Southwark 1 day a week. This involved ensuring risk management connects across the Council and support the delivery of training. This significant experience will be brought to this review.
2. Corporate Governance Efficient Services CRR_FCS05 Revaluation of major business rate payer CRR_FCS07 Central Government policy changes		**12**		1. Major risk to all authorities given the importance of good governance and greater challenges and scrutiny placed on governance decisions within the Council and by the public nationally 2. The above risk will increase as Councils become, as you are, more commercial and face greater financial challenges	• Review the Governance structure and ensure that this is operating reasonable against CIPFA Good Governance Code • Assess the SIP Plans in place and if these are developed and managed effectively • Review the process to identify performance measures and test the data which feeds into them • Observe the meetings where performance is discussed and assess if this is effective • Interview key personnel involved in the process • Assess whether reporting is frequent, comprehensive and effective to identify performance issues and focus actions to mitigate risks.	We have supported Councils in their presentation and reporting of performance information to make more effective to support decision making i.e. is it summarising the most useful information in the right way at the right time? The Engagement Leader is an acknowledged specialist in LG corporate governance. We will share this knowledge with you to support any enhancement in your processes.
Total	-	24	-			

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3. Budget Management and Reporting Efficient Services CRR_FCS22 Uncertainty around Government funding and changes to the business rates system with a one-year financial settlement CRR_FCS21 Inflationary pressures, volatility over budgets OR_FCS06 Failure to manage and monitor budget CRR_FCS10 Inflationary pressures	12			1. Forecast level of general balances of £2.6m throughout the 5 year strategy, with confirmation that the minimum level of general balances should not fall below £1.25m Council's Revenue Support grant has reduced by 100% by 2019/20 to zero	We will review the Council's budget monitoring protocols focussing on the efficiency programme and focus on whether discussions are happening at the right frequency, with the right people and with good discussion and clear actions set. Furthermore our sample testing will assess the approval of virement, how concerns are escalated and how these feed into the budget monitoring which is reported to management.	The Engagement Senior Manager and Senior will attend at least 5 budget monitoring meetings to listen into discussions and then hold open discussions afterwards to understand the effectiveness of the meeting. We will then facilitate a round-table discussion with Finance Budget Managers and Service Area Managers to discuss themes identified and generate agreed improvements moving forward. Therefore this review will go well beyond a desktop exercise. The Senior Manager in October 2019 presented to the Homes Counties Audit Group on what the challenges with transformation or efficiency programmes are – he will bring these lessons learned to the review.
4. Cyber Efficient Services CRR_TR16 Threat of major successful cyber-attack	15			1. National risk to all Councils especially post WannaCry 2. A wider table top exercise is also being planned to take place in January/February 2020 to discuss the Councils response to a cyber attack	• Review overall approach to Cyber including how systems are identified and prioritised • Review overall Security Policies, risk identification and management • Assess connections and reliance on third-parties and how exposure is managed • Review how staff are trained and supported as they are the gate keeper to cyber risks • Assess technology and tools in place to identify and mitigate cyber risks • Assess response management procedures.	As a firm we offer Cyber Training to Members where other Members/Non-Executives are given free training and support on the questions they should ask of their organisations – we will offer this to the Council also.
Total	**27**	**-**	**-**			

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5. Fraud Report Efficient Services CRR_FCS03 Failure to prevent or detect fraud and corruption	12	12	10	1. Risk to all Councils and identified as a corporate risk 2. This includes corporate fraud and benefits fraud 3. Council take part in NFI 4. CIFAS reporting in 2019 the rise of local authority fraud and lack of identification across the sector	• Review of the strategy in place and challenging how this was formed • Comparison to our understanding of the Council's activities and emerging risks we see across the public sector • Interview key personnel lead specialists to understand how they identify and mitigate fraud risks	We have a specialist counter fraud team within BDO who are qualified counter fraud specialists. They will support this review and share their expertise with our internal auditors.
6. Project Management Efficient Services and Sustainable Growth CRR_FCS20 Failure to properly manage and deliver significant projects			12	1. Projects are managed locally by managers which could cause inconsistencies with delivery 2. Projects are a large cost so hold financial and reputational risks	• Review Project Management Framework and assess whether this is widely circulated to project managers Review the Bingham Leisure Centre and Crematorium projects specifically • Review minutes of oversight groups and reporting mechanisms	We will deploy a PRINCE2 qualified consultant to undertake this work. We have undertaken such reviews at many public sector organisations and are familiar with manual and system software which support the process. Our approach will compare your approach to PRINCE2 methodology and whether it is working in reality.
Total	**12**	**12**	**22**			

