



6 December 2021

AUDIT AND ETHICS COMMITTEE – 14 DECEMBER 2021

A meeting of Audit and Ethics Committee will be held at 6pm on Tuesday 14 December 2021 in the Council Chamber at the Town Hall, Rugby.

Members of the public may view the meeting via the livestream from the Council's website.

Mannie Ketley
Executive Director

A G E N D A

PART 1 – PUBLIC BUSINESS

1. Minutes.

To confirm the minutes of the meeting held on 4 November 2021.

2. Apologies.

To receive apologies for absence from the meeting.

3. Declarations of Interest.

To receive declarations of:

(a) non-pecuniary interests as defined by the Council's Code of Conduct for Councillors;

(b) pecuniary interests as defined by the Council's Code of Conduct for Councillors; and

(c) notice under Section 106 Local Government Finance Act 1992 – non-payment of Community Charge or Council Tax.

Note: Members are reminded that they should declare the existence and nature of their non-pecuniary interests at the commencement of the meeting (or as soon as the interest becomes apparent). If that interest is a pecuniary interest the Member must withdraw from the room unless one of the exceptions applies.

Membership of Warwickshire County Council or any Parish Council is classed as a non-pecuniary interest under the Code of Conduct. A Member does not need to declare this interest unless the Member chooses to speak on a matter relating to their membership. If the Member does not wish to speak on the matter, the Member may still vote on the matter without making a declaration.

4. Approval of the Financial Statements for 2020/21 – Update (to follow).
5. Audit Findings Report – Management Response to Recommendations (to follow).
6. Appointment of External Auditors.
7. Treasury Management Mid-Year Report 2021/22.
8. Financial Regulations.
9. Internal Audit Charter.
10. Internal Audit Progress Update.
11. Motion to Exclude the Public under Section 100(A)(4) of the Local Government Act 1972

To consider passing the following resolution:

“Under Section 100(A)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following items on the ground that they involve the likely disclosure of information defined in paragraphs 1, 2 and 3 of Schedule 12A of the Act.”

PART 2 – EXEMPT INFORMATION

1. Whistle Blowing Incidents – Standing Item – to receive any updates.
2. Fraud and Corruption Issues – Standing Item – to receive any updates.

Any additional papers for this meeting can be accessed via the website.

The Reports of Officers are attached.

Membership of the Committee: Mr P Dudfield (Chairman), Mr J Eves (Vice-Chairman), Councillors Bearne, McQueen, Mistry and Ms Watson-Merret

Named Substitutes: Councillors Mrs A'Barrow, Mrs O'Rourke, Mrs Roberts and Roodhouse

If you have any general queries with regard to this agenda please contact Veronika Beckova, Democratic Services Officer (01788 533591 or e-mail veronika.beckova@rugby.gov.uk). Any specific queries concerning reports should be directed to the listed contact officer.

AGENDA MANAGEMENT SHEET

Report Title: Appointment of External Auditors

Name of Committee: Audit and Ethics Committee

Date of Meeting: 14 December 2021

Report Director: Chief Officer - Finance and Performance

Portfolio: Finance, Performance, Legal and Governance

Ward Relevance: All

Prior Consultation: Chair and Vice Chair of Audit and Ethics Committee

Contact Officer: Jon Illingworth
Chief Officer - Finance and Performance
01788 533410, jon.illingworth@rugby.gov.uk

Public or Private: Public

Report Subject to Call-In: Yes

Report En-Bloc: No

Forward Plan: Yes

Corporate Priorities: This report relates to the following priority(ies):
 Rugby is an environmentally sustainable place, where we work together to reduce and mitigate the effects of climate change. (C)
 Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents. (E)
 Residents live healthy, independent lives, with the most vulnerable protected. (HC)
 Rugby Borough Council is a responsible, effective and efficient organisation. (O)
[Corporate Strategy 2021-2024](#)
 This report does not specifically relate to any Council priorities but

Summary: The report outlines the options for procuring external audit for the five year period commencing 2022/23.

Financial Implications: The current external audit contract fee is £0.041m per year. But year on year the cost of the external

audit has included additional fees. The procurement exercise will determine the revised contract costs for the period.

Risk Management/Health and Safety Implications:

None as a result of this report.

Environmental Implications:

None as a result of this report.

Legal Implications:

Section 7 of the Local Audit and Accountability Act 2014 requires a relevant Authority to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year.

Section 8 governs the procedure for appointment including that the Authority must consult and take account of the advice of its auditor panel on the selection and appointment of a local auditor. Section 8 provides that where a relevant Authority is operating executive arrangements (like the County Council) the function of appointing a local auditor to audit its accounts is not the responsibility of an executive of the Authority.

Section 12 makes provision for the failure to appoint a local auditor. The Authority must immediately inform the Secretary of State, who may direct the Authority to appoint the auditor named in the direction or appoint a local auditor on behalf of the Authority.

Section 17 gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) and this gives the Secretary of State the ability to enable a sector-led body to become the appointing person. In July 2016 the Secretary of State specified PSAA as the appointing person.

Equality and Diversity:

The Council has duly considered the obligations as set out within the Equality Act 2010 and no direct implications arise as a result of this report. None as a result of this report.

Options:

The Authority has three options for appointing the auditor:

- **Option 1:** To appoint its own auditor, which requires it to follow the procedure set out in the Act.
- **Option 2:** To act jointly with other authorities to procure an auditor following the procedures in the Act.
- **Option 3:** To opt-in to the national auditor appointment scheme administered by a body designated by the Secretary of State as the 'appointing person'. The body currently designated for this role is Public Sector Audit Appointments Limited (PSAA).

Recommendation:

That Audit and Ethics Committee recommends to Council that Rugby Borough Council opt-in to the sector-led body procurement, conducted by Public Sector Audit Appointments Limited, for the appointment of the Authority's external auditors from April 2023.

Reasons for Recommendation:

As outlined in the body of the report.

Audit and Ethics Committee - 14 December 2021

Appointment of External Auditors

Public Report of the Chief Officer - Finance and Performance

Recommendation

That Audit and Ethics Committee recommends to Council that Rugby Borough Council opt-in to the sector-led body procurement, conducted by Public Sector Audit Appointments Limited, for the appointment of the Authority's external auditors from April 2023.

1. Purpose of the Report

- 1.1. Under the Local Government Audit and Accountability Act 2014 the Council is required to appoint an auditor to audit its accounts each financial year. Our current auditor appointment covers the period up to and including the audit of the 2022/23 accounts.
- 1.2. This report sets out proposals for appointing the external auditor to the Authority for the accounts for the five-year period from 2023/24.
- 1.3. The decision on the appointment of the auditor is one that cannot be delegated by full Council but is being brought to Audit and Ethics Committee for their prior review and consideration.

2. Background and Summary

- 2.1. The current auditor appointment arrangements were agreed by Council in 2016/17 and cover the five years up to and including the audit of the 2022/23 accounts. To make the appointment the Authority opted into the 'appointing person' national auditor appointment arrangements established by Public Sector Audit Appointments Limited (PSAA).
- 2.2. Under the Local Government Audit and Accountability Act 2014, the Council is required to appoint an auditor to audit its accounts for each financial year. The statutory requirement is to have an auditor appointment in place by 31 December of the year preceding the start of the contract i.e. by 31 December 2022. The time needed to run an effective procurement process means that the Authority needs to decide how it wishes to undertake the process. The options are:
 - To arrange own procurement and make own appointment;
 - To arrange procurement in conjunction with other bodies; or
 - Once again take advantage of the national collective scheme administered by PSAA.

- 2.3. The report concludes that the sector-wide procurement conducted by PSAA will produce better outcomes and will be less burdensome for the Council than a procurement undertaken locally because:
- Collective procurement reduces costs for the sector and for individual authorities compared to a multiplicity of smaller local procurements;
 - If it does not use the national appointment arrangements, the Council will need to establish its own Auditor Panel with an independent chair and independent members to oversee a local auditor procurement and ongoing management of an audit contract;
 - It is the best opportunity to secure the appointment of a qualified, registered auditor - there are only nine accredited local audit firms, and a local procurement would be drawing from the same limited supply of auditor resources as PSAA's national procurement; and
 - Supporting the sector-led body offers the best way of ensuring there is a continuing and sustainable public audit market into the medium and long term.
- 2.4. If the Council decides to take advantage of the national auditor appointment arrangements and opt into the national scheme, the opt-in period closes on 11 March 2022.

