



**INTERNAL AUDIT ANNUAL PLAN 2022-23
& STRATEGIC PLAN 2022-25 - DRAFT**

RUSHCLIFFE BOROUGH COUNCIL

IDEAS | PEOPLE | TRUST

IBDO

CONTENTS

	Page
Audit Risk Assessment	3
Mapping Your Corporate Risks	4
Mapping Your Risks To The Strategic Plan	5
Internal Audit Operational Plan 2022 - 23	10
Internal Audit Strategic Plan 2022 - 25	17
Appendix I - Internal Audit Charter	23

AUDIT RISK ASSESSMENT

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 client's own assessment of the risks to it achieving its strategic objectives. Additionally, we will speak with External Audit and use our own sector expertise to identify potential risks. We engage with local government heads of internal audit too with a session held in December 2021 with the Midlands Audit Group and in November 2021 with the London Audit Group where we led/contributed to discussions on risks facing the sector and the impact on annual plans at other with surveys completed to identify significant risks likely to be prevalent over the following year to three years. These will be reviewed and incorporated where necessary in our development of the annual and strategic plan.

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.

Planned approach to internal audit plan 2022-23

The indicative Internal Audit programme for 2022 - 23 is shown from page 10, with an indicative strategic plan for 2022 - 25 shown from page 17. 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 that period.

The plan is set within the context of a multi-year approach to internal audit planning, such that areas of key risks would aim to 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

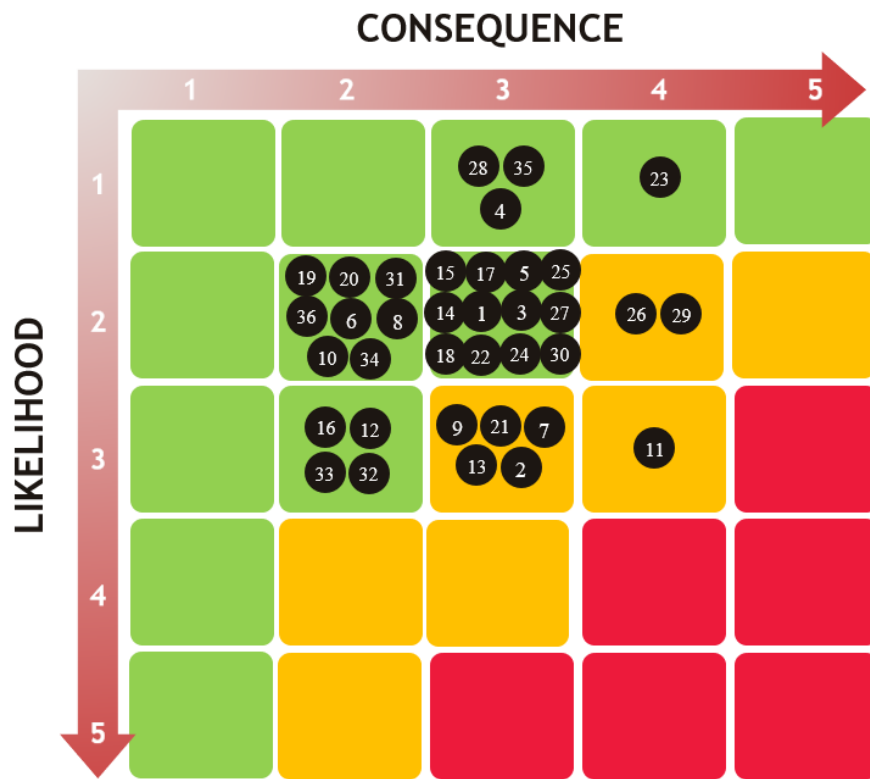
When we scope each review, we will reconsider our estimate for the number of days needed to achieve the objectives established for the work and to complete it to a satisfactory standard in light of the control environment identified within the Council. Where revisions are required, we will obtain approval 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 focusing on your most important issues.

