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INTERNAL AUDIT PROGRESS REPORT

Rushcliffe Borough Council
Governance Scrutiny Group

24 June 2021

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INTRODUCTION

Internal Audit

This report is intended to inform the Audit Committee of progress made against the 2020/21 and 2021/22 internal audit plans. 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

We have now completed the 2020/21 audit plan and are pleased to present the following reports to this Audit Committee meeting:

- Pest and Dog Control
- Recruitment and Retention
- Covid 19 Grants Assurance
- Cyber

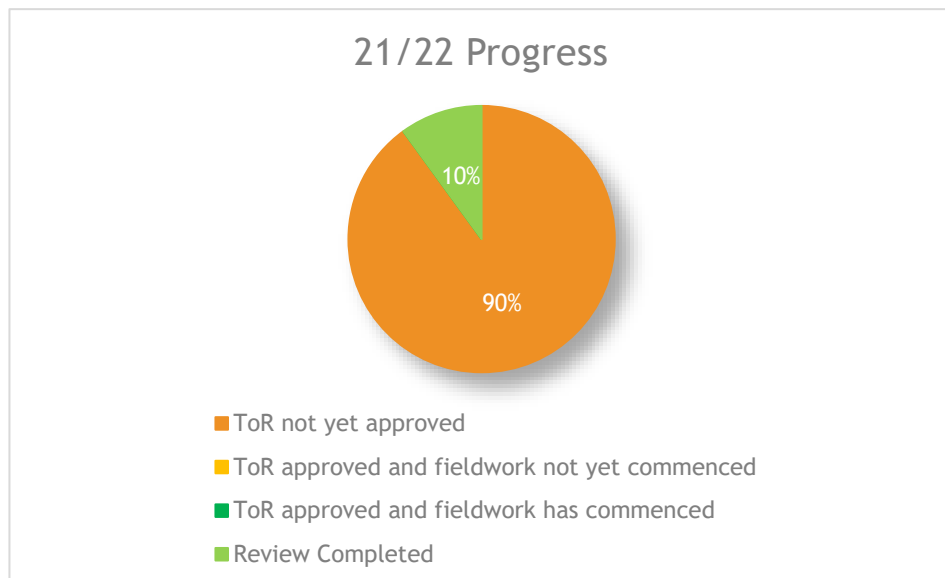
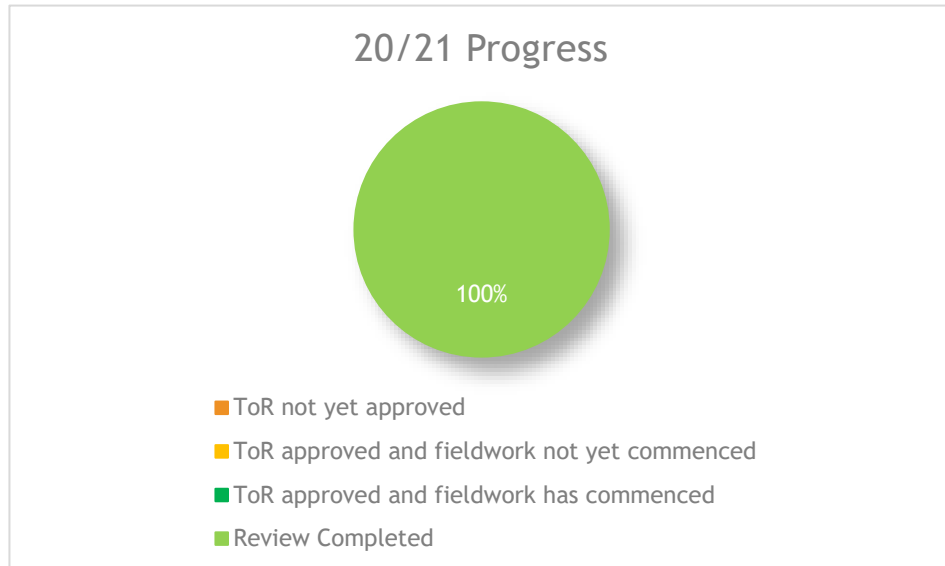
2021/2022 Internal Audit Plan

We have finalised one report from the 2021/22 audit plan and are please to present it to this Audit Committee:

- Fraud Report
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Summary

There are ten audits in both the 20/21 and 21/22 audit plans. Below provides a summary update on progress against these plans and summarises the results of our work to date.