3. The Appointed Auditor

- 3.1. The auditor appointed at the end of the procurement process will undertake the statutory audit of accounts and value for money assessment of the Council in each financial year, in accordance with all relevant codes of practice and guidance. The appointed auditor is also responsible for investigating questions raised by electors and has powers and responsibilities in relation to Public Interest Reports and statutory recommendations.
- 3.2. The auditor must act independently of the council and the main purpose of the procurement legislation is to ensure that the appointed auditor is sufficiently qualified and independent.
- 3.3. The auditor must be registered to undertake local audits by the Financial Reporting Council (FRC) and employ authorised Key Audit Partners to oversee the work. There is currently a shortage of registered firms (9) and Key Audit Partners.
- 3.4. The scope of a local audit is fixed. It is determined by the Code of Audit Practice (currently published by the National Audit Office), the format of the financial statements (specified by the Chartered Institute of Public Finance and Accountancy) and the application of auditing standards is currently regulated by the FRC.
- 3.5. These factors apply to all local audits. Councils therefore have very limited influence over the nature of the audit services they are procuring, the nature and quality of which are determined or overseen by third parties.

4. Options for Appointing the Auditor

4.1. The Authority has three options for appointing the auditor:

- **Option 1:** To appoint its own auditor, which requires it to follow the procedure set out in the Act.
- **Option 2:** To act jointly with other authorities to procure an auditor following the procedures in the Act.
- **Option 3:** To opt-in to the national auditor appointment scheme administered by a body designated by the Secretary of State as the 'appointing person'. The body currently designated for this role is Public Sector Audit Appointments Limited (PSAA).

The remainder of this section considers the advantages/benefits and disadvantages/risks of each of these options.

4.2. Option 1: Appointment by the Authority Itself

The Council may elect to appoint its own external auditor under the Act, which would require:

- Establish an independent Auditor Panel to make a stand-alone appointment. The Auditor Panel would need to be set up by the Council, and the members of the panel must be wholly, or have a majority of, independent members as defined by the Act. Independent members for this purpose are independent appointees, excluding current and former elected members (or officers) and their close families and friends. This means that elected members will not have a majority input to assessing bids and choosing to which audit firm to award a contract for the external audit.
- Manage the contract for its duration, overseen by the Auditor Panel.

Advantages/benefits

- Setting up an Auditor Panel allows the Council to take maximum advantage of the local appointment regime and have some local input to the decision.

Disadvantages/risks

- Recruitment and servicing of the Auditor Panel, running the bidding exercise and negotiating the contract is estimated to cost up to £0.050m plus on-going expenses and allowances.
- The Council will not be able to take advantage of reduced fees that may be available through joint or national procurement contracts.
- The assessment of bids and the awarding of contracts will have limited elected member involvement.
- It would be more difficult to manage quality and independence requirements through a local appointment process.
- The Authority is unable to influence the scope of the audit and the regulatory regime inhibits the ability to affect quality.

- The local procurement exercise would be seeking tenders from the same firms as the national procurement exercise. Local firms cannot be invited to bid.

4.3. **Option 2: Set up a Joint Auditor Panel to Undertake Local Joint Procurement Arrangements**

Alternatively, the Act enables the Council to join with other authorities to establish a joint Auditor Panel. Again, this will need to be constituted of wholly or a majority of independent appointees. Further legal advice would be required on the exact constitution of such a panel having regard to the obligations of each Council under the Act and the Council would need to liaise with other local authorities to assess the appetite for such an arrangement.

Advantages/benefits

- The costs of setting up the Panel, running the bidding exercise and negotiating the contract will be shared across a number of authorities.
- Greater opportunity for negotiating some economies of scale by being able to offer a larger combined contract.

Disadvantages/risks

- The decision-making body will be further removed from local input, with potentially no or little input from elected members, depending on the constitution agreed with the other bodies involved.
- The choice of auditor could be complicated where individual councils have independence issues. An independence issue occurs where the auditor has recently or is currently carrying out consultancy or advisory work for a council. Where this occurs, some auditors may be prevented from being appointed by the terms of their professional standards or a council may be excluded from the appointment by the Auditor Panel and need to make their own arrangements.
- The Council is unable to influence the scope of the audit and the regulatory regime inhibits the ability to affect quality.
- It would be difficult to manage quality and independence requirements through a local appointment process.
- The joint procurement exercise would be seeking tenders from the same firms as the national procurement exercise. Local firms cannot be invited to bid.

4.4. **Option 3: The National Auditor Appointment Scheme**

PSAA is the sector-led body appointed by the Secretary of State specified as the 'appointing person' for local government under the provisions of the Local Government Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015. PSAA let five-year audit services contracts in 2017 for the first appointing period, covering audits of the accounts from 2018/19 to 2022/23. It is now undertaking the work needed to invite eligible bodies to opt in for the next appointing period, from the 2023/24 audit onwards, and to complete a procurement for audit services. PSAA is a not-for-profit organisation whose costs are around 4% of the scheme with any surplus distributed back to scheme members.

Advantages/benefits

- PSAA will manage the procurement process to ensure both quality and price criteria are satisfied.
- The costs of setting up the appointment arrangements and negotiating fees would be shared across all opt-in authorities.
- The suitable independence of the auditors from the bodies they audit and managing any potential conflicts as they arise during the appointment period will be ensured.
- PSSA would undertake ongoing contract and performance management of the contracts once these have been let.
- By offering large contract values the accredited firms would be able to offer better rates and lower fees than are likely to result from local negotiation.
- Any conflicts at individual authority level would be managed by PSAA that would have a number of contracted firms to call upon.

Disadvantages/risks

- Individual elected members would have less opportunity for direct involvement in the appointment process other than through the LGA and/or stakeholder representative groups.
- In order for PSAA to remain viable and to be placed in the strongest negotiating position they will need councils to indicate their intention to opt-in before final contract prices are known.

4.5. Conclusion

The national offer provides the appointment of an independent auditor with limited administrative cost to the Authority. By joining the scheme, the Authority would be acting with other councils to optimise the opportunity to influence the market that a national procurement provides. The recommended approach is therefore to opt-in to the national auditor appointment scheme.

5. Financial Implications

- 5.1. The Council's current external audit contracted fees are £0.041m a year for Council. The proposed fee for 2021/22 is £0.064 subject to PSAA approval
- 5.2. There have been significant increases in fees over recent years due to the complexity of the work and the problems with supply/capacity in the market outlined above as well as increases in the scope of audit, requiring more audit work. It is expected that fees will increase further when the current contracts end.
- 5.3. The concerns about capacity and sustainability in the local audit market also mean opting into a national scheme provides maximum opportunity to ensure fees are as realistic as possible, while ensuring the quality of audit is maintained, by entering into a large-scale collective procurement arrangement.

- 5.4. If the national scheme is not used further additional resource will be needed to establish and maintain an Auditor Panel and conduct a local procurement.

6. Next Steps

- 6.1. PSAA is now inviting Authorities to opt in for the second appointing period, for 2023/24 to 2027/28. Based on the level of opt-ins it will enter into contracts with appropriately qualified audit firms and appoint a suitable firm to be the Authority's auditor.
- 6.2. Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to opt-in must be made by a meeting of the Council.
- 6.3. Assuming the recommendation to opt-in to the national auditor appointment scheme is made, the Council will then respond formally to PSAA's invitation by the close of the opt-in period on 11 March 2022.
- 6.4. PSAA will commence the formal procurement process in early February 2022. It expects to award contracts in August 2022 and will then consult with authorities on the appointment of auditors so that it can make appointments by the statutory deadline of 31 December 2022.

Name of Meeting: Audit and Ethics Committee

Date of Meeting: 14 December 2021

Subject Matter: Appointment of External Auditors

Originating Department: Finance and Performance

DO ANY BACKGROUND PAPERS APPLY YES NO

LIST OF BACKGROUND PAPERS

Doc No	Title of Document and Hyperlink

The background papers relating to reports on planning applications and which are open to public inspection under Section 100D of the Local Government Act 1972, consist of the planning applications, referred to in the reports, and all written responses to consultations made by the Local Planning Authority, in connection with those applications.

Exempt information is contained in the following documents:

Doc No	Relevant Paragraph of Schedule 12A

AGENDA MANAGEMENT SHEET

Report Title: Treasury Management Mid-Year Report 2021/22

Name of Committee: Audit and Ethics Committee

Date of Meeting: 14 December 2021

Report Director: Chief Officer - Finance and Performance

Portfolio: Finance, Performance, Legal and Governance

Ward Relevance: All

Prior Consultation: Treasury Management Strategy 2021/22-2023/24
Cabinet February 2021

Contact Officer: Jon Illingworth
Chief Officer - Finance and Performance
01788 533410, jon.illingworth@rugby.gov.uk

Public or Private: Public

Report Subject to Call-In: No

Report En-Bloc: No

Forward Plan: No

Corporate Priorities: This report relates to the following priority(ies):
 Rugby is an environmentally sustainable place, where we work together to reduce and mitigate the effects of climate change. (C)
 Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents. (E)
 Residents live healthy, independent lives, with the most vulnerable protected. (HC)
 Rugby Borough Council is a responsible, effective and efficient organisation. (O)
[Corporate Strategy 2021-2024](#)
 This report does not specifically relate to any Council priorities but

Summary: The report sets out the treasury management activities from 1 April - 30 September 2021.

Financial Implications: None as a direct result of this report. The report ensures that the Council is aware of the current treasury management position.

