

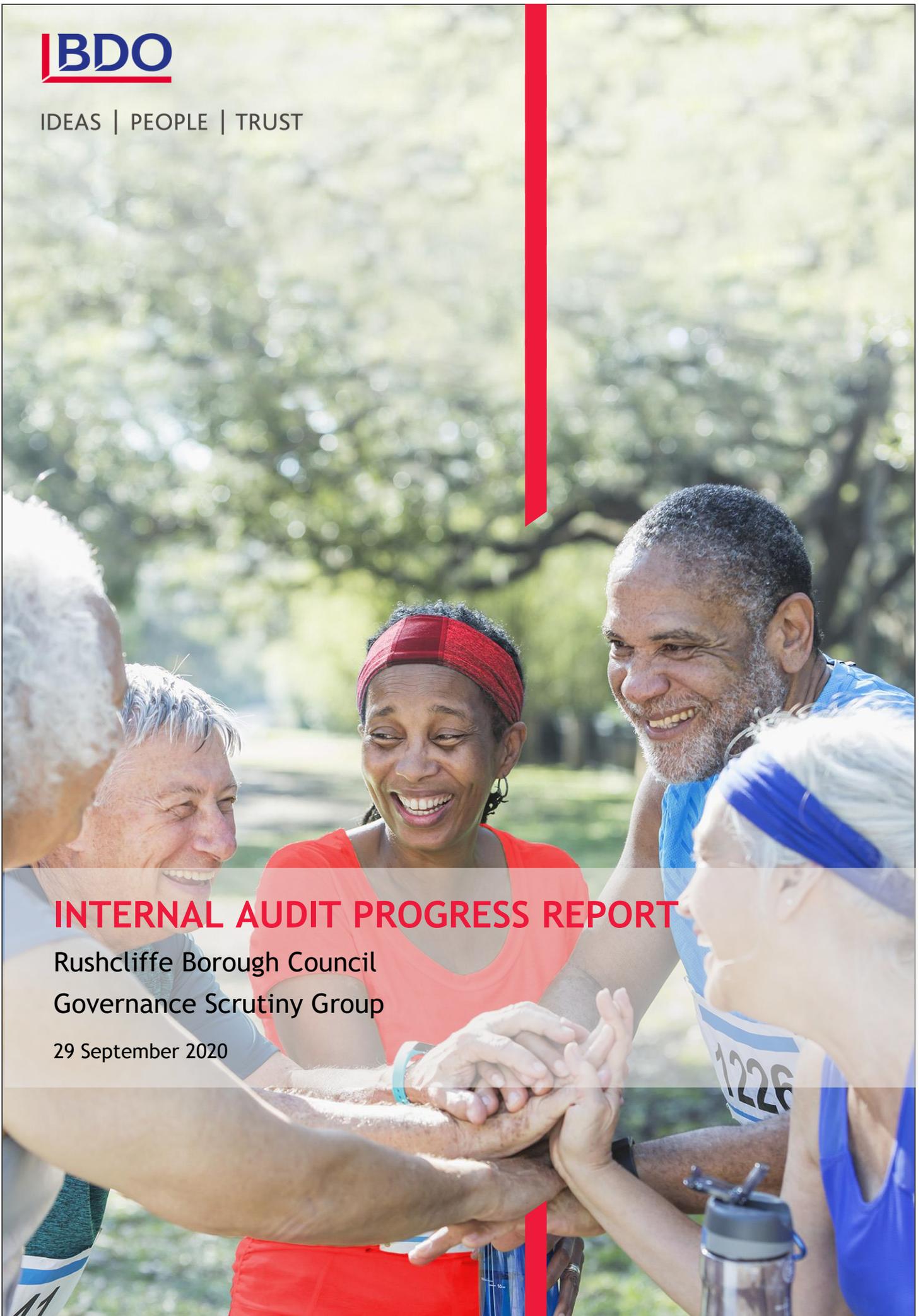


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INTERNAL AUDIT PROGRESS REPORT

Rushcliffe Borough Council
Governance Scrutiny Group

29 September 2020



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INTRODUCTION

Internal Audit

This report is intended to inform the Audit Committee of progress made against the 2020/21 internal audit plan. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

Internal Audit Methodology

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in Appendix 1 of this report, and are based on us giving either "substantial", "moderate", "limited" or "no". The four assurance levels are designed to ensure that the opinion given does not gravitate to a "satisfactory" or middle band grading. Under any system we are required to make a judgement when making our overall assessment.