REPORTS CONSIDERED AT THIS GOVERNANCE SCRUTINY GROUP

2020/21

Audit	Status	Opinion Issued		Actions Agreed		
		Design	Operational Effectiveness	High	Medium	Low
Pest and Dog Control	Final	Moderate	Moderate	0	3	0
Recruitment and Retention	Final	Moderate	Moderate	0	2	1
Covid 19 Grants Assurance	Final	Substantial	Substantial	0	0	0
Cyber	Final	Substantial	Substantial	0	1	2

2021/22

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

Impact of findings to date

Pest and Dog Control (20/21)

Conclusion:

Moderate	Moderate
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Impact on Annual Opinion: Positive

As a result of testing, three medium priority findings were identified which relate to:

- There being no detailed monitoring of response rates and resolutions times for pest control jobs, although response rates for Environmental Health as a whole are reviewed. There is a lack of clarity over whether response times include resolution of the issue and the Council do not set separate targets or monitor timescales for resolving the issue
- A subsidised fee of 50% of the usual fee is charged where an individual claims to be on means tested benefits but no evidence was available to support this
- Reconciliations of income between Uniform and the General Ledger not being undertaken and guidance has not been updated since 2014 Reconciliations of income between Uniform and the General Ledger are not being undertaken and guidance for their completion is out of date.

Recruitment and Retention (20/21)

Conclusion:

Moderate	Moderate
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Impact on Annual Opinion: Positive

As a result of testing, two medium priority findings and one low priority finding was identified. The medium priority findings relate to:

- Progress of actions within the People Strategy 'Action Plan' not presented to EMT for monitoring purposes and metrics are not designed to capture and report key performance indicators related to recruitment and retention
- The Council's Recruitment and Selection policy due for review in March 2019 has not been updated and does not reflect the current approval process

Covid 19 Grants Assurance (20/21)

Conclusion:

Substantial	Substantial
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Impact on Annual Opinion: Positive

As a result of testing, no findings were identified

Cyber (20/21)

Conclusion:

Substantial	Substantial
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Impact on Annual Opinion: Positive

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

- 39 vulnerabilities out of 2833 identified by the penetration test have yet to be rectified and some have not been risk assessed

Fraud Report (21/22)

Conclusion:

N/A	N/A
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Impact on Annual Opinion: Positive

The purpose of this report was to summarise the incidence of fraud and fraud prevention activities at the Council during the year 2020/21.

The findings relate to the following:

- The Council does not have a dedicated fraud prevention resource; however, it is the responsibility of managers as part of the internal control environment to ensure controls are in place to mitigate the risk of fraud.
- There have been no whistleblowing concerns reported during 2020/21.
- The Council started a review in respect of single person discounts via the NFI in December 2020. The results of this exercise were:

721	Number of cases identified by NFI
591	Number of live cases investigated
81	Number of cases where the discount was removed
£24,222	Value of extra Council Tax billed

- There have been no allegations of fraud reported in 2020/21
- This audit identified no potential fraud concerns with the sample of grants tested, and concluded substantial assurance over the design and effectiveness of the controls in place.
- During 2020/21 BDO also undertook fraud awareness training to staff across the council.
- The survey was issued to 130 staff in February 2021 and was completed by 87 members of staff (a 67% completion rate). The key findings were:
 - 66 of 87 respondents are aware of the Council's Counter Fraud Policy
 - 63 of the 87 respondents are aware of the Council's Whistleblowing Policy
 - 80 of the 87 respondents would report suspected concerns to their line manager or to an executive manager, service manager or lead specialist
 - Only 19 of the 87 respondents had received counter fraud training.

LOOKING AHEAD

The tables below display the audits in the 20/21 and 21/22 Internal Audit Plan, along with the current status.

2020/21

Audit	Planned Start Date	Status	Target Governance Scrutiny Group meeting
1. Events, Social Media and Communications	09/09/20		24 Nov 20
2. Budget Management and Reporting (high level)	27/07/20		29 Sept 20
3. Cyber	13/01/21		24 June 21
4. Retention & Recruitment	06/04/21		24 June 21
5. Main Financial Systems	12/10/20		24 Nov 20
6. Licensing	05/10/20		4 Feb 21
7. Business Grants	12/04/21		24 June 21
8. Anti-Fraud Training	January 2021		N/A
9. Pest and Dog Control	11/01/21		24 June 21
10. Fraud Report	12/07/20		30 July 20
Follow Up	Ongoing		Bi-annually

2021/22

Audit	Planned Start Date	Status	Target Governance Scrutiny Group meeting
1. Contract Management and Procurement	10/01/22		19 May 22
2. Corporate Governance	30/08/21		25 Nov 22
3. Fraud Report	03/05/21		24 June 21
4. Business Continuity and Disaster Recovery	01/11/21		3 Feb 22
5. GDPR	10/01/22		19 May 22
6. Hybrid Mail Project Review	15/11/21		3 Feb 22
7. Main Financial Systems	16/08/21		25 Nov 21

8. Homelessness and Temporary Accommodation	10/01/22		19 May 22
9. Housing Benefits	10/11/21		3 Feb 22
10. Planning and s106	30/08/21		25 Nov 21
Follow Up	Ongoing		Bi-annually

Key

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

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.

INTERNAL AUDITS COMPLETED TO DATE

2020/21





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
Pest and Dog Control	Final	Moderate	Moderate	0	3	0
Recruitment and Retention	Final	Moderate	Moderate	0	2	1
Covid 19 Grants Assurance	Final	Substantial	Substantial	0	0	0
Cyber	Final	Substantial	Substantial	0	1	2

2021/22

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

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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