Risk Management/Health and Safety Implications:	None as a direct result of this report.
Environmental Implications:	None as a direct result of this report.
Legal Implications:	None as a direct result of this report.
Equality and Diversity:	None as a direct result of this report.
Options:	None as a direct result of this report.
Recommendation:	<ol style="list-style-type: none">1) The report be noted; and2) The monitoring and review of Treasury Management indicators be agreed.
Reasons for Recommendation:	To comply with the Code of Practice.

Audit and Ethics Committee - 14 December 2021

Treasury Management Mid-Year Report 2021/22

Public Report of the Chief Officer - Finance and Performance

Recommendation

- 1) The report be noted; and
- 2) The monitoring and review of Treasury Management indicators be agreed.

Background

The Council is required to operate a balanced budget which broadly means that, year on year, cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus cash is invested in low-risk counterparties or instruments commensurate with the Council's risk appetite, providing adequate liquidity initially before considering investment return as per the Council's Treasury Management Strategy which adopted on 1 April 2021.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

On 8 November 2021, Cabinet was presented with the 2021/22 Treasury Management Report which provided information on the activity for 1 April - 30 September 2021.

https://www.rugby.gov.uk/download/meetings/id/3240/download_the_agenda

Representatives from the Financial Services Team will attend the committee and provide a verbal update.

Name of Meeting: Audit and Ethics Committee

Date of Meeting: 14 December 2021

Subject Matter: Treasury Management Mid-Year Report 2021/22

Originating Department: Finance and Performance

DO ANY BACKGROUND PAPERS APPLY **YES** **NO**

LIST OF BACKGROUND PAPERS

Doc No	Title of Document and Hyperlink

The background papers relating to reports on planning applications and which are open to public inspection under Section 100D of the Local Government Act 1972, consist of the planning applications, referred to in the reports, and all written responses to consultations made by the Local Planning Authority, in connection with those applications.

Exempt information is contained in the following documents:

Doc No	Relevant Paragraph of Schedule 12A

AGENDA MANAGEMENT SHEET

Report Title: Financial Regulations

Name of Committee: Audit and Ethics Committee

Date of Meeting: 14 December 2021

Report Director: Chief Officer - Finance and Performance

Portfolio: Finance, Performance, Legal and Governance

Ward Relevance: All

Prior Consultation: Leadership Team

Contact Officer: Jon Illingworth
Chief Officer - Finance and Performance
01788 533410, jon.illingworth@rugby.gov.uk

Public or Private: Public

Report Subject to Call-In: Yes

Report En-Bloc: No

Forward Plan: Yes

Corporate Priorities: This report relates to the following priority(ies):
 Rugby is an environmentally sustainable place, where we work together to reduce and mitigate the effects of climate change. (C)
 Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents. (E)
 Residents live healthy, independent lives, with the most vulnerable protected. (HC)
 Rugby Borough Council is a responsible, effective and efficient organisation. (O)
[Corporate Strategy 2021-2024](#)
 This report does not specifically relate to any Council priorities but

Summary: The report outlines strategic financial regulations which outline responsibilities for strong financial management in the organisation. The requirements are not new, but this is the first time they have been published as a document.

Financial Implications: None as a result of this report.

Risk Management/Health and Safety Implications:	None as a result of this report.
Environmental Implications:	None as a result of this report.
Legal Implications:	None as a result of this report.
Equality and Diversity:	None as a result of this report.
Options:	None as a result of this report.
Recommendation:	The Financial Regulations, as detailed in Appendix 1, be endorsed.
Reasons for Recommendation:	The regulations demonstrate the Council's commitment to delivering sound financial governance and support the delivery of the CIPFA Financial Management Code.

Audit and Ethics Committee - 14 December 2021

Financial Regulations

Public Report of the Chief Officer - Finance and Performance

Recommendation

The Financial Regulations, as detailed in Appendix 1, be endorsed.

1. Background

- 1.1. The Council's new Corporate Strategy has ambitious commitments and is focussed on the delivery of four overarching outcomes – focussing on Rugby as being:
 - An environmentally sustainable place, where stakeholders work together to reduce and mitigate the effects of climate change
 - A diverse and resilient economy, which benefits all residents
 - A place where residents are able to live healthy, independent lives, with the most vulnerable protected
 - A Council that is a responsible, effective and efficient organisation
- 1.2. Within each outcome, the strategy describes key commitments which will guide delivery. These commitments are not exhaustive and may be altered or added to as the various agendas progress. The new Leadership Team are working with officers to produce strategy documents to support the achievement of the strategy.
- 1.3. Sound financial management will underpin the success of the delivery of the organisation's aspirations and the publication of the financial regulations will ensure that the Leadership Team understand the important role that the team in ensuring the financial management is the responsibility of everyone in the organisation and not just officers working in the Financial Services Team.
- 1.4. The details are shown in Appendix 1, the requirements are not new but the document is the first time that it has been produced in a single source document.

2. CIPFA Financial Management Code

- 2.1. The Financial Management Code (FM Code) is designed to support good practice in financial management and to assist local authorities in demonstrating financial sustainability.

2.2. The FM Code is based on a series of principles supported by specific standards which are considered necessary to provide the strong foundation to:

- financially manage the short, medium and long-term finances of a local authority;
- manage financial resilience to meet unforeseen demands on services; and
- manage unexpected shocks in their financial circumstances.

2.3. The implementation of the CIPFA Financial Management Code has previously been reported to the Committee and the Council has to demonstrate its commitment to achieve the requirements of the code from 1 April 2021.

3. Financial Regulations

3.1. The financial regulations are included in Appendix 1 of the report and have been broken down into 18 key principles. Under each principle it highlights the responsibility of the Executive Director, the Deputy Executive Director, the Chief Financial Officer and wider Chief Officers.

3.2. The regulations have been reviewed by both the Financial Services Team and the Corporate Assurance Team and approved by the Leadership Team.

3.3. The document will be reviewed on an annual basis before being implemented alongside the Medium-Term Financial Plan.

3.4. Although not a specific requirement of the FM code, the establishment of the regulations and the Leadership Team commitment to financial management demonstrates the underlying principles of the FM code:

- Organisational leadership – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
- Accountability – based on a medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
- Financial management is undertaken with transparency at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.
- Adherence to professional standards is promoted by the Leadership Team and is evidenced.
- Sources of assurance are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.
- The long-term sustainability of local services is at the heart of all financial management processes and it evidenced by prudent use of public resources.

3.5. At a more operational level a suite of financial instructions will be introduced to all staff in the organisation which will not only provide support and guidance but will be explicit in the responsibilities of all staff when it comes to operational financial management.

Name of Meeting: Audit and Ethics Committee

Date of Meeting: 14 December 2021

Subject Matter: Financial Regulations

Originating Department: Finance and Performance

DO ANY BACKGROUND PAPERS APPLY **YES** **NO**

LIST OF BACKGROUND PAPERS

Doc No	Title of Document and Hyperlink

The background papers relating to reports on planning applications and which are open to public inspection under Section 100D of the Local Government Act 1972, consist of the planning applications, referred to in the reports, and all written responses to consultations made by the Local Planning Authority, in connection with those applications.

Exempt information is contained in the following documents:

Doc No	Relevant Paragraph of Schedule 12A



Appendix 1

Financial Regulations

December 2021

FINANCIAL REGULATIONS

The Financial Procedures set out the key actions that must be taken to implement Financial Instructions and deliver a Financial Accountability Framework. More detailed advice on the day-to-day administration of the Council's finance will be set out in the Financial Management section of the Council's internal and external communication channels.

The Chief Finance Officer is responsible for establishing these procedures and keeping them under regular review to ensure that they continue to reflect best practice to achieve proper financial management across the Council.

FR1 Revenue and Capital Budget Allocations and Approvals

The Chief Finance Officer will:

- i. Determine the format and timetable for the completion of the Medium-Term Financial Plan (including the Budget and Capital Programme).
- ii. Co-ordinate its production for approval.
- iii. Co-ordinate actions to deliver a balanced and sustainable budget.
- iv. Develop a prioritisation process for considering competing capital and revenue business case.
- v. Determine and advise Cabinet and Council on all long-term funding decisions associated with the Capital Programme.
- vi. prepare a report as part of the annual budget setting process to gain the agreement regarding any fees and charges levied by the Council, following consultation with the Cabinet Member for service proposing the fee.

Chief Officers/Executive Directors will:

- vii. Be responsible for preparing and providing information for the content of revenue and capital estimates, which will be prepared in conjunction with the Chief Finance Officer.
- viii. Developing proposals to achieve a balanced budget in accordance with guidance issued by the Chief Finance Officer.
- ix. Maintain systems to assess the level of demand for their services and predict how this may change over time along with the impact on future financial plans.
- x. Ensure that net expenditure plans (revenue and capital) in their areas of responsibility does not exceed the annual budgets set for their services and projects.
- xi. Comply with all laid down financial, professional, management, legal and ethical standards.