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7. Business Continuity and Disaster Recovery Efficient Services CRR_NS10 Failure of business continuity CRR_NS11 Ineffective emergency planning arrangements CRR_TR14 Short term loss/failure of main ICT systems CRR_TR12 Long term loss/failure of main ICT systems		**12**		1. Departmental arrangements being reviewed and revised currently and expected to be updated in 2020 2. Identified as key corporate risk across 4 different areas which spans Council arrangements and those with partners such as local resilience forum	Review Council arrangements for the overall Business Continuity and Disaster Recovery Plan. This includes how this Plan interacts with local service plans and whether there is adequate oversight that these all remain up-to-date, regularly assessed and/or tested via desktop scenarios or live testing. A critical review will be on where arrangements link to supplier system arrangements and the strength of these	We have conducted numerous such reviews and will deploy our specialist, Chris Culbert. Most recently this was performed at Rushcliffe Borough Council which has led to significant re-focussing on this area and development of up-to-date Plans and testing supported by a strong follow-up and regular reporting to Committee to give assurance on progress.
Total	**-**	**12**	**-**			

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8. GDPR Efficient Services CRR_TR13 Loss or compromise of sensitive data CRR_TR21 Failure to comply with the Data Protection Act CRR_TR22 Loss or compromise of confidential or restricted information or data		12		1. National risk to all Councils 2. Timely review to assess the embeddedness of GDPR post previous Internal Audit reports	We will assess whether your GDPR readiness arrangements are sound vs. the ICO requirements. There will then be a significant focus on how the Council ensure they are compliant which will include sample testing data from different parts of the Council to ensure it is now compliant. We will also assess the arrangements in place to ensure there is sufficient staff capacity to meet requirements, how reporting is effective and how lessons learned are shared to ensure good/poor practice is promoted/stamped out.	We will deploy our IT auditor who is a specialist in this area having undertaken numerous GDPR readiness reviews supporting Councils around the country on their arrangements to be prepared. We know what good looks like and once the new arrangements are in place we will involve our specialist to assess your compliance and any key weaknesses and exposures and how these can be managed. Councils may struggle with new requirements and we will have immediate access to the national mood/position on this area and will regularly liaise with your staff to share knowledge.
9. Community Facilities Efficient Services CRR_FCS01 Failure to properly deal with community governance review legislation, Community Right to Challenge, and nominations for assets of community value		10		1. Currently undergoing a scrutiny review into the area	• Review the level of information provided to the scrutiny group and the effectiveness of the discussions via a review of minutes • Interview members of the Communities Scrutiny Group to ascertain their views on the effectiveness of the review into community facilities	BDO have completed a number of reviews around the effectiveness of a monitoring group, including a review into the Senior Management team at Northampton Borough Council and governance reviews at numerous National Governing Bodies.
Total	-	22	-			

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10. Contract Management & Procurement Efficient Services CRR_TR09 ICT supplier goes out of business OR_NS29 Lack of or inappropriate monitoring of the Council's contracts in place			18	1. Critical area to demonstrate value for money	Contract: • Review will look directly at the contract management processes in place for two of the largest contract the Council has, Streetwise Environmental Ltd, whom they paid c£425k in Q2 of 2019/20; and, Lex/Parkwood Leisure Ltd who they paid c£16.5k in Q2 of 2019/20. For these two contracts we will review the procurement process and how this followed through into the contract management • Review contract management meetings and interview key stakeholders • Review contracts in place and whether they are approved and complied with • Observe contract management meetings and assess if these are effective Procurement: • Review procurement exercises vs. protocols for compliance • Review the Strategy vs. progress and reporting • Review counter fraud controls in process for adequacy Review communication channels with the external procurement advisers, Welland Procurement	We can compare the Strategy to other Councils to identify other practices or enhanced practices to drive improvement. We have completed contract management reviews at several other local authorities and will draw on our experience into this review.
Total	**-**	**-**	**18**			

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11. Environment Environment CRR_NS08 Failure of internal health and safety compliance or enforcement of health and safety OR_NS06 Lack of knowledge of contaminated land			12	1. Some Councils have declared climate emergencies and this trend is expected to continue raising the profile nationally which in turn raises the scrutiny placed on all organisations 2. Introduction of the Environment Bill	• Review of all Council policies and overall strategies to set, approve and achieve environmental aims • This will include interviewing key stakeholders and Members who may champion this area • Compare your arrangements to other local authorities • This will be an assessment of certain areas in a deeper dive way i.e. how you think about staff and supplier impacts on the environment and improve your arrangements to achieve a more environmentally friendly outcome in your area • Assess your corporate reporting in this area and how this is owned, monitored and actioned • Assess the preparation for the Environment Bill and the strategy in place to ensure compliance with it	We work with Rushcliffe Borough Council who have declared a climate emergency and are undertaking a review in this area in 2019-20. We would share their arrangements with you to see where ideas they are pursuing could be brought into your authority to help improve your control environment where applicable.
Total	**-**	**-**	**12**			