MAPPING YOUR CORPORATE RISKS



Ref	Risks from you CRR	Risk Score
1	Equal pay claim	6
2	Insufficient staff capacity - skills, knowledge etc	9
3	Inability to demonstrate a five-year supply of deliverable housing sites against the housing target leading to further development on unallocated sites	6
4	Failure to properly manage our property assets	3
5	Ability to deliver Rushcliffe Oaks project on time and within budget	6
6	Ability to deliver Bingham Arena and Enterprise Centre project on time and within budget	4
7	County Deals - opportunity for greater collaboration and Government Funding	9
8	Failure to properly deal with community governance review legislation. Community Right to Challenge, and nominations for assets of community value	4
9	Reduction in Government funding linked to New Homes Bonus Fairer Funding and business rates reviews and the impact of the overall Comprehensive Spending Review	9
10	Failure to prevent or detect fraud and corruption	4
11	Revaluation of major business rate payer ie the impact of Ratcliffe on Soar Power Station closure	12
12	Lack of funding from partners	6
13	Central Government policy changes	9
14	Inadequate capital resources	6
15	Inflationary pressures, particularly utility costs	6

16	Increased demand for services	6
17	Risk and return from Asset Investment Strategy	6
18	Failure to deliver the Transformation Strategy	6
19	Failure to properly manage and deliver significant projects	4
20	Potential inflationary pressures, with volatility over prediction for budget	4
21	Uncertainty around Government funding and changes to the business rates system with a one-year financial settlement	9
22	ICT supplier goes out of business	6
23	Long term loss/failure of main ICT systems	4
24	Loss or compromise of sensitive data	6
25	Short term loss/failure of main ICT systems	6
26	Failure to comply with General Data Protection Regulation	8
27	Loss or compromise of confidential or restricted information or data	6
28	Failure of internal health and safety compliance or enforcement of health and safety	3
29	Unforeseen incidents happening at public events	8
30	Failure of business continuity	6
31	Ineffective emergency planning arrangements	4
32	Response to flooding impacts on delivery of statutory services	6
33	Inadequate resources to respond to flooding incidents	6
34	Failure of public sector partnerships / withdrawal of financial support	4
35	Failure to safeguard children and vulnerable adults	3
36	Ensuring the Afghan relocation scheme is supported in accordance with national guidance (potential funding and community cohesion issues)	4

MAPPING YOUR RISKS TO THE STRATEGIC PLAN

Ref	Risks from your CRR	2022/23	2023/24	2024/25
1	Equal pay claim			Equality, Diversity and Inclusion (EDI)
2	Insufficient staff capacity - skills, knowledge etc.			Workforce and Succession Planning
3	Inability to demonstrate a five-year supply of deliverable housing sites against the housing target leading to further development on unallocated sites			Local Development Plan
4	Failure to properly manage our property assets	Main Financial Systems	Assets of Community Value Main Financial Systems	Main Financial Systems
5	Ability to deliver Rushcliffe Oaks project on time and within budget	Project management		
6	Ability to deliver Bingham Arena and Enterprise Centre project on time and within budget	Project management		
7	County Deals - opportunity for greater collaboration and Government Funding		Governance of Partnership Arrangements	
8	Failure to properly deal with community governance review legislation. Community Right to Challenge, and nominations for assets of community value		Assets of Community Value	
9	Reduction in Government funding linked to New Homes Bonus Fairer Funding and business rates reviews and the impact of the overall Comprehensive Spending Review			

10	Failure to prevent or detect fraud and corruption	Fraud Report Main Financial Systems	Fraud Report Main Financial Systems Car Parking Markets Country Parks Income Review	Fraud Report Main Financial Systems Contract Management and Procurement
11	Revaluation of major business rate payer ie the impact of Ratcliffe on Soar Power Station closure			
12	Lack of funding from partners		Governance of Partnership Arrangements	
13	Central Government policy changes			
14	Inadequate capital resources		Budgetary Control	
15	Inflationary pressures, particularly utility costs		Budgetary Control	
16	Increased demand for services		Waste and Recycling	Workforce and Succession Planning
17	Risk and return from Asset Investment Strategy			
18	Failure to deliver the Transformation Strategy	Project Management		
19	Failure to properly manage and deliver significant projects	Project Management Channel Shift Strategy		
20	Potential inflationary pressures, with volatility over prediction for budget			

