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# INTERNAL AUDIT PROGRESS REPORT

Rushcliffe Borough Council  
Governance Scrutiny Group

4 February 2021

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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:

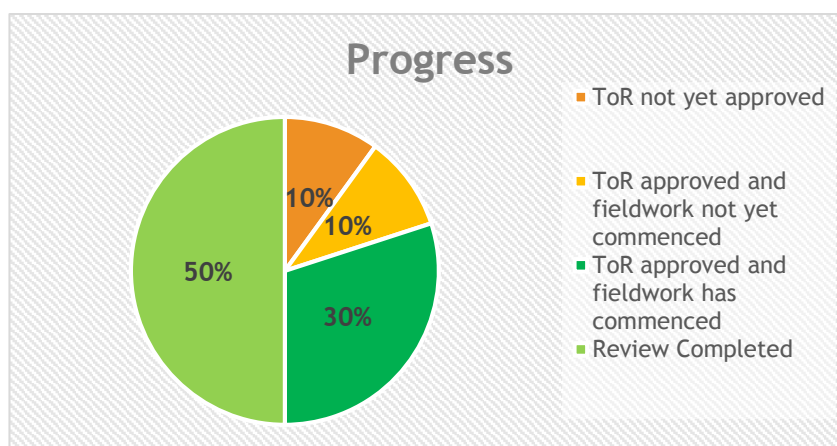
- Licensing

We are currently completing/due to commence the fieldwork on the following audits and anticipate presenting these reports at the next Audit Committee, subject to no further issues relating to Covid-19 preventing progress.

- Cyber
- Anti-Fraud Training
- Pest and Dog Control
- Business Grants

## 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
Licensing	Final	Moderate	Moderate	0	5	3

## Impact of findings to date

### Licensing (20/21)

#### Conclusion:

Moderate	Moderate
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#### Impact on Annual Opinion: Positive

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

- Some documentation required in order to issue a license was not evidenced on Uniform for either of the HMO Licenses chosen as part of our sample and one premises license was for the wrong amount. In addition, the checklist function on Uniform is not sufficiently robust to ensure all required documentation is received and retained
- Public registers required by law to be held on the Council's website either did not work or were not complete
- Graphs and dashboards displaying the status of licence applications do not provide the most relevant and up-to-date information
- Business Support Unit Staff undertake the review of documentation and issuing of licences yet are not specifically covered under the Scheme of Delegation
- Reconciliations of income between Uniform and the General Ledger are not being undertaken and guidance for their completion is out of date.

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# 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	18 May 21 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	Complete	4 Feb 21
7. Business Grants	Feb 2021	Terms of Reference Agreed - Fieldwork Not Started	18 May 21
8. Anti-Fraud Training	January 2021	Fieldwork in progress	18 May 21
9. Pest and Dog Control	11/01/21	Fieldwork in progress	18 May 21
10. Fraud Report	12/07/20	Complete	30 July 20
Follow Up	Ongoing	Complete	TBC

## 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

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# OTHER MATTERS

## 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.

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# 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
Licensing	Final	Moderate	Moderate	0	5	3

# APPENDIX 1

## OPINION SIGNIFICANCE DEFINITION

Level of Assurance	Design Opinion	Findings from review	Effectiveness Opinion	Findings from review
<b>Substantial</b> 	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.
<b>Moderate</b> 	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.
<b>Limited</b> 	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.
<b>No</b> 	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:

**Greg Rubins**

**Partner, Public Sector  
Internal Audit**

0238 088 1892 (DDI)

Greg.rubins@bdo.co.uk

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