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12. Health and Safety Quality of Life CRR_NS09 Unforeseen incidents happening at public events CRR_NS08 Failure of internal health and safety compliance or enforcement of health and safety OR_TR04 Failure to manage legionella issues OR_TR05 Failure to manage asbestos in buildings under our control			12	1. Heightened risk due to significant cases of public properties subject to fire 2. Health and safety in the workplace and outside the workplace is more challenging with agile working	• Review Health and Safety Policies – how these were produced, what do they cover, were they approved and do staff understand them • Assess training in this area and whether arrangements are effective • Review how incidents are reported and then managed/escalated • Assess how sites are maintained to ensure they are safe. This includes Council offices and Council housing properties • Assess performance indicator information and reporting to management groups who assess this. We will review minutes and interview key stakeholders • Understand and assess how the Council assess contractor risks in this area	Our auditor proposed, Pavan Mohan, has undertaken 3 reviews of health and safety in the last 6 months across the sector. As part of this she has worked with our wider BDO colleagues to compare arrangements to best practice and from the Institute of Safety and Health (IOSH) which is a BDO internal audit client. We would do the same with you and use the wealth of knowledge we have with highly experienced staff to assess your arrangements and drive improvements in your control environment. With regards to the mandatory training finding raised previously we would want to conduct data analytics on the mandatory training figures to assess the whole population. We also do not believe the report you received gets to the root cause – we will understand this as part of our follow-up to improve the control environment.
Total	**-**	**-**	**12**			

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13. Channel Shift Quality of Life CRR_FCS11 Increased demand for services			12	1. Critical focus for many local authorities to meet customer expectations but also achieve efficiency savings 2. There is an elderly population in Rushcliffe so there needs to be sufficient customer service points to serve the satisfaction of residents	This will be a review of documentation related to the channel shift agenda, including strategies, performance frameworks, activity and financial data, reports to councillors and funding bids for channel shift projects. We will also review the Digital strategy in terms of Channel Shift and whether progress against projects is captured, monitored and reported correctly. This will encompass the effectiveness of communication between the Customer Services and the IT teams. A critical challenge with channel shift is assessing effectiveness as identifying savings can be difficult so the review will focus on the source data which feeds into reports and its accuracy and completeness.	Our staff have conducted with the Engagement Senior Manager a Channel Shift review at numerous Councils. We can quickly benchmark the practices of the Council against others and identify areas for improvement or enhancement based on current practices.
14. Safeguarding Quality of Life CRR_CO03 Failure to safeguard children and vulnerable adults			10	1. Key risk area within Council employees and with greater risks around Child Sexual Exploitation nationally	Review to identify how the Council identifies all roles and activities which may have impact on safeguarding concerns. From here to assess the controls around training and re-training and different levels of training depending on the type needed. Assess governance arrangements, who attends and how decisions and actions are taken to ensure safeguarding is appropriate. Review relationship with section 11 forms and reporting to Adult and Childrens Safeguarding Boards i.e. representatives.	We have undertaken numerous such reviews and this has included supporting Councils to improve training compliance and deep diving into root causes of where non-compliance happens how it can improve. We work with all tiers of local government and parts of the NHS and therefore understand the importance of working with stakeholders.
Total	**-**	**-**	**22**			

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15. Events, Communications incl. Social Media Quality of Life CRR_NS08 Failure of internal health and safety compliance or enforcement of health and safety OR_FCS10 Reputational risk to the Council following adverse media coverage	12			1. Using more social media to raise awareness of facilities available on Council website and for the community generally	• We will identify all your social media forums and review them from a customer perspective i.e. how are customers and the public communicated to, how frequently and how effectively • We will compare your arrangements to other local authorities and suggest practical and appropriate improvements to help you maximise the technologies of social media	BDO have previously done a national thought leadership piece of social media use in the public sector. We have built on this knowledge and have access to the latest ideas/techniques used by organisations and senior personnel to achieve the potential that social media can yield. We would share these ideas with you.
16. Waste and Recycling Environment OR_NS02 Disruption and lack of fuel preventing collection of domestic waste OR_NS06 Lack of knowledge of contaminated land			12	1. Rushcliffe council Recycling2Go teams have moved into the same depot as Nottingham staff 2. Important area which impacts the reputation of the Council given the public interaction in the service 3. Green waste collection accounted for £3 million of income in 2018/19	• Review reporting and governance around bin collection as a whole • This includes assessing the validity of data collected and reported through to the Finance and Performance Committee • Assess how bin rounds, staffing and weather challenges are managed and escalated as necessary • Review customer satisfaction arrangements • Understand and assess arrangements to pick up complaints and action these and also Member concerns picked up from residents/Surgeries they hold. • Review income collection and reconciliation procedures for green wasted collection	We will compare your arrangements to other Council's and identify differences whether practices may be more enhanced or stronger to drive value in the operations you have in place.
Total	12	-	12			