FR2 Managing the Revenue Budget and Capital Programme

Revenue Budget Approvals

- i. After Council has approved the annual Medium Term Financial Plan, the service revenue budgets for each Service must be prepared, in consultation with the Chief Finance Officer by 31 March, within the parameters and policies contained within the incorporated budget.
- ii. Once approved will give authority for revenue expenditure to be incurred provided:
 - a. it complies with the Council's Financial Regulations and Standing Orders; and
 - b. are cash limited and should not be exceeded without prior consent of Cabinet.

Capital Programme Management

- iii. The Capital Programme gives approval for Capital Projects to be implemented subject to the HM Treasury's Better Business Case approvals procedure. To compliment this, once approved the scheme must follow the internal governance gateway procedure which has been based on Prince 2 project management principles.

Revenue and Capital Budget Variations

- iv. A business case must be prepared for any new in year capital or revenue spending that exceeds the threshold limits within the Council's Constitution, in a format set by the Chief Finance Officer. All new capital spending will be subject to the process set out above.

Use of Reserves

- v. Reserves may only be used to the extent and for the purpose agreed by Council. No reserves can be created or used without the approval of Cabinet or Council, as advised by the Chief Finance Officer.

Carry Forward Arrangements

- vi. Any capital or revenue underspends may only be carried forward with the consent of the Cabinet, on the advice of the Chief Finance Officer.
- vii. At the year-end Chief Officers may submit proposals to carry forward monies for specific purposes subject to recommendation of the CFO and the consent of Cabinet.

FR3 Final Accounts and Year End Procedures

- i. The Chief Finance Officer must make arrangements for the accurate and timely production of the Council's accounts. Including:
 - Selecting Accounting Policies for the preparation of accounts
 - Determining the timetable for the production of the accounts
 - Managing the consolidation of financial information
 - reporting the Council's outturn to Cabinet and for producing the Council's Statement of Accounts for approval by the Audit and Ethics Committee.
- ii. Each Chief Officer plays a key role in enabling the Chief Finance Officer to discharge their responsibilities in relation to the accounts. Each Chief Officer:
 - is responsible for closing service team accounts in accordance with accounting principles, and guidance notes and timetable provided by the Chief Finance Officer to ensure compliance with the Accounts and Audit (England) Regulations 2015 and subsequent amendments.
 - is responsible for providing the Chief Finance Officer and the Property Manager with an accurate and up to date list of assets within the assets register on 31 March.

- must maintain prime documentation used in the preparation of the Accounts to provide a clear audit trail and in line with any requirements of the Council's External Auditors.
- must produce completed grant claims and necessary supporting documentation to and for inspection by the Chief Finance Officer in a format prescribed by him/her.

FR4 Corporate Financial Systems

- The Chief Finance Officer will need to approve the specification, prior to tendering, for any system which will feed into the Council's corporate financial systems.
- Each Chief Officer must consult the Chief Finance Officer before making any significant changes to corporate financial systems or any subsidiary systems that are within their control.
- Each Chief Officer must ensure that, wherever possible, the Council's corporate financial systems, are used by all appropriate employees within his/her areas of responsibility.
- Each Chief Officer must ensure that if standalone systems are used, irrespective of whether these feed into the Council's corporate financial systems or not, they have adequate prevention and detection controls and prior approval has been obtained from the Chief Finance Officer to use the system(s).
- Each Chief Officer must ensure that appropriate disaster recovery and business continuity arrangements are in place and tested on a regular basis to ensure that the data held in core systems is safe and secure and can be recreated where necessary.

FR5 Value for Money

- Best value and value for money must be sought in all activities, including the procurement of goods and services and the disposal of assets.
- The Chief Finance Officer has overall responsibility for ensuring that the council's financial arrangements deliver value for money.
- Each Chief Officer must ensure that actions are taken to deliver services in accordance with agreed performance standards and demonstrate that they are delivering value for money.
- Each Chief Officer must ensure that Contract Standing Orders are followed when ordering goods and services to achieve value for money.
- Each Chief Officer must comply with the requirements of the Monitoring Officer to achieve best value in the disposal of council assets including land and property.
- Each Chief Officer must prepare, monitor, and present appropriate performance management information to assure members that they are delivering economic, efficient, and effective services.

FR6 Risk Management

- Each Chief Officer must ensure they have identified, evaluated (using the Council's corporate risk management methodology) and recorded the risks, financial or otherwise, which exist within their area of service delivery.
- Each Chief Officer must take all reasonable steps to mitigate existing and emerging risks facing the council and ensure that there are appropriate insurance arrangements in place to manage those unmitigated risks.

- iii. The Chief Finance Officer will report to Cabinet and the Audit and Ethics Committee periodically on progress towards delivery of the Risk Management Strategy and on the Council's key risks.
- iv. Each Chief Officer must appoint a risk owner for all key risks managed within their service and ensure there are adequate controls, procedures, and resources in operation, to manage the identified key risks and take appropriate action to mitigate the risks.

FR7 Insurance

- i. The Chief Finance Officer in consultation with Chief Officers is responsible for determining the Council's policy in terms of insurable risks.
- ii. Each Chief Officer is responsible for ensuring any risk management processes identify, evaluate and record both insurable and uninsurable risks.
- iii. Each Chief Officer is responsible for minimising the risks from insurance claims and must ensure that procedures are in place to do so.

FR8 Internal Audit

- i. The Corporate Assurance and Improvement Manager provides a continuous internal audit and reviews the Council's financial records and operations. The service is in accordance with the Accounts and Audit (England) Regulations 2015 and relevant professional guidance including the Public Sector Internal Audit Standards.
- ii. The role of the Corporate Assurance and Improvement Manager is to provide an internal audit opinion on the overall adequacy and effectiveness of the Council's governance, risk, and control framework (the control environment).
- iii. The Corporate Assurance and Improvement Manager on the authority of the Chief Finance Officer, shall have authority to:
 - a) enter any Council premises or land at all reasonable times.
 - b) have access to all records, documents, data, and correspondence relating to all transactions of the Council, or unofficial funds operated by an employee as part of their duties.
 - c) require any employee of the Council to provide such explanations, information, or any other assistance necessary concerning any matter under audit examination.
 - d) require any employee of the Council to produce cash, stores, or any other property under his/her control, belonging to the Council or held as part of the employee's duties.
- iv. This will apply equally to organisations which have links with or provide services on behalf of the Council (e.g. wholly owned companies, voluntary organisations or other agents acting on behalf of the Council) where the Council has a statutory or contractual entitlement to exercise such right. These rights shall be included in all contractual arrangements entered with such organisations.
- v. Internal Audit will notify the results of internal reviews in writing to Chief Officers/Executive Directors. Further information can be found in the approved Internal Audit Charter.
- vi. Each Chief Officer must ensure there is an open, honest, transparent, and accountable culture in operation within their area of responsibility and must make its services available as and when required for audit both internally and externally.

FR9 External Audit

- i. The Council has approved the use of Public Sector Audit Appointments (PSAA) for the appointment of external auditors in line with the requirements of the Local Audit and Accountability Act 2014 and regulation 3 of the Local Audit (Appointing Person) Regulations 2015.
- ii. External Audit has the same access rights as internal audit and reports directly to the Audit and Ethics Committee, who approve the Council's accounts.
- iii. The key responsibilities of the Chief Finance Officer with regard to External Audit are to:
 - a) Maintain accounting records and prepare statements of account.
 - b) Liaise and work with External Audit on a regular basis.
 - c) Receive and deal with all queries relating to the work of the Council from External Audit. Chief Officers/Executive Directors and their designated officers should not deal directly with External Audit on matters of accounting principles. These queries/concerns should be directed through the Chief Finance Officer.
 - d) Inform External Audit of all fraudulent cases that have been referred to the Police.

FR10 Irregularities, Fraud and Corruption

- i. All employees and Members have a duty to report any unlawful or potential unlawful spending or financial irregularity at the earliest opportunity.
- ii. The Chief Finance Officer is responsible for deciding on the action to be taken to investigate all matters of suspected financial irregularities, including referring the matter to the Police.
- iii. Each Chief Officer must ensure that the Chief Finance Officer, Corporate Assurance, and Improvement Manager and, if applicable, the Monitoring Officer, are notified immediately whenever a matter arises which involves, or is thought to involve, any financial irregularities, fraud and corruption.
- iv. Each Chief Officer must follow the requirements of the Anti-Fraud Strategy, Anti-Money Laundering policy, the Criminal Acts Procedure, and the Confidential Reporting (Whistle blowing) Code and Public Interest Disclosure Act 1998. Further information is contained in the Anti Fraud, Bribery and Corruption Strategy.

FR11 Income and Banking

- i. Only the Chief Finance Officer or authorised representative where applicable, shall have authority to:
 - Operate all such bank accounts considered necessary.
 - Approve all dealings and arrangements with the Council's bankers.
 - Authorise the ordering of cheques and make proper arrangements for their safe custody.
 - Approve and sign all alterations and amendments to cheques.
 - Make all requests for Council credit cards.
 - All cheques drawn on the Council's main banking accounts will bear the facsimile signature of the Chief Finance Officer or be signed in manuscript by the Chief Finance Officer or authorised representative.