21	Uncertainty around Government funding and changes to the business rates system with a one-year financial settlement			
22	ICT supplier goes out of business			Business Continuity and Disaster Recovery
23	Long term loss/failure of main ICT systems			Cybersecurity
24	Loss or compromise of sensitive data			
25	Short term loss/failure of main ICT systems			Business Continuity and Disaster Recovery Cybersecurity
26	Failure to comply with General Data Protection Regulation			
27	Loss or compromise of confidential or restricted information or data			Cybersecurity
28	Failure of internal health and safety compliance or enforcement of health and safety			
29	Unforeseen incidents happening at public events		Events Management	
30	Failure of business continuity			Business Continuity and Disaster Recovery
31	Ineffective emergency planning arrangements			Business Continuity and Disaster Recovery
32	Response to flooding impacts on delivery of statutory services	Environment		
33	Inadequate resources to respond to flooding incidents			
34	Failure of public sector partnerships / withdrawal of financial support		Governance of Partnership Arrangements	

35	Failure to safeguard children and vulnerable adults	Safeguarding (Children and Vulnerable Adults)		
36	Ensuring the Afghan relocation scheme is supported in accordance with national guidance (potential funding and community cohesion issues)			

We note not all risks have reviews against them. The Council have a large volume of identified risks and our audit plan is constrained. We will monitor these risks and flexibly adapt our audit plan as appropriate and if required to cover these risks. We also note managements own actions seek to mitigate these risks.

INTERNAL AUDIT OPERATIONAL PLAN 2022-23

Area	Days	Timing	Description of the Review	Reason for Inclusion
1. Efficient Services				
Risk Management	13	Q1	<ul style="list-style-type: none"> Use our Risk Maturity Toolkit to advise where the Council sit in terms of risk management on a five-point scale from Naive to Enabled 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 	<ul style="list-style-type: none"> Risk management is a fundamental part of both the operational and strategic thinking of every part of the service delivery within the organisation. This includes corporate, business and financial risks.
Fraud Report	10	Q1	<ul style="list-style-type: none"> Provide an annual report on the activities of the Council and areas of potential fraud such as council tax and benefits as well as compliance with functional standards and ensuring up to date policies and procedures are in place 	<ul style="list-style-type: none"> Risk to all Councils and identified as a corporate risk This includes corporate fraud and benefits fraud Council take part in NFI CIFAS reporting in 2019 the rise of local authority fraud and lack of identification across the sector
Safeguarding (Children and Vulnerable Adults)	13	Q3	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Safeguarding is a statutory duty and is the responsibility of local authorities and partner agencies 'Easements' to services were allowed under the provisions of the Coronavirus Act 2020 emergency legislation and instances of abuse and or neglect were expected to have increased during lockdown

			<p>appropriate</p> <ul style="list-style-type: none"> • Review relationship with section 11 forms and reporting to Adult and Children Safeguarding Boards i.e. representatives • We will also review the impact covid has had on safeguarding and whether there have been controls adopted to identify these such as poverty, support networks in place, unsuitable accommodation and Domestic abuse 	
<p>Main Financial Systems inc. Payroll, Council Tax/NNDR and Treasury Management</p>	18	Q2	<p>To include payroll:</p> <ul style="list-style-type: none"> • Assess the adequacy of 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 <p>To include Council Tax/NNDR:</p> <ul style="list-style-type: none"> • 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 <p>To include Treasury Management:</p>	<ul style="list-style-type: none"> • Main financial system areas are a critical risk • The payroll function is outsourced to Gedling Borough Council so there is a reliance on accurate and timely information • Incorrect payments to staff could result in significant reputation damage • 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 • National trends inform us that there is a variety of practices with how funds are recovered particularly in council tax