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17. Housing Benefits Quality of Life and Efficient Services OR_FCS07 Lack of implementation of financial controls		**12**		1. Universal credit has been referred by Government however still uncertainty over the programme and what this means	• Assessment of benefit cases against evidence retained on systems • Work closely with external audit and understanding any risks/concerns they may have raised in their review of your benefit claim • Review your processes around staff capacity and capability and structure to reduce processing times • Assess reporting information in this area and how local operational and senior strategic teams assess performance and whether information reporting is robust and effective to make improvements	We have worked closely with Councils who have had to return large amounts back to Government due to failures identified in their subsidy returns (c.£300k). As part of this with one Council we compared their arrangements to others across how they identify possible cases which may be non-compliant and be local authority error cases in the future and the controls they have in place. We can share this information with you and techniques they use.
18. Homelessness & Temporary Accommodation Quality of Life OR_NS20 Significant malfunction of core services/security risk at Council's temporary accommodation premises		**12**		1. Joint Homelessness Strategy across South Nottinghamshire 2. Rise in cases especially single women 3. Homelessness Reduction Bill places new responsibilities on Councils to support individuals 4. National figures for temporary accommodation rising and in Q1 in 2019-20 the figure was 84,740 which is the highest figure for over a decade	• Review of Homelessness Strategy 2015-2020 in terms of monitoring, reporting and escalation • Select samples of homelessness cases and ensure they are processed in-line with protocols • Review the additional Officer time needed to comply with new procedures i.e. Actions on preventions and relief and if capacity/training is robust • Review additional DCLG reporting and data validity	We have worked with Council's who have Gold Standards in this area who have particularly high numbers of homeless people present themselves. This includes those in City Council conurbations or those such as London Borough of Southwark who are the third largest Housing Provider in the country and have significant homeless people present themselves.
Total	**-**	**24**	**-**			

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19. Planning and s106 Sustainable Growth OR_CO04 Cost of defending appeals for large scale residential developments and potential award of costs OR_CO05 Failure to determine major planning applications within 13 weeks or agreed period		12		1. National risk for all local authorities given the importance towards future housing and commercial development 2. Large reputational impact where Councils do not have sound arrangements to meet Planning Inspectorate and internal procedure and Member/public expectations 3. Often a tension area between management and Members in authorities which can have a wider impact on relationships	• Select a sample of planning applications across minor, major and others to assess whether legislative and system protocols are adhered to • Review the data being reported information for accuracy and completeness and assess the effectiveness of the oversight/scrutiny of data • Review steps taken to engage with Members and stakeholders in the process	The Engagement Manager attended the Aylesbury Vale District Council Development Management Committee, interviewed applicants, interviewed Lead Members and attended a Member training on planning to understand the service from all perspectives. We can also compare your pre-app fees to identify benchmarks.
20. Recruitment & Retention Efficient Services CRR_TR11 Insufficient staff capacity - skills, knowledge etc.	12			1. Specific challenge with experienced technically qualified staff 2. Pay Policy statement approved in 2019/20	• Test recent recruitment campaigns to identify whether protocols are followed and assess if they were successful – this will involve a root cause analysis for where things have worked well and not well • To assess the monitoring, reporting and oversight of recruitment i.e. how management judge the success of the Council's overall processes and take action to continuously improve • Review strategy for recruitment for particular departments where there is a strain on staff capacity, i.e. planning.	We will: • Map your recruitment processes to best practice Councils and identify efficiencies or better processes. We will include the recruitment map vs. best practice in our report • Discuss innovative practices on difficult areas to recruit into with Hiring Managers and the Recruitment Team to see how these can be implemented i.e. recently we advised a Council on how to greater use social media and compared their e-platforms to others in terms of how the Council promotes itself.
Total	**12**	**12**	**-**			