- ii. The Chief Finance Officer will prepare and seek Cabinet approval for a debt write off policy, setting out the arrangements for reviewing and writing off irrecoverable debts.
- iii. The Chief Finance Officer must report, all write-offs to the Cabinet in accordance with the procedures and limits detailed in the Council's Constitution.
- iv. Each Chief Officer must ensure that all systems and procedures relating to income and banking:
 - Have adequate prevention and detection controls.
 - Are in accordance with the Accounts and Audit (England) Regulations 2015.
 - Each transaction is identified, recorded, and accounted for, and sums received kept secure and promptly banked.
 - Comply with the requirements of the income and banking section of the Financial Instructions.
 - Comply with the Council Constitution
- v. Each Chief Officer must maintain an up-to-date list of authorised signatories in accordance with the procedures and limits which will be held corporately.

FR12 Orders and Payments

- i. Each Chief Officer must ensure that all expenditure is lawful (intra vires), has been properly authorised and all necessary processes have been complied with. Additionally, each Chief Officer must ensure there are adequate controls and procedures in operation within their areas of responsibility to ensure:
 - The Council's Contract Standing Orders are followed.
 - Orders are only raised where there is sufficient budget remaining to cover all costs associated with the order, considering likely future commitments as well as the cost relating to a particular order.
 - Wherever possible orders are only raised under contracts or frameworks which have been centrally negotiated.
 - Orders are raised, processed and paid using Accounts Payable and in accordance with the procedures and limits detailed within the Financial Services internal communication page, unless it has been authorised by the Chief Finance Officer, not to do so.
 - Goods and services are ordered and paid for, which are for official purposes and help the effective operation of the Council.
 - Payments are only made on appropriately certified documents (i.e. invoices, payment request forms etc.) and in accordance with the procedures and limits detailed within the Financial Services internal communication page.
 - Orders and payments are accounted for in accordance with the procedures and limits detailed within the Financial Services internal communication page.
 - A list of officers authorised to certify payments is maintained in accordance with the procedures and limits detailed within the Financial Services internal communication page.
 - Salaries, wages, gratuities, compensation, voluntary redundancy payments and other emoluments are paid in accordance with the procedures and limits detailed within the Financial Services internal communication page.

FR13 Grants to Outside Bodies

- i. Grants to outside bodies must follow the Council's Conditions of Grant Aid.

FR14 Council Applications for Grant Funding

- i. The Chief Finance Officer will issue guidelines for each service to follow, for any bids for grants, company or partnership funding, or applications submitted any external organisation for financial support towards the costs of Council projects / programmes or where the Council is otherwise involved.

FR15 Accountable Body Roles

- i. Each Chief Officer must ensure that all accountable body arrangements comply with all legal requirements and relevant Council procedures, and that arrangements are in place to identify and manage the associated financial, reputational and performance risks.

FR16 Companies and Partnerships

- i. Where a Chief Officer feels that it is appropriate to discharge a service or provide a function through the formation of a new legal entity (company or otherwise), the relevant Chief Officer should consult with the Monitoring Officer and the Chief Finance Officer and comply with procedures.
- ii. Each Chief Officer must notify the Monitoring Officer and the Chief Finance Officer of any changes in relation to membership or financial management of any company formed by the Council to discharge its services or function.

FR17 Treasury Management

- i. The Council has adopted CIPFA's Treasury Management in the Public Services: code of Practice and Cross Sectorial Guidance Notes, including the clauses below:
- ii. The Council will create and maintain, as the cornerstones for effective treasury management:
 - a) A treasury management policy statement, stating the policies, objectives, and approach to risk management of its treasury management activities.
 - b) Suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- iii. The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the circumstances of the Council. Such amendments will not materially deviate from the Code's key principles.
- iv. The Council will receive reports on its treasury management policies, practices, and activities, including, as a minimum, an annual strategy and plan in advance of the year. Cabinet will as a minimum receive a mid-year review and an annual report after the year end, in the form prescribed in its TMPs.
- v. Responsibility for the implementation and regular monitoring of treasury management policies and practices is delegated to Cabinet, and for the execution and administration of treasury management decisions to the Chief Finance (Section 151)

Officer, who will act in accordance with the organisation's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.

- vi. The Audit and Ethics Committee shall be responsible for ensuring effective scrutiny of the Treasury Management strategy and policies and shall be responsible for reviewing the adequacy of treasury risk management arrangements as set out in the Treasury Management Policy, Strategy and TMPs.
- vii. Employees of the Council must not invest Council monies, or borrow, or enter into currency exchange or hedging transactions without a written delegation from the Chief Finance (Section 151) Officer.
- viii. All money in the custodianship of the Council should be under the control of the Chief Finance Officer.

FR18 Property

- i. The Property Manager (in consultation with the Chief Officer – Communities and Home for the Housing Revenue Account) must prepare and keep under review an:
 - a) Estates Strategy setting out longer term plans for the rationalisation and management of the Council's property portfolio.
 - b) Asset Management Plan, setting out arrangement to maintain existing council assets.
- ii. Plans for the significant rationalisation or expansion of the estate and provision for its maintenance should be included in the Capital Strategy. The plans shall contain revenue and capital implications along with the impact of the estate changes.
- iii. The purchase and disposal of land and property shall have due regard to:
 - a) Any appropriate extant professional advice.
 - b) Appropriate professional and governmental circulars.
 - c) The duty to achieve best value in the disposal of assets.

Disposals

- iv. Disposal of property will generally be either an auction or competition. When disposal is by negotiation:
 - a) There will be an independent valuation of the property.
 - b) The Property Manager shall consult in writing with the Chief Finance Officer where disposal is less than the market value/best consideration.

AGENDA MANAGEMENT SHEET

Report Title: Internal Audit Charter

Name of Committee: Audit and Ethics Committee

Date of Meeting: 14 December 2021

Report Director: Chief Officer - Finance and Performance

Portfolio: Finance, Performance, Legal and Governance

Ward Relevance: None

Prior Consultation: Chief Officer - Finance and Performance

Contact Officer: Chris Green
Corporate Assurance Manager and Transformation Lead
01788 533451, chris.green@rugby.gov.uk

Public or Private: Public

Report Subject to Call-In: No

Report En-Bloc: No

Forward Plan: No

Corporate Priorities: This report relates to the following priority(ies):
 Rugby is an environmentally sustainable place, where we work together to reduce and mitigate the effects of climate change. (C)
 Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents. (E)
 Residents live healthy, independent lives, with the most vulnerable protected. (HC)
 Rugby Borough Council is a responsible, effective and efficient organisation. (O)
[Corporate Strategy 2021-2024](#)
 This report does not specifically relate to any Council priorities but

Summary: The report sets out the updated internal audit charter, for approval by the Committee.

Financial Implications: None

Risk Management/Health and Safety Implications:	Failure to adopt and maintain an internal audit charter would represent noncompliance with the Public Sector Internal Audit Standards.
Environmental Implications:	None
Legal Implications:	None
Equality and Diversity:	None
Options:	None
Recommendation:	The updated Internal Audit Charter be approved.
Reasons for Recommendation:	To comply with the requirements of the terms of reference of the Audit and Ethics Committee, and to discharge the Committee's responsibilities under the Constitution.

Audit and Ethics Committee - 14 December 2021

Internal Audit Charter

Public Report of the Chief Officer - Finance and Performance

Recommendation

The updated Internal Audit Charter be approved.

1. Background

1.1 The Public Sector Internal Audit Standards (PSIAS) state that:

- The purpose, authority and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards and the Definition of Internal Auditing).
- The chief audit executive (at Rugby Borough Council this is the Corporate Assurance Manager and Transformation Lead) must periodically review the internal audit charter and present it to senior management and the board for approval. At Rugby Borough Council this means presentation to the Leadership Team and Audit and Ethics Committee for approval.

1.2 The PSIAS state the internal audit charter as being “a formal document that defines the internal audit activity’s position within the organisation, including the nature of the chief audit executive’s functional reporting relationship with the board; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities”.

1.3 The internal audit charter must also:

- Define the terms ‘board’ and ‘senior management’ for the purposes of internal audit activity,
- Cover the arrangements for appropriate resourcing,
- Define the role of internal audit in any fraud-related work, and
- Describe the safeguards to limit impairments of independence or objectivity if internal audit or the chief audit executive undertakes non-audit activities.

1.4 The nature of assurance and consulting services provided to the organisation must be defined in the internal audit charter. The mandatory nature of the Core Principles for the Professional Practice of Internal Auditing, the Code of

Ethics, the Standards and the Definition of Internal Auditing must be recognised in the internal audit charter.