2020/2021 Internal Audit Plan

Due to Covid-19, some of the planned audits have not been able to take place as early in the year as we would typically plan them. However we are now making good progress in the delivery of the 2020/21 audit plan, and are pleased to present the following reports to this Audit Committee meeting:

- Annual Fraud Report
- Budget Management

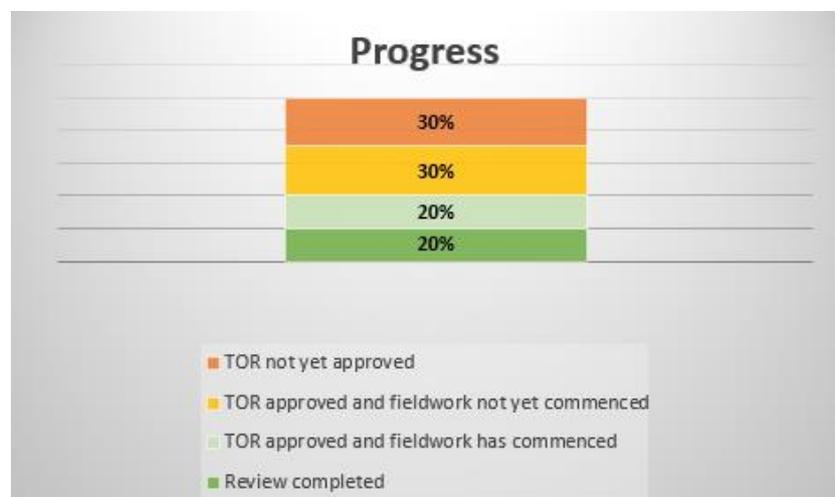
We are also completing the fieldwork on the following audits:

- Events, Social Media and Communications
- Main Financial Systems

We anticipate presenting these reports at the next Audit Committee, subject to no further issues relating to Covid-19 preventing progress.

Summary

There are ten audits in this year's Internal Audit Plan. Below provides a summary update on progress against that plan and summarises the results of our work to date.



REPORTS CONSIDERED AT THIS GOVERNANCE SCRUTINY GROUP

Audit	Status	Opinion Issued		Actions Agreed		
		Design	Operational Effectiveness	High	Medium	Low
Fraud Report	Final	N/A	N/A	N/A	N/A	N/A
Budget Management	Final	Substantial	Substantial	0	0	2

Impact of findings to date

Budget Management (20/21)

Conclusion:

Substantial	Substantial
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Impact on Annual Opinion: Positive

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

LOOKING AHEAD

The table below displays the audits in the Internal Audit Plan, along with the current status.

Please note that whilst this is our planned timetable, this could be subject to change if any issues arise in light of the Covid-19 pandemic, for example a potential second lockdown scenario.

Audit	Planned Start Date	Status	Target Governance Scrutiny Group meeting
1. Events, Social Media and Communications	09/09/20	Complete	24 Nov 20
2. Budget Management and Reporting (high level)	27/07/20	Complete	29 Sept 20
3. Cyber	13/01/21	Terms of Reference Agreed - Fieldwork Not Started	4 Feb 21
4. Retention & Recruitment	TBC	Terms of Reference Not Yet Agreed	TBC
5. Main Financial Systems	14/09/20	Complete	24 Nov 20
6. Licensing	05/10/20	Terms of Reference Agreed - Fieldwork Not Started	24 Nov 20
7. Business Grants	TBC	Terms of Reference Not Yet Agreed	TBC
8. Fraud Risk Assessment	TBC	Terms of Reference Not Yet Agreed	24 Nov 20
9. Pest and Dog Control	11/01/21	Terms of Reference Not Yet Agreed	4 Feb 21
10. Fraud Report	12/07/20	Complete	30 July 20
Follow Up	Ongoing	Complete	24 Nov 20

Key

Complete	Complete (Final Report Issued)
Fieldwork in progress	Fieldwork in progress
Terms of Reference Agreed - Fieldwork Not Started	Terms of Reference Agreed - Fieldwork Not Started
Terms of Reference Not Yet Agreed	Terms of Reference Not Yet Agreed

OTHER MATTERS

Changes to the Internal Audit Plan

Replacements

The following has been agreed with management:

- The Country Parks Income review has been replaced due to events not going ahead due to Covid-19. A 'Fraud Risk Assessment' is now planned instead, following the preliminary work completed as part of the Annual Fraud Report.
- 'Markets' has been replaced by 'Business Grants' in light of the extensive emergency work undertaken around business grants as a result of Covid-19.

Follow Up

Throughout the year we will follow up on both the legacy recommendations made by our predecessor RSM, and on any actions raised within our own internal audit reports. This process has already begun. A follow-up report will be submitted to the Governance Scrutiny Group on the 24 November 2020.

Quality Assurance and Continual Improvement

To ensure that BDO 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 Internal Audit engagement partners, 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. Reports are reviewed by the Senior Manager, Public Sector Internal Audit (Gurpreet Dulay) prior to final review by Greg Rubins as the Partner, Public Sector Internal Audit. This is in addition to any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments.

Satisfaction Surveys

We are committed to delivering an excellent client experience and your feedback, via satisfaction surveys, will help us enhance the quality of service delivered. We will send a satisfaction survey with every final report issued.

INTERNAL AUDITS COMPLETED TO DATE

Audit	Status	Opinion Issued		Actions Agreed		
		Design	Operational Effectiveness	High	Medium	Low
Fraud Report	Final	N/A	N/A	N/A	N/A	N/A
Budget Management	Final	Substantial	Substantial	0	0	2

APPENDIX 1

OPINION SIGNIFICANCE DEFINITION

Level of Assurance	Design Opinion	Findings from review	Effectiveness Opinion	Findings from review
Substantial 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate 	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

FOR MORE INFORMATION:

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