			<ul style="list-style-type: none"> Treasury arrangements reviewed from Strategy to Member training or controls around how deals are reviewed/approved 	
IT Asset Management	13	Q3	<ul style="list-style-type: none"> The purpose of this audit is to provide assurance that the Council has maintained a full and complete asset register for IT equipment. The audit will also assess whether the lifecycle of hardware, including servers, tablets and laptops/PCs has been considered in the IT Strategy and decision-making regarding replacement equipment is future focused 	<ul style="list-style-type: none"> The Council has a responsibility to ensure that its IT infrastructure, hardware and system assets are managed in a way that protects the Council from financial loss. Furthermore, these IT assets can be used to store the Council's information assets and their loss could result in the Council being in breach of its statutory and regulatory obligations.
Sustainable Warmth Funding Review	10	Q4	<ul style="list-style-type: none"> The purpose of this audit is to provide assurance that the Council has taken sufficient steps to ensure the risk of fraud, through the issuing of funds, has been minimized The audit will so seek to provide assurance that the Council is compliant with the fund's requirements and conditions. 	<ul style="list-style-type: none"> There is an increased risk of fraud involved when funds are distributed on a large scale
TOTAL	77			

Area	Days	Timing	Description of the Review	Reason for Inclusion
2. Quality of Life				
Environment	13	Q4	<ul style="list-style-type: none"> • 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 ie. 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 Act and the strategy in place to ensure compliance with it 	<ul style="list-style-type: none"> • Increased risk following the COP26 and the Environment Bill receiving Royal Assent in November 2021 • Specific requirements for local authorities in relation to street tree felling and tackling air quality
TOTAL	13			

Area	Days	Timing	Description of the Review	Reason for Inclusion
3. Sustainable Growth				
Project Management	18	Q1	<ul style="list-style-type: none"> 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 High level review of both the Meritec and Hybrid Mail review ensuring appropriate oversight of KPIs and reporting to senior management. 	<ul style="list-style-type: none"> Project Management poses significant financial and reputational risks to the Council Specific projects carry their own risks such as the Hybrid Mail project whereby receipt of mail is key to support effective services
Channel Shift	13	Q3	<ul style="list-style-type: none"> 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 The review will focus on the source data which feeds into reports and its accuracy and completeness 	<ul style="list-style-type: none"> Digital transformation of long standing systems and processes poses both financial and reputational risks A critical challenge with channel shift is assessing effectiveness as identifying savings can be difficult
Health and Wellbeing	13	Q2	<ul style="list-style-type: none"> The review will assess the health and wellbeing initiatives in place to support 	<ul style="list-style-type: none"> Preserving and protecting the health, safety and wellbeing of staff has been

			<p>staff across the Council</p> <ul style="list-style-type: none"> We will consider how the success of initiatives is monitored, where it is reported and how staff feedback is taken into account 	<p>critical for all organisations throughout the COVID-19 pandemic. It has been essential that organisations continuously support the physical and mental wellbeing of the workforce, enabling staff to stay healthy and protect themselves, their colleagues, patients and families</p>
TOTAL	44			

TOTAL	134		
Area	Days	Description	
Reporting and Follow Up			
Management Time	10	Development of Annual Plan, attendance at Governance Scrutiny Group and quality assurance of audits	
Follow Up	6	Follow-up and report all Medium and High recommendations twice a year	
TOTAL	16		
GRAND TOTAL	150		

INTERNAL AUDIT STRATEGIC PLAN

2022 - 25

Area	2022-23	2023-24	2024-25	Description of the Review
Risk Management	15			<ul style="list-style-type: none"> Use our Risk Maturity Toolkit to advise where the Council sit in terms of risk management on a five-point scale from Naive to Enabled 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
Workforce and Succession Planning			15	<ul style="list-style-type: none"> Review of how skills and competencies have been assessed at the Council Assess how high risk roles have been identified Review how successors for high risk roles have been identified and prepared in case of need Review Council strategy for developing talent pipeline
Health and Wellbeing	15			<ul style="list-style-type: none"> The review will assess the health and wellbeing initiatives in place to support staff across the Council We will consider how the success of initiatives is monitored, where it is reported and how staff feedback is taken into account
Fraud Report	10	10	10	<ul style="list-style-type: none"> 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
Project Management	20			<ul style="list-style-type: none"> 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 High level review of both the Meritec and Hybrid Mail review ensuring appropriate