2. Report

2.1 The previous version of the Internal Audit Charter was approved in November 2017. At that time the charter was updated to:

- specifically define assurance and consultancy work;
- set out the Core Principles for the professional practice of internal auditing in the public sector;
- include an explanation of how internal audit resource requirements are assessed;
- include an explanation of the role of internal audit in relation to fraud; and
- set out the safeguards agreed by the Committee in June 2017, designed to ensure that the independence and objectivity of the internal audit function are not compromised by the Corporate Assurance Manager having responsibilities outside of internal audit.

2.2 Following the recent senior management restructure and appointment of a new Leadership Team, and a restructure of the Corporate Assurance and Improvement Team, the Corporate Assurance Manager and Transformation Lead considered this would be a good time to review and update the internal audit charter and seek fresh engagement and approval for the purpose, authority and responsibility of the Council's internal audit activity.

2.3 The main change in the refreshed charter is to set out updated arrangements for safeguarding the independence of internal audit. Alongside responsibility for managing the Internal Audit service, since April 2016 the Corporate Assurance Manager and Transformation Lead (CAM) has also been responsible for managing the Council's, Insurance, Counter Fraud, and Risk Management and Change services. With effect from September 2021 those responsibilities have been extended to include transformation programme management, whilst performance management responsibilities have been transferred to the Finance team. The CAM will not carry out any internal audit reviews of areas for which he is operationally responsible; such reviews will be commissioned externally. The following additional safeguards are proposed to ensure that there is no significant impairment to the independence or objectivity of the Internal Audit service:

- The Chief Officer Finance and Performance, in consultation with the leadership team and the Audit and Ethics Committee, determine when internal audit reviews of the areas outlined above will be carried out. The CAM will have no involvement in these decisions (except in the way any other internal stakeholder would be consulted on such matters).
- Any internal audit reviews of the above areas will be undertaken by an external organisation to be selected by the Chief Officer Finance and Performance in consultation with the Audit and Ethics Committee. The CAM will have no involvement in this process other than as an auditee.
- The findings arising from any internal audit reviews of the above areas will be reported directly to the Chief Officer Finance and Performance, who will in turn present the results to the Audit and Ethics Committee. The CAM

would be consulted on the findings from such audits in the same way as other internal stakeholders.

- Any allegations of impropriety by a member of the Corporate Assurance team will be considered directly by the Chief Officer Finance and Performance, who will in turn appoint an investigator from outside the service.

- 2.4 The updated internal audit charter also reflects that, with effect from September 2021, a professionally qualified Lead Auditor was appointed, who line manages two members of the team and acts a deputy for the CAM. The Lead Auditor will support the CAM in fulfilling the role of the Chief Internal Auditor. A career graded Development Auditor role has also been established and resources provided to enable the post holder attain a professional internal audit qualification. These changes will help to ensure the ongoing resilience of the service, will improve quality and support succession planning.
- 2.5 The updated internal audit charter is also being circulated to the Leadership Team for approval in December 2021.

Name of Meeting: Audit and Ethics Committee

Date of Meeting: 14 December 2021

Subject Matter: Internal Audit Charter

Originating Department: Finance and Performance

DO ANY BACKGROUND PAPERS APPLY **YES** **NO**

LIST OF BACKGROUND PAPERS

Doc No	Title of Document and Hyperlink
Appx A	Internal Audit Charter November 2021

The background papers relating to reports on planning applications and which are open to public inspection under Section 100D of the Local Government Act 1972, consist of the planning applications, referred to in the reports, and all written responses to consultations made by the Local Planning Authority, in connection with those applications.

Exempt information is contained in the following documents:

Doc No	Relevant Paragraph of Schedule 12A



Appendix A

INTERNAL AUDIT CHARTER

NOVEMBER 2021

RIGHT FOR RUGBY



RUGBY BOROUGH COUNCIL INTERNAL AUDIT CHARTER

Purpose

This Charter formally defines the purpose, mission, authority and responsibility of Internal Audit within Rugby Borough Council and outlines the scope of the Council's internal audit work.

The Audit Charter complies with the mandatory elements of the Public Sector Internal Audit Standards (the Standards).

Definitions

The Standards set out the requirements of a 'Board' and of 'senior management'. For the purposes of the internal audit activity within Rugby Borough Council, the role of the Board within the Standards is taken by the Council's Audit & Ethics Committee and 'senior management' is the Council's Leadership Team.

The Standards define the responsibilities of the Chief Audit Executive. The responsibilities of the Chief Audit Executive are discharged by the Corporate Assurance Manager and Transformation Lead (CAM).

Role

Internal Audit is a statutory service in the context of The Accounts and Audit (England) Regulations 2021, which state:

6.-(1) A relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control.

In addition, The Local Government Act 1972, Section 151, requires every local authority to designate an officer to be responsible for the proper administration of its financial affairs. In Rugby Borough Council, the Chief Officer Finance & Performance is the 'Section 151 Officer'. One of the ways in which this duty is discharged is by maintaining an 'adequate and effective internal audit service'.

Internal Audit is defined by the Public Sector Internal Audit Standards as:

'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.'



Mission

The mission of Internal Audit is to enhance and protect Rugby Borough Council's organisational value by providing risk-based and objective assurance, advice and insight.

Nature of Work Carried Out

The Internal Audit service delivers a range of assurance, consultancy and fraud investigation work.

Assurance Work

This is an objective examination of evidence for the purpose of providing an independent assessment on governance, risk management and control processes for the Council. Examples include finance, performance, system security and health and safety compliance.

Consultancy Work

This is service related advisory activity, the nature and scope of which is agreed with the client in advance. Such work is intended to add value and improve the Council's governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include formal advice, facilitation and training, and reviewing changes to key internal controls prior to their implementation.

Where consultancy and advisory work provides assurance, this will be used in forming the annual opinion of the Corporate Assurance and Improvement Manager. The annual opinion will be reported annually to the Leadership Team and the Audit & Ethics Committee, and the basis of the opinion provided will be set out within the annual report.

The Role of Internal Audit in Relation to Fraud

Managing the risk of fraud and corruption is the responsibility of management.

In accordance with the Anti-Fraud, Bribery and Corruption Strategy and the Fraud Response Plan, the Corporate Assurance Manager and Transformation Lead should be notified of all suspected or detected fraud, corruption or impropriety, to inform their opinion on the internal control environment and the audit programme.

At the request of Management, Internal Audit may go beyond the work needed to meet its assurance responsibilities and assist with, for example, the investigation of suspected fraud or corruption.

Internal Audit does not have responsibility for the prevention of fraud and corruption. Auditors will be alert in all their work to risks and exposures that could allow fraud or corruption and to any indications that fraud or corruption may have been occurring. Audit procedures alone, even when performed with due professional care, do not guarantee that fraud or corruption will be detected.

Professionalism

Internal Audit will adhere to the mandatory guidance published by The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (IIA) including the Definition of Internal Auditing, the Code of Ethics, and the Public Sector Internal Audit Standards. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing within the public sector (the Core Principles) and for evaluating the effectiveness of Internal Audit's performance. The Core Principles are as follows:

- Demonstrates integrity.
- Demonstrates competence and due professional care.
- Objectiveness and freedom from undue influence (independence).
- Alignment with the strategies, objectives and risks of the organisation.
- Appropriate positioning within the organisation and adequate resourcing.
- Demonstrates quality and continuous improvement.
- Communicates effectively.
- Provides risk based assurance.
- Is insightful, proactive and future focussed.
- Promotes organisational improvement.

In addition, the service will adhere to Rugby Borough Council's relevant policies and procedures and the Internal Audit Manual.

Authority

The Internal Audit Service, with strict accountability for confidentiality and safeguarding records and information, are authorised **full, free, and unrestricted access to any and all of the Council's records, physical properties, and personnel pertinent to carrying out the assignment.**

All employees are requested and required to assist the service in fulfilling its roles and responsibilities. This is enforced in the Accounts and Audit (England) Regulations 2021 section 6(2) which state that:

'Any officer or member of a public body must, if the body requires:

- (a) Make available such documents and records as appear to that body to be necessary for the purposes of the audit; and*
- (b) Supply the body with such information and explanation as that body considers necessary for that purpose'.*

For the purposes of internal audit activity, the Corporate Assurance Manager and Transformation Lead will also have free and unrestricted access to the Council's Audit & Ethics Committee.

Organisation

The CAM reports functionally to the Audit & Ethics Committee on such items as:

- Approving the Internal Audit Charter;
- Approving the risk-based Annual Internal Audit Plan;
- Service performance against the Plan and other matters;
- Approving the CAM's Annual Report; and
- Approving the review of the effectiveness of the system of Internal Audit.

The CAM has direct access to the Chair and Vice Chair of the Audit & Ethics Committee and has the opportunity to meet with the Audit & Ethics Committee in private.

The Internal Audit service is managed by the CAM who is professionally qualified and has 20 years of audit experience. The CAM reports directly to the Chief Officer Finance & Performance. The CAM also reports to the Executive Director and the Council through its Audit & Ethics Committee, which has responsibility for overseeing the audit arrangements.