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21. Community Right to Challenge Efficient Services CRR_FCS01 Failure to properly deal with community governance review legislation, Community Right to Challenge, and nominations for assets of community value			10	1. Identified as a corporate risk by the Council	• We will assess whether if an asset is listed and then comes up for sale, the new right will give communities that want it a total of 6 months to put together a bid to buy it (including a 6-week cut-off for an initial proposal to be put forward) • Whether those who can legally have a right to challenge are engaged with i.e. parish councils, neighbourhood forums and community interest groups • Assess whether challenges are received, processed, reviewed and approved appropriately	Through our knowledge in the sector we are aware of the challenges nationally with this policy brought in by the Localism Act 2011. We will bring this experience to this review.
22. Licensing, with a focus on Taxi Licensing Efficient Services/Quality of Life CRR_FCS09 Fee income volatility	13			1. Licensing fees are not recovered from customers 2. Following recent high profile cases of illegitimate taxi licenses being issued this has become a reputational risk for local authorities and the safety of residents	• Review license fees policies and assess whether they have been produced with appropriate conditions and consultation with stakeholders • Sample test taxi license holders to assess whether appropriate fees have been recovered • Whether there are appropriate controls in place to ensure effective recovery of fee income	We will discuss the consultation process with the key stakeholders involved in license fee income and use our collective knowledge and experience to identify areas of best practice.
Total	**13**	**-**	**10**			

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23. Markets Efficient Services OR_FCS07 Lack of implementation of financial controls CRR_FCS03 Failure to prevent or detect fraud and corruption	13			1. Council have started working with a new cash collecting which raises concerns around value for money and fraud 2. Cash has not been collected and banked in a timely manner in the past	• Assess the formal cash collection process in place at the market • Liaise and visit the external suppliers to understand the arrangements once the cash is collected, including security of the cash • Sample test 15 market cash collection cases	We have undertaken cash handling reviews at other local authorities which included arrangements of market cash collection by a third party. We visited their sites and discussed their security processes. We would bring our experience of cash security protocols and best practice to this review
24. Country Parks Income Review inc. Lark in the Park Efficient Services OR_FCS07 Lack of implementation of financial controls CRR_FCS03 Failure to prevent or detect fraud and corruption CRR_NS09 Unforeseen incidents happening at public events OR_FCS07 Lack of implementation of financial controls	13			1. Security arrangements for the safe collection and transporting of cash 2. Full income due is not collected at Rushcliffe Country Park 3. Customers are not charged the correct amount for meeting room bookings 4. Income collected from stalls at the Lark in the Park event were not banked at last years event for over one month 5. Procedures for cash collection and banking are not clear and understood by all staff	• Assess the formal cash collection process in place at the Rushcliffe Country Park • Liaise and visit the external suppliers to understand their arrangements once the cash is collected, including security of the cash • Sample test 15 Rushcliffe Country Park cash collection cases	We have undertaken cash handling reviews at other local authorities which included arrangements of cash collection by a third party. We visited their sites and discussed their security processes. We would bring our experience of cash security protocols and best practice to this review
25. Dog and Pest Control Efficient Services CRR_FCS09 Fee income volatility	12			1. Response times are consistently not achieved for removal of pests 2. Fees for pest removal and recovery of stray/lost dogs not recovered 3. Cost of pest removal/dog recovery is not sustainable	• Review whether team structures and capacity are sufficient to effectively manage the service • Sample test pest control/dog recovery cases to assess whether fee income was received, and that the request was dealt with in a timey manner	We have undertaken numerous such reviews at all local authorities we work with. We will assign an experienced member of staff who can map/compare your arrangements to drive the best practices to your control environment to suggest improvements.
Total	38	-	-			

INTERNAL AUDIT STRATEGIC PLAN 2020 - 2023
Risk based plan

This is an indicative plan and we will work with you to refine it. We have aligned our audit plan to the areas that matter to you.

Audit Area, Vision and Corporate Risk	Year 1	Year 2	Year 3	Risks Identified	Description of Review	Value BDO will add
26. Hybrid Mail Project Review Efficient Services CRR_FCS20 Failure to properly manage and deliver significant projects		12		1. The is a large project and consequently is a higher financial and reputational risk to the Council 2. Receipt of mail is key to support effective services	• We will interview key personnel charged with the responsibility of managing the project • Review minutes and reports issued to senior management about project progress • Assess the risks related to the project and whether these are being appropriately monitored	We have completed project management reviews at several other local authorities and are familiar with manual and system software which support the process.
27. Car Parking Sustainable Growth OR_TR23 Challenge to ensure sufficient car parking spaces at Rushcliffe Arena – car parking works complete			12	1. Car parks held at Bingham, Keyworth, Radcliffe on Trent, Rushcliffe Country Park and West Bridgford 2. Key reputational risk area 3. Car parking income in 2018/19 was c£855k	• Review processes to approve and then communicate parking charges • Assess how parking is charged and then the collection of this to ensure it is accurate and complete • Review parking data to ensure it is valid and correct to inform decision making	For a recent Council we live tested the system, with the agreement of the Section 151 Officer, by deliberately getting the Audit Team to breach parking rules i.e. staying over time limits, parking over lines or in unauthorised areas. The aim was to test enforcement from the perspective of the customer. This real experience identified new perspectives and makes the review more rounded.
Total	**-**	**12**	**12**			

INTERNAL AUDIT STRATEGIC PLAN 2020 - 2023

Risk based plan

This is an indicative plan and we will work with you to refine it. We have aligned our audit plan to the areas that matter to you.