				oversight of KPIs and reporting to senior management.
Business Continuity and Disaster Recovery			15	<ul style="list-style-type: none"> 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 focus will be on where arrangements link to supplier system/arrangements and the strength of these Assess how lessons learned from the COVID-19 have been applied
Equality, Diversity and Inclusion (EDI)			20	<ul style="list-style-type: none"> Use our Equality, Diversity and Inclusion (EDI) Maturity Toolkit to advise where the Council sit in terms of equality, diversity, and inclusion governance on a five-point scale from Immature to Continuous Improvement Assess how the Council has ensured there is a commitment to EDI across the organisation, including tone from the top, governance structures, strategy, and use of data (including both workforce and service design considerations)
Environment	15			<ul style="list-style-type: none"> 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
Channel Shift	13			<ul style="list-style-type: none"> 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

				<p>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</p> <ul style="list-style-type: none"> • 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
Safeguarding (Children and Vulnerable Adults)	15			<ul style="list-style-type: none"> • 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 Children Safeguarding Boards ie. representatives • We will also review the impact covid has had on safeguarding and whether there have been controls adopted to identify these such as poverty, support networks in place, unsuitable accommodation and Domestic abuse
Waste and Recycling		13		<ul style="list-style-type: none"> • 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
Assets of Community Value		13		<ul style="list-style-type: none"> • 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 ie. parish councils, neighbourhood forums and community interest groups

				<ul style="list-style-type: none"> Assess whether challenges are received, processed, reviewed and approved appropriately
Markets		12		<ul style="list-style-type: none"> Assess the formal cash collection process in place at the market Liaise and visit the external suppliers to understand their arrangements once the cash is collected, including security of the cash Sample test 15 market cash collection cases
Country Parks Income Review inc. Lark in the Park		10		<ul style="list-style-type: none"> 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
Car Parking		13		<ul style="list-style-type: none"> 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
Main Financial Systems inc. Payroll, Council Tax/NNDR and Treasury Management	18	18	18	<p>To include payroll:</p> <ul style="list-style-type: none"> 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 <p>To include Council Tax/NNDR:</p> <ul style="list-style-type: none"> 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 <p>To include Treasury Management:</p> <ul style="list-style-type: none"> Treasury arrangements reviewed from Strategy to Member training or controls around how deals are reviewed/approved

Fleet Management & Air Pollution		15		<ul style="list-style-type: none"> • Rushcliffe has 23 frontline refuse collection vehicles ranging from 15 to 32 Gross Vehicle Weight vehicles • This review will assess the Council's Fleet Management processes in place and ensure there is an adequate fleet management strategy in place to manage fleet adequately. We will review the processes the Council has used to become carbon neutral and support its green infrastructure
Budgetary Control			15	<ul style="list-style-type: none"> • Review the Council's budget monitoring and setting process. This review would also focus on arrangements to achieve efficiencies in budgets and whether all opportunities are identified and that assumptions are based on reasonable and reliable data
Events Management			13	<ul style="list-style-type: none"> • Assess the systems, procedures and resilience of the events management staff/software to achieve the objectives set out; this includes the governance, strategies and operational controls for events management
Governance of Partnership Arrangements		15		<ul style="list-style-type: none"> • There has been a growth of place-based and themed partnership arrangements. These have largely been designed to implement and administer arrangements within defined areas focussed upon common objectives including: The Joint Planning and Advisory Board (Nottingham City, Nottinghamshire County Council, Broxtowe BC, Gedling BC, Erewash DC and Rushcliffe BC). We will review the key aspects of the partnerships governance arrangements and monitoring/management in place
Cyber Security			15	<ul style="list-style-type: none"> • This review will verify whether adequate procedures are in place to classify/secure the Council's data security assets. It will also review whether threats to the Council are adequately identified and procedures are in place to prevent vulnerabilities being exploited
IT Strategy		15		<ul style="list-style-type: none"> • This review to determine if the Council's IT strategy has been appropriately developed considering the increased risk that has emerged as a result of post-covid working arrangements
IT Asset Management	13			<ul style="list-style-type: none"> • The Council has a responsibility to ensure that its IT infrastructure, hardware and system assets are managed in a way that protects the Council from financial loss. Furthermore, these IT assets can be used to store the Council's information assets and their loss could result in the Council

