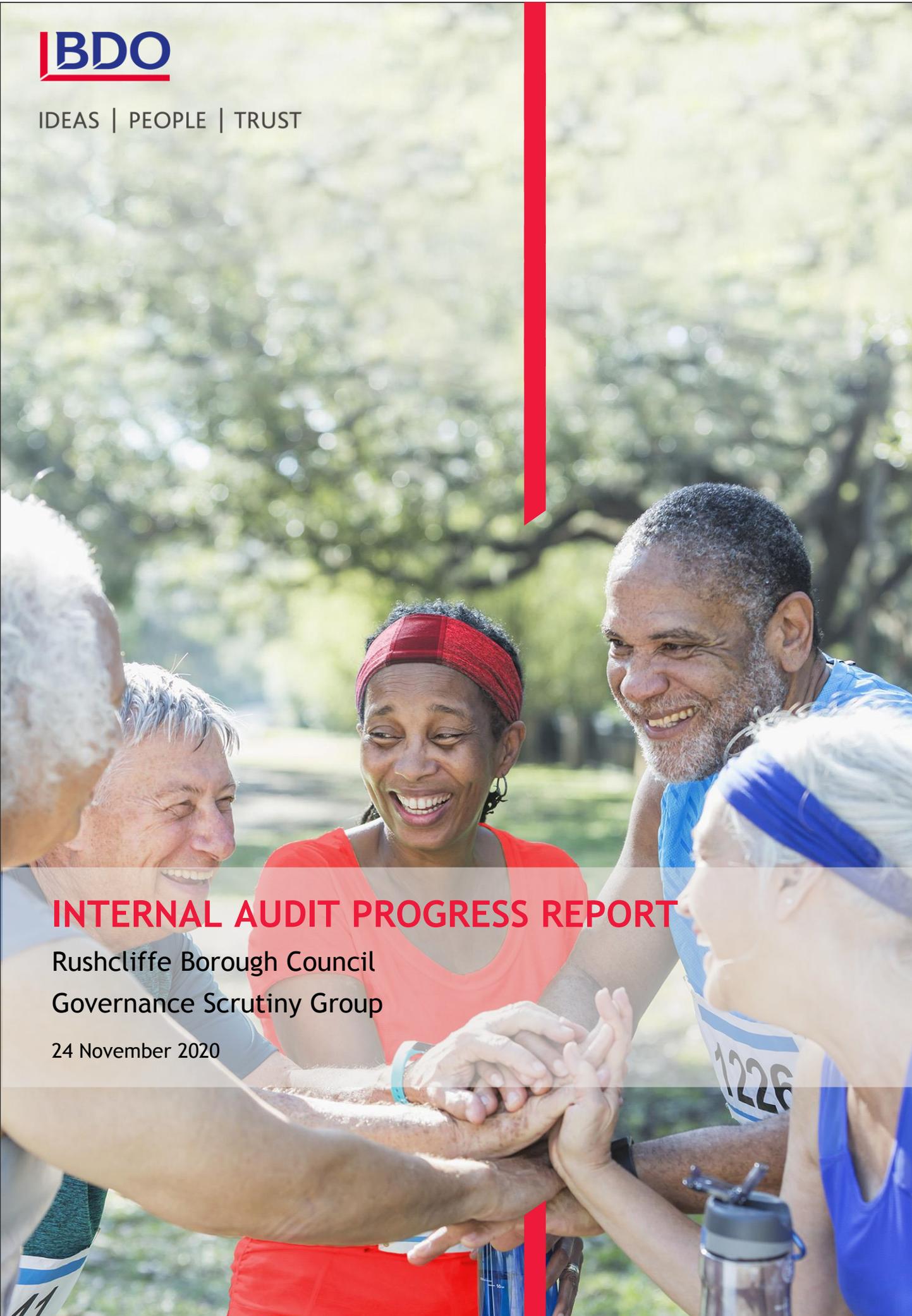




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INTERNAL AUDIT PROGRESS REPORT

Rushcliffe Borough Council
Governance Scrutiny Group

24 November 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:

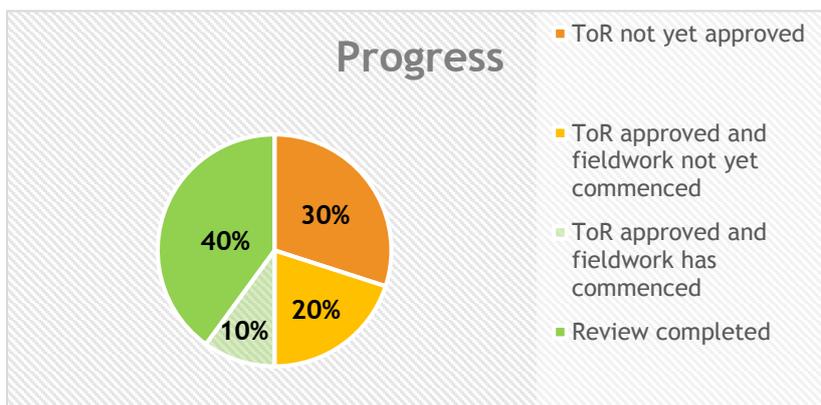
- Events, Social Media and Communications
- Main Financial Systems