The Chief Officer Finance & Performance is responsible for monitoring performance, ensuring the adequacy of Internal Audit resources and ensuring the independence of the CAM.

Independence, Integrity and Objectivity

All internal audit activities will remain free from undue influence by any element in the Council, including matters of audit selection, scope, procedures, frequency, timing or report content, to permit maintenance of a necessary independent and objective mental attitude.

Auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records or engage in any other activity that may impair an Auditor's judgement.

Internal Auditors must exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. Internal Auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgements. Auditors will also be required to provide an annual declaration of any actual or potential conflicts of interest that might compromise their objectivity in the conduct of particular audits. There is also a requirement to make a declaration if such a conflict of interest is identified in the course of any piece of audit or consultancy work.

Alongside responsibility for managing the Internal Audit service, the Corporate Assurance Manager & Transformation Lead is also responsible for managing the Council's, Insurance, Counter Fraud, and Risk Management and Change services. With effect from September 2021 this includes transformation programme management. The CAM will not carry out any internal audit reviews of those areas; such reviews will be commissioned externally. The following additional safeguards have been formally agreed by the Audit & Ethics Committee to ensure that there is no significant impairment to the independence or objectivity of the Internal Audit service:

- The Chief Officer Finance & Performance, in consultation with the leadership team and the Audit & Ethics Committee, determine when internal audit reviews of the areas outlined above will be carried out. The CAM will have no involvement in these decisions.
- Any internal audit reviews of the above areas will be undertaken by an external organisation to be selected by the Chief Officer Finance & Performance in consultation with the Audit & Ethics Committee. The CAM will have no involvement in this process other than as an auditee.
- The findings arising from any internal audit reviews of the above areas will be reported directly to the Chief Officer Finance & Performance, who will in turn present the results to the Audit & Ethics Committee.
- Any allegations of impropriety by a member of the Corporate Assurance team will be considered directly by the Chief Officer Finance & Performance, who will in turn appoint an investigator from outside the service. In addition, the Chair and Vice Chair of the Audit & Ethics Committee will be notified of any such matters as soon as possible.

The Corporate Assurance Manager & Transformation Lead will confirm to the Audit & Ethics Committee, at least annually, the organisational independence of Internal Audit in respect of its activities.

Responsibility

The scope of internal audit encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the Council's governance, risk management and internal control processes in relation to the Council's defined goals and objectives.

The service evaluates all processes (not just financial) of the Council including governance and risk management processes. It also assists the Audit & Ethics Committee in evaluating the quality of performance of external auditors and ensures there is a proper degree of co-ordination between Internal Audit and the Council's External Auditors.

The service may perform consulting and advisory services related to governance, risk management and control as appropriate for the Council. Approval must be sought from the Audit & Ethics Committee for any significant additional consulting services not already included in the Annual Internal Audit Plan. The service may also evaluate specific operations at the request of the Audit & Ethics Committee or management, as appropriate: where requests from management have the potential to impact on the delivery of planned work, approval of the Audit & Ethics Committee will be required.

Based on its activity, the service is responsible for reporting significant risk exposures and control issues identified to the Audit & Ethics Committee and to senior management, including fraud risks, governance issues and other matters requested by the Audit & Ethics Committee.

Internal Audit Plan and Resources

The CAM will submit to the Audit & Ethics Committee, annually, a risk-based Annual Internal Audit Plan for review and approval.

A key element of the annual planning process is the identification of the full range of activities and processes that could be subject to audit - "the audit universe".

In developing the Annual Audit Plan, the CAM carries out an exercise to develop a planning framework within which a series of audit entities can be linked to the Council's corporate priorities in a way that supports the development of a Risk Based Internal Audit approach. The CAM will identify risks from the following sources:

- Risk Management Framework, Strategic and Operational Risk Registers;
- Corporate Strategy;
- Financial Statements;
- Service Plans;
- Project, Contract and Partnership Registers;
- Cumulative knowledge and experience; and
- Stakeholder engagement

Each audit entity is assigned a priority based on its risk rating (High/ Medium/ Low). Assignments are then prioritised for inclusion within the annual audit plan.

The CAM shall authorise any additions to the audit universe arising from changes in the Council's corporate priorities. In addition, the audit universe will be subject to ongoing review associated with developments in the Council's demonstrated level of risk maturity and emerging events.

The audit universe forms the basis of stakeholder discussions with the Leadership Team during January/ February each year, from which the planned audit coverage for the next financial year is refined and prioritised. Members of the Audit and Ethics committee will also be encouraged to contribute to the development of the internal audit plan at the February meeting each year. The draft Internal Audit Plan will cover a broad range of areas including financial risks, IT risks, fraud risks, governance and ethics risks, corporate/ strategic risks, and operational/ service risks.

The CAM will then review the level of resources required to deliver the proposed risk based Internal Audit Plan. The report to Committee will include budget and resource requirements for the next financial year necessary for the delivery of the Plan. The CAM will communicate the impact of any resource limitations and of significant interim changes to the Leadership Team and the Audit & Ethics Committee.

The Council currently relies upon an external contractor for the provision of specialist IT audit work. The contractor undertakes additional internal audit work for the Council when commissioned to do so by the Corporate Assurance Manager & Transformation Lead, under the terms of an existing call off contract. This arrangement enables the Council to utilise IT audit expertise which does not exist within the Council, whilst enhancing service resilience by limiting the impact of unforeseen events such as vacancies or long term sickness. The contractor has not provided any additional non-audit services to the Council.

The CAM will carry out a continuous review of the development and training needs of all Internal Audit personnel as part of the Quality Assurance and Improvement Programme, and will arrange appropriate training.

With effect from September 2021 a professionally qualified Lead Auditor was appointed, who line manages two members of the team and acts a deputy for the CAM. The Lead Auditor supports the CAM in fulfilling the role of the Chief Internal Auditor. A career graded Development Auditor role has also been established and resources provided to enable the post holder attain a professional internal audit qualification. These changes will help to ensure the ongoing resilience of the service, will improve quality and support succession planning.



Effective Communication, Reporting and Monitoring

A written report will be prepared and issued by the CAM or designee following the conclusion of each audit assignment and will be distributed in line with the Council's reporting process. The outcome of each assignment will also be communicated to the Audit & Ethics Committee in the manner determined by the Committee.

The Internal Audit reports will include management's response and a record of corrective action taken or to be taken in regard to the specific findings. Management's response will include a timetable for anticipated completion of agreed action to be taken and an explanation for decisions not to take action to address a control weakness identified in the report.

The service will be responsible for monitoring the timely implementation of agreed audit related actions and will report to the Council's Leadership Team and the Audit & Ethics Committee on progress achieved.

The Corporate Assurance and Improvement Manager will produce an annual Internal Audit Opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control. The Internal Audit Opinion will contribute to the Council's review of the effectiveness of its control environment as required under the Accounts and Audit (England) Regulations 2021.

Periodic Assessment and Approval

The CAM is responsible for providing a periodic self-assessment on the Internal Audit activity as regards its consistency with the Audit Charter (purpose, authority, responsibility) and performance relative to its Plan.

In addition, the CAM will communicate to the Audit & Ethics Committee on the Internal Audit Quality Assurance and Improvement Programme, including the results of ongoing internal assessments and external assessments conducted at least every five years as required by the Standards.

The CAM will also be responsible for the periodic review of the Charter for subsequent approval by the Audit & Ethics Committee.

November 2021

AGENDA MANAGEMENT SHEET

Report Title: Internal Audit Progress Update

Name of Committee: Audit and Ethics Committee

Date of Meeting: 14 December 2021

Report Director: Chief Officer - Finance and Performance

Portfolio: Finance, Performance, Legal and Governance

Ward Relevance: None

Prior Consultation: Chief Officer - Finance and Performance

Contact Officer: Chris Green
Corporate Assurance Manager and Transformation Lead
01788 533451, chris.green@rugby.gov.uk

Public or Private: Public

Report Subject to Call-In: No

Report En-Bloc: No

Forward Plan: No

Corporate Priorities: This report relates to the following priority(ies):
 Rugby is an environmentally sustainable place, where we work together to reduce and mitigate the effects of climate change. (C)
 Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents. (E)
 Residents live healthy, independent lives, with the most vulnerable protected. (HC)
 Rugby Borough Council is a responsible, effective and efficient organisation. (O)
[Corporate Strategy 2021-2024](#)
 This report does not specifically relate to any Council priorities but

Summary: The report sets out progress towards delivery of the annual internal audit plan, proposed in year amendments to the plan, and provides an update on service performance.

Financial Implications: None

Risk Management/Health and Safety Implications:	Non delivery of an adequate internal audit plan would have an adverse impact on the level of assurance provided in the Annual Governance Statement.
Environmental Implications:	None
Legal Implications:	None
Equality and Diversity:	None
Options:	None
Recommendations:	<ol style="list-style-type: none"> 1. The internal audit progress update be noted. 2. The proposed amendments to the internal audit plan be approved.
Reasons for Recommendations:	To comply with the requirements of the terms of reference of the Audit and Ethics Committee, and to discharge the Committee's responsibilities under the Constitution.