				being in breach of its statutory and regulatory obligations.
Contract Management and Procurement			15	<u>Contract</u> <ul style="list-style-type: none"> 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 <u>Procurement</u> <ul style="list-style-type: none"> 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
Local Development Plan			13	<ul style="list-style-type: none"> Review of the implementation of the Local Development Plan Review the consistency with other Council strategic needs assessments

Total	134	134	134	
--------------	------------	------------	------------	--

Planning, Reporting and Follow Up

Planning/ liaison/ management	10	10	10	Development of Annual Plan, attendance at Governance Scrutiny Group and QA of audits
Recommendation follow up	6	6	6	Follow-up and report all Medium and High recommendations
Total	16	16	16	

Grand Total	150	150	150	
--------------------	------------	------------	------------	--

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 Board, in practice the charter shall be reviewed and approved annually by management and by the Governance Scrutiny Group on behalf of Rushcliffe Borough Council [the Council].

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 its 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 Practices 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 Scrutiny Group with information necessary for it to fulfil its own responsibilities and duties. 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 the 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 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 the 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.

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.

Independence and internal audit's position within Rushcliffe Borough Council

The Internal Audit function within Rushcliffe Borough Council is currently provided by BDO LLP, a limited liability partnership providing, accounting, audit and assurance, tax and financial advisory services. The Head of Internal Audit function is provided by Greg Rubins, a partner in BDO.

To provide for internal audit's independence, its personnel and external partners report to the Head of Financial Services, who reports functionally to the Governance Scrutiny Group and provides day to day oversight of the contract with BDO. The Head of Internal Audit has free and full access to the Chair of the Governance Scrutiny Group.

The appointment or removal of the Head of Internal Audit will be performed in accordance with established procedures and in consultation with the Chair of the Governance Scrutiny 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 the 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. Such arrangements will be in consultation with the Governance Scrutiny 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 Governance Scrutiny 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 Scrutiny 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 the Council's 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 Regulation 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.

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 the 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 Governance Scrutiny 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 Scrutiny 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 Governance Scrutiny Group as part of the internal audit annual report, along with corrective action plans.

Table One: Performance measures for internal audit

Measure / Indicator
<p><i>Audit Coverage</i></p> <p>Annual Audit Plan delivered in line with timetable</p> <p>Actual days are in accordance with Annual Audit Plan</p>
<p><i>Relationships and customer satisfaction</i></p> <p>Customer satisfaction reports - overall average score at least 3.5 / 5 for surveys issued at the end of each audit</p> <p>Annual survey to Governance Scrutiny Group to achieve score of at least 70%</p> <p>External audit can rely on the work undertaken by internal audit (where planned)</p>
<p><i>Staffing and Training</i></p> <p>At least 60% input from qualified staff</p>
<p><i>Audit Reporting</i></p> <p>Issuance of draft report within 3 weeks of fieldwork `closing` meeting</p> <p>Finalise internal audit report 1 week after management responses to report are received</p>

Audit Quality

High quality documents produced by the auditor that are clear and concise and contain all the information requested

Positive result from any external review

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 as included in each Governance Scrutiny 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 reports 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 Scrutiny Group whether appropriate co-operation has been provided by management and staff

BDO Contacts

Name	Grade	Email
Greg Rubins	Partner	Greg.Rubins@bdo.co.uk
Gurpreet Dulay	Director	Gurpreet.Dulay@bdo.co.uk
Charlotte Thomas	Senior Internal Auditor	Charlotte.Thomas@bdo.co.uk



FOR MORE INFORMATION:
GREG RUBINS
Greg.Rubins@bdo.co.uk

This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact BDO LLP to discuss these matters in the context of your particular circumstances. BDO LLP, its partners, employees and agents do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO Member Firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

© 2021 BDO LLP. All rights reserved.

www.bdo.co.uk