We have made good progress in Quarter 2 onwards where a majority of Terms of References have been finalised and reviews will/have commenced from September onwards. We are currently completing the fieldwork on the following audit and anticipate presenting this report at the next Audit Committee, subject to no further issues relating to Covid-19 preventing progress.

- Licensing

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
Events, Social Media and Communications	Final	Substantial	Moderate	0	1	5
Main Financial Systems	Final	Substantial	Substantial	0	0	3

Impact of findings to date

Events, Social Media and Communications (20/21)

Conclusion:

Substantial	Moderate
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Impact on Annual Opinion: Positive

As a result of testing, one medium priority finding and five low priority findings were identified. The medium priority finding relates to:

- The lack of information regarding objectives and key performance indicators for social media and the monitoring and reporting against these

Main Financial Systems (20/21)

Conclusion:

Substantial	Substantial
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Impact on Annual Opinion: Positive

As a result of testing, three 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	Fieldwork in progress	4 Feb 21
4. Retention & Recruitment	TBC	Terms of Reference Not Yet Agreed	TBC
5. Main Financial Systems	12/10/20	Complete	24 Nov 20
6. Licensing	05/10/20	Fieldwork in progress	4 Feb 21
7. Business Grants	TBC	Terms of Reference Not Yet Agreed	TBC
8. Fraud Risk Assessment	TBC	Fieldwork in progress	4 Feb 21
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

Follow Up

We have completed a review to follow up the progress made to implement both the previously agreed management action raised by our predecessor, RSM (legacy recommendations), and any management actions with a due date before the end of November 2020 raised within the internal audit reports issued by BDO.

The audits considered as part of the legacy follow up review were:

1. 19/20 Disabled Facilities Grants
2. 19/20 Corporate Governance
3. 19/20 Housing Benefits
6. 19/20 Land Charges
7. 19/20 Cyber Risk Management
8. 19/20 Insurance
9. 19/20 Creditors and E-Procurement
11. 19/20 Business Support Unit
12. 19/20 Payroll
13. 19/20 Enforcement - Statutory Nuisance
17. 19/20 Main Accounting

We also followed up on outstanding actions from the previous year audits:

4. 18/19 Council Tax
9. 18/19 Income and Debtors
16. 18/19 Follow Up from 16/17
11. 17/18 Contract Management

We have also included the recommendations raised by our BDO Internal Audit reports with recommendations due before November 2020:

1. Budget Management

The 33 legacy management actions considered in this review comprised 4 'medium' and 29 'low'. Concentrating on the actions classified as 'medium', the focus of this review was to provide assurance that all actions previously made have been adequately implemented. As this is the first follow-up report BDO has undertaken for Rushcliffe Borough Council, we have also verified the information provided by management for actions categorised as 'low', however going forward, we will accept management's assurance regarding the implementation of low recommendations.

Overall, 27 out of the 33 recommendations due for follow up have been implemented or superseded. Others are in progress. In our opinion Rushcliffe Borough Council has demonstrated good progress in implementing agreed management actions.

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 sent out a satisfaction survey on completion of each audit review. We were scored from a rate of 1-5 (1= poor and 5= exceptional). Please see the satisfaction results gained so far. We received an overall score of 4 (good/Excellent) on our survey responses. Where we received a response, less than 4 we will endeavour to improve this going forward.

Audit Review	TOR Aligned to strategic/departmental risks?	Timeline of events from reporting agreed and clearly explained?	Rate understanding of your business	Rate communication	Rate the closedown	Rate the audits contribution to delivering added value	Final report clear and concise	Agreement of stakeholder	Recommendations were constructive	Did our work add value?	Overall audit experience	Would you recommend BDO to others
Budget Mgt	Agree	Agree	4	4	4	4	Agree	Agree	Agree	Agree	4	Yes
Overall Score			4	4	4	4					4	

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
Events, Social Media and Communications	Final	Substantial	Moderate	0	1	5
Main Financial Systems	Final	Substantial	Substantial	0	0	3

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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