Audit Area, Vision and Corporate Risk	Year 1	Year 2	Year 3	Risks Identified	Description of Review	Value BDO will add
28. Main financial systems in. payroll, Council Tax/NNDR and Treasury Management Efficient Services OR_TR20 Threat of Industrial Action OR_FCS07 Lack of implementation of financial controls	22 – full system review. Payroll but also GL, AP and AR	20	20	1. Main financial system areas are a critical risak 2. The payroll function is outsourced to Gedling Borough Council so there is a reliance on accurate and timely information 3. Incorrect payments to staff could result in significant reputation damage 4. This is a staple review that is incorporated in all local authority audit plans across the country. This is because it is a recognised risk area as it contains critical controls which underpin the integrity of a Council 5. National trends inform us that there is a variety of practices with how funds are recovered particularly in council tax and also	To also include payroll: • Assess the adequacy payroll policies and procedure guides in place – particularly around new starters and leavers • Sample test employees to review whether they have been paid correctly based on the input information • Review management reporting of payroll information In year two an three the review will also include Council Tax/NNDR: This review will assess: • Council tax and NNDR policies i.e. council tax reduction scheme in terms of its review and approval • VOA returns back to what is recorded on systems • The process to issue demands and whether discounts or values have been applied correctly • How amendments to demands are actioned and critically how they are followed up • Assess KPI reporting on this area and how action is implemented In year 2 the review will include Treasury Management: • Treasury arrangements reviewed from Strategy to Member training or controls around how deals are reviewed/approved	BDO have completed these standard reviews of main financial systems at several local authority clients. These form part of our standard internal audit plan so we could use our experience obtained from reviews at other local authority clients to share best practice. For the treasury management review we can incorporate data analytics into this process if your data/systems allow and we can share this with you to give comfort over key areas such as 'three-way match' on accounts payable or breach of scheme of delegation.
Total	**22**	**20**	**20**			

INTERNAL AUDIT STRATEGIC PLAN 2020 - 2023

Risk based plan

This is an indicative plan and we will work with you to refine it. We have aligned our audit plan to the areas that matter to you.

Area	Year 1	Year 2	Year 3	Value BDO will add
GRAND TOTAL AUDIT DAYS	**136**	**138**	**140**	
Management Time	7	6	5	We will have strong on-site presence with experience Management and a CIPFA-led Team.
Follow-Up	7	6	5	We will follow-up and report all Medium and High recommendations quarterly including those of the predecessor. We will have strong on-site presence and can use SharePoint to track findings. However, our experience is that our relationships with staff and on-site presence is the most effective tool to ensure effective follow-up and not systems.
GRAND TOTAL DAYS	**150**	**150**	**150**	We believe the current days per year are low for a Council of your size and based on benchmarking against similar Councils across the Midlands. We offer value by increasing the days at a competitive rate, with access to a leading provider with significant experience in the sector.

INTERNAL AUDIT STRATEGIC PLAN 2020 - 2023
Risk based plan

Here we have set out other reviews we considered as part of the Plan however, they have not been included. In line with best practice PSIAS it is recommended to do this – we have given reasons for exclusion. The Plan we have submitted is a Draft Plan and if appointed, we would go through as extensive a process as required typically holding discussions with senior management, attending relevant management meetings and speaking with the Chair of the Corporate Governance Group. As part of any revisions through this process the below list will act as a useful list for discussion to consider where reviews in the current Plan may be swapped for those below.

Area	Reason for exclusion
CRR_CO04 Inability to demonstrate a five year supply of deliverable housing sites against the housing target leading to further development on unallocated sites	This risk area is a corporate risk identified but we have not included in our plan. We have a review around planning and section 106. However we do not have a review around your wider Local Plan or housing strategy. We find the controls and scrutiny around this are high and our input to add value can be more difficult given the large number of stakeholders and decisions which have already been made and therefore the days available in our plan would not be sufficient for us to add value and provide reasonable assurance.
Grants	We recognise you may require our support to undertake grant reviews such as disabled facilities grants or capital housing pool returns. We also recognise that some County Council's do not require their districts to undertake an annual audit of disabled facilities grant and we have seen a trend in County Council requirements for such a review each year reducing. If a review is needed then we would work with the plan and ensure that time for this can be included in the plan within the total days we have submitted.
Building Control	This has been completed in 2019-20 and received Substantial assurance and therefore has been excluded. This will be followed-up by us so assurance of implementation of actions will still be obtained.
Land Charges	This has been completed in 2019-20 and received Substantial assurance receiving only 1 low finding and therefore has been excluded. This will be followed-up by us so assurance of implementation of actions will still be obtained.
Insurance	This is planned to take place in quarter 3 in 2019-20. On the basis it is in the current plan we have not included it in ours. We will re-assess this depending on the outcome of the review.
Property leases/rent	This is planned to take place in quarter 4 in 2019-20. On the basis it is in the current plan we have not included it in ours. We will re-assess this depending on the outcome of the review.

APPENDIX I
Internal Audit Charter - Role and Scope of Internal Audit

Purpose of this charter

This charter is a requirement of Public Sector Internal Audit Standards (PSIAS). The charter formally defines internal audit's mission, purpose, authority and responsibility. It establishes internal audit's position within Rushcliffe Borough Council, and defines the scope of internal audit activities.

Final approval resides with the Governance Group (through discussion with the Section 151 Officer), in practice the charter shall be reviewed and approved annually by management and by the Governance Group on behalf of Executive Management.

We will agree with you an audit plan for a total number of days activity. Once agreed, we will turn this into a cash budget which we will work to, in order to ensure that you have certainty around the fees you will pay us.

Internal audit's mission

Internal audit's mission is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

Standards of internal audit practice

To fulfil it's mission, internal audit will perform its work in accordance with PSIAS, which encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practice Framework (IPPF): Definition of Internal Auditing, Code of Ethics, and International Standards for the Professional Practice of Internal Auditing.

Internal audit definition and role

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Internal audit acts primarily to provide the Governance Group and Section 151 Officer with information necessary for it to fulfil its own responsibilities and duties. The Section 151 Officers role is to ensure Council is compliant with the statutory requirements for internal audit as set out in the 1972 Local Government Act. Implicit in internal audit's role is that it supports management to fulfil its own risk, control and compliance responsibilities.

The range of work performed by internal audit is set out in PSIAS and not repeated here.

Internal audit's scope

The scope of internal audit activities includes all activities conducted by Rushcliffe Borough Council. The Internal Audit Plan sets out those activities that have been identified as the subject of specific internal audit engagements.

The provision of assurance services is the primary role for internal audit in the UK public sector. This role requires the chief audit executive (Head of Internal Audit) to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control.

Assurance engagements involve the objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system or other subject matter. The nature and scope of the assurance engagement are determined by internal audit.

Consulting engagements are advisory in nature and are generally performed at the specific request of management, with the aim of improving governance, risk management and control and contributing to the overall opinion. The nature and scope of consulting engagement are subject to agreement with management. When performing consulting services, internal audit should maintain objectivity and not assume management responsibility.

Effective internal audit

Our internal audit function is effective when:

- It achieves the purpose and responsibility included in the internal audit charter
- It conforms with the Standards
- Its individual members conform with the Code of Ethics and the Standards
- It considers trends and emerging issues that could impact the organisation.

The internal audit activity adds value to Rushcliffe Borough Council (and its stakeholders) when it considers strategies, objectives and risks, strives to offer ways to enhance governance, risk management and control processes and objectively provides relevant assurance.

APPENDIX I
Internal Audit Charter – Independence and objectivity

Independence and internal audit's position within Rushcliffe Borough Council

To provide for internal audit's independence, its personnel and external partners report to the Head of Internal Audit, who reports functionally to the Governance Group. The Head of Internal Audit has free and full access to the Chair of the Governance Group. The Head of Internal Audit reports administratively to the Head of Financial Services (Section 151 Officer) who provides day-to-day oversight and is charged with ensuring the Council is compliant with statutory requirements for the internal audit function.

The appointment or removal of the Head of Internal Audit will be performed in accordance with established procedures and subject to the approval of the Chair of the Governance Group.

The internal audit service will have an impartial, unbiased attitude and will avoid conflicts of interest. The internal audit service is not ordinarily authorised to perform any operational duties for Rushcliffe Borough Council.

In the event that internal audit undertakes non-audit activities, safeguards will be agreed to ensure that independence or objectivity of the internal audit activity are not impaired. This might include a separate partner review of the work or a different team undertaking the work. Approval of the arrangements for such engagements will be sought from the Section 151 Officer and Governance Group prior to commencement.

In the event that internal audit provides assurance services where it had previously performed consulting services, an assessment will be undertaken to confirm that the nature of the consulting activity did not impair objectivity and safeguards will be put in place to manage individual objectivity when assigning resources to the engagement. Such safeguards will be communicated to the Section 151 Officer and Governance Group.

Internal audit must be free from interference in determining the scope of internal auditing, performing work and communicating results. Should any interference take place, internal audit will disclose this to the Governance Group to discuss the implications.

Internal audit's role in fraud, bribery and corruption

Management, not internal auditors are responsible for the prevention and detection of fraud, bribery and corruption. Auditors will, however, be alert in all their work to risks and exposures that could allow fraud or corruption as well as seeking to identify indications that fraud and corruption may have been occurring. Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud and corruption will be detected. In the event that internal audit suspect a fraud, this will be referred to appropriate management in the first instance and then the audit committee.

Access to records and confidentiality

There are no limitations to internal audit's right of access to Rushcliffe Borough Council officers, records, information, premises, or meetings which it considers necessary to fulfil its responsibilities.

When the auditors receive confidential information about your affairs it shall at all times be kept confidential, except as required by law or as provided for in regulatory, ethical or other professional pronouncements applicable. All information will be maintained in line with appropriate regulations, for example the General Data Protection Regulations 2018.

Coordination and reliance with other assurance providers

In co-ordinating activities internal audit may rely on the work of other assurance and consulting service providers.

A consistent approach is adopted for the basis of reliance and internal audit will consider the competency, objectivity, and due professional care of the assurance and consulting service providers. Due regard will be given to understanding of the scope, objectives and results of the work performed by other providers of assurance and consulting services.

Where reliance is placed upon the work of others, internal audit is still accountable and responsible for ensuring adequate support for conclusions and opinions reached by the internal audit activity.

APPENDIX I
Internal Audit Charter - Internal Audit Commitments

Internal audit's commitments to Rushcliffe Borough Council

Internal audit commits to the following:

- working with management to improve risk management, controls and governance within the organisation
- performing work in accordance with PSIAS
- complying with the ethical requirements of PSIAS
- dealing in a professional manner with Rushcliffe Borough Council staff, recognising their other commitments and pressures
- raising issues as they are identified, so there are no surprises and providing practical recommendations
- liaising with external audit and other regulators to maximise the assurance provided to Rushcliffe Borough Council reporting honestly on performance against targets to the Section 151 Officer and Governance Group.

Internal audit performance measures and indicators

The tables on the right contain some of the performance measures and indicators that are considered to have the most value in assessing the efficiency and effectiveness of internal audit.

The Governance Group should approve the measures which will be reported to each meeting and / or annually as appropriate. In addition to those listed here we also report on additional measures as agreed with management and included in our Progress Report.

Quality assurance and improvement programme

As required by PSIAS an external assessment of the service will be performed at least every five years. BDO also has an internal quality assurance review process in place, which takes place annually. This is performed by a separate team independent to the internal audit team.

The results of internal and external assessments will be communicated to the Section 151 Officer and Governance Group as part of the internal audit annual report, along with corrective action plans.

Table One: Performance measures for internal audit

Measure / Indicator
Audit Coverage
Annual Audit Plan delivered in line with timetable
Actual days are in accordance with Annual Audit Plan
Relationships and customer satisfaction
Customer satisfaction reports – overall score at least 70% for surveys issued at the end of each audit
Annual survey to Governance Group to achieve score of at least 70%
Staffing and Training
At least 60% input from qualified staff
Audit Reporting
Issuance of draft report within 3 weeks of fieldwork `closing' meeting
Finalise internal audit report 1 week after management responses to report are received.
Audit Quality
Positive result from any external review

APPENDIX I
Internal Audit Charter - Management & Staff Commitments

Management and staff commitments to Internal Audit

The management and staff of Rushcliffe Borough Council commit to the following:

- providing unrestricted access to all of Rushcliffe Borough Council's records, property, and personnel relevant to the performance of engagements
- responding to internal audit requests and reports within the agreed timeframe and in a professional manner
- implementing agreed recommendations within the agreed timeframe
- being open to internal audit about risks and issues within the organisation
- not requesting any service from internal audit that would impair its independence or objectivity
- providing honest and constructive feedback on the performance of internal audit

Management and staff performance measures and indicators

The following three indicators are considered good practice performance measures but we go beyond this and report on a suite of measures included in each Governance Group progress report.

Table Two: Performance measures for management and staff

Measure / Indicator
Response to Reports   Audit sponsor to respond to terms of reference within one week of receipt and to draft report within two weeks of receipt
Implementation of recommendations   Audit sponsor to implement all audit recommendations within the agreed timeframe
Co-operation with internal audit   Internal audit to confirm to each meeting of the Governance Group whether appropriate co-operation has been provided by management and staff

BDO contacts

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