Audit and Ethics Committee - 14 December 2021

Internal Audit Progress Update

Public Report of the Chief Officer - Finance and Performance

Recommendations

1. The internal audit progress update be noted.
2. The proposed amendments to the internal audit plan be approved.

1. Introduction

- 1.1 The purpose of this report is to set out progress against the Internal Audit Plan for 2021/22.

The Council has a legal duty to maintain an adequate and effective Internal Audit service. The primary role of Internal Audit is to provide independent assurance that the Council has put in place appropriately designed internal controls to ensure that:

- the Council's assets and interests are safeguarded;
- reliable records are maintained;
- Council policies, procedures and directives are adhered to; and
- services are delivered in an efficient, effective and economic manner.

This work is normally referred to as Section 151 work.

2. Summary of Audit Work

- 2.1 The Internal Audit plan for 2021/22 was approved by the Audit and Ethics Committee on 29 June 2021. Progress against delivery of that plan is set out at Appendix A.

3. Revisions to the 2021/22 Audit Plan

- 3.1 The Committee's role as gatekeeper requires it to approve any significant changes to the internal audit plan, in accordance with the Public Sector Internal Audit Standards. It is also good practice to continually review the audit plan in light of emerging issues, to ensure that the work of internal audit adds maximum value by proactively responding to and aligning its work with the most significant risks facing the organisation.

- 3.2 There are 3 proposed amendments to the internal audit plan, which are resource neutral. Details of the proposed changes, and the rationale, are set out in the table below:

<u>Assignment</u>	<u>Objectives</u>	<u>Proposed Change</u>	<u>Rationale</u>
Housing Management System	Assurance that the new system, once implemented, is operating efficiently and effectively and delivering the expected outcomes. To include the administration of housing rents and arrears management.	Defer the audit to 2022/23	The new Housing Management System is now not expected to be implemented until June 2022. Providing assurance on systems and processes which are about to undergo significant change would add much less value.
Housing – Tenant Arrears	Assurance that the Council is efficiently, effectively and proactively managing its housing rent arrears, in a way which is consistent with the needs of its tenants, many of whom may be in vulnerable situations.	Add to the internal audit plan	A new system called Rent Sense has been implemented, which is designed to identify and support vulnerable tenants. The previous internal audit review resulted in only Limited Assurance.
Social Housing Regulations and White Paper	Clarification of the Council's baseline compliance position in relation to the requirements of the social housing regulator. Specifically, consideration of the regulatory standards and the requirement to produce additional "local offers" in relation to housing management standards. To establish the Council's level of preparedness for compliance with the changes proposed by the Housing White Paper published in November 2019.	Add to the internal audit plan	To support the new Chief Officer – Community and Homes in understanding the baseline position in the areas identified, and in identifying any action the Council needs to take in these areas.

Name of Meeting: Audit and Ethics Committee
Date of Meeting: 14 December 2021
Subject Matter: Internal Audit Progress Update
Originating Department: Finance and Performance

DO ANY BACKGROUND PAPERS APPLY **YES** **NO**

LIST OF BACKGROUND PAPERS

Doc No	Title of Document and Hyperlink
Appx A	Internal Audit Progress Update December 2021

The background papers relating to reports on planning applications and which are open to public inspection under Section 100D of the Local Government Act 1972, consist of the planning applications, referred to in the reports, and all written responses to consultations made by the Local Planning Authority, in connection with those applications.

Exempt information is contained in the following documents:

Doc No	Relevant Paragraph of Schedule 12A



**INTERNAL AUDIT PROGRESS UPDATE
DECEMBER 2021**

Date: 14 December 2021

Introduction

- 1.1** The Public Sector Internal Audit Standards (the Standards) require the Audit and Ethics Committee to scrutinise the performance of Internal Audit and to satisfy itself that it is receiving appropriate assurance that the controls put in place by management address the identified risks to the Council. This report aims to provide the Committee with details on progress made in delivering planned work, the key findings of audit assignments completed since the last Committee meeting, updates on the implementation of actions arising from audit reports and an overview of the performance of the team.

Performance

2.1 Will the Internal Audit Plan be delivered?

The expected position by the date of the Committee meeting is as follows:

- 7 final reports have been issued;
- 2 draft reports have been issued;
- 8 assignments are in progress;
- 3 assignments are at the planning stage; and
- 4 assignments have not yet been started

Internal audit work continues to be delivered remotely. If there are any areas which cannot practically be covered in any audits, these will be highlighted in the reports and any significant implications will be reported to the Committee. Where there are any gaps in assurance, it may be possible to revisit those areas at a later date. At this stage there are no significant assurance gaps arising from work carried out during the current financial year.

The internal audit plan for 2021/22 is on track to be delivered on time. There is currently one case of long term sickness absence within the team; however, this was anticipated and planned for, and the individual is expected to return to work during December.

Progress on individual assignments is shown at pages 7 to 9 of this report.

2.2 Based upon recent Internal Audit work, are there any emerging issues that impact upon the Internal Audit opinion of the Council's Control Framework?

At this stage there are no emerging issues arising from the work of Internal Audit which significantly impact upon the Internal Audit opinion of the Council's Control Framework.

2.3 Are clients progressing audit recommendations with appropriate urgency?

At the date of reporting, a combined **76% of management actions have been implemented by the agreed implementation date, with a further 18% implemented late, giving an overall implementation rate of 94%**. There has been a slight increase in the overall implementation rate compared with 92% in March, and a corresponding increase from 74% to 76% in the percentage of actions implemented by the agreed date. Considering the impact of the pandemic and recovery on the workload of officers, performance continues to be better than expected. A summary analysis of progress on implementation of audit recommendations is shown at pages 10 to 11. **At the time of reporting there are 12 agreed management actions for which implementation is overdue, none of which are regarded as High Risk and 4 of which are regarded as Medium risk.** The details of the actions related to High or Medium risks, along with a summary of the latest position, are set out at page 12 onwards. Implementation of the actions will continue to be monitored by the Corporate Assurance and Improvement Team and reported to each Committee meeting.

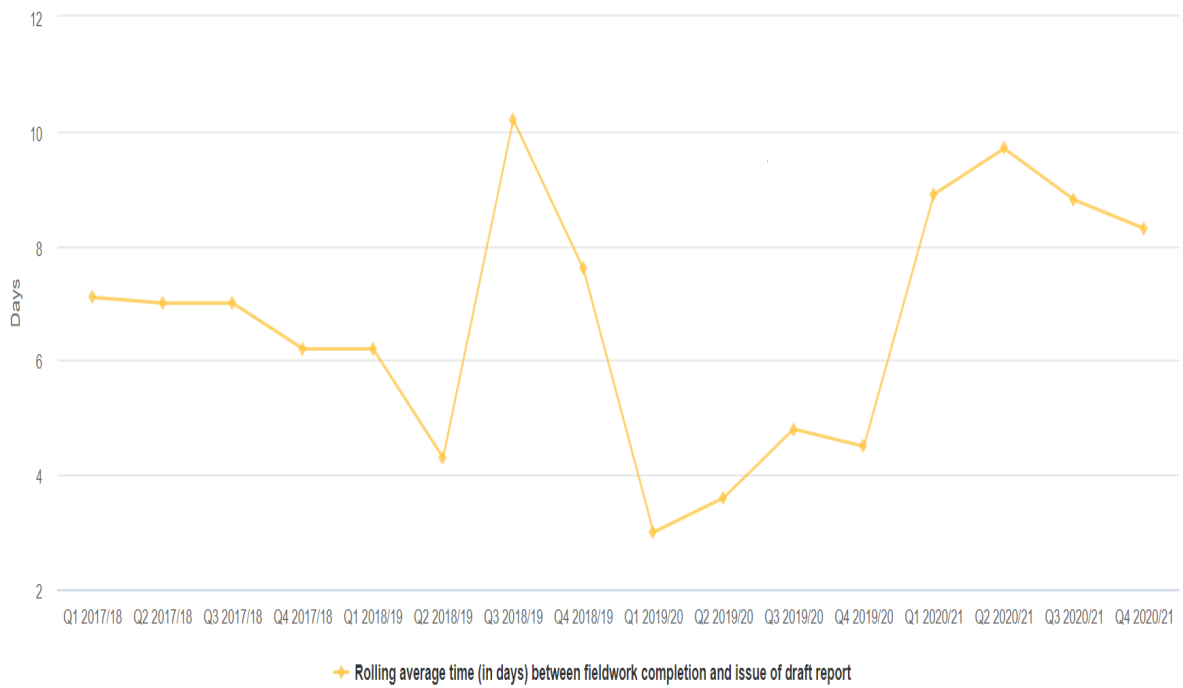
2.4 Internal Audit Performance Indicators

The effectiveness with which Internal Audit discharges its section 151 responsibilities is being measured by the following indicators, as agreed by the Audit and Ethics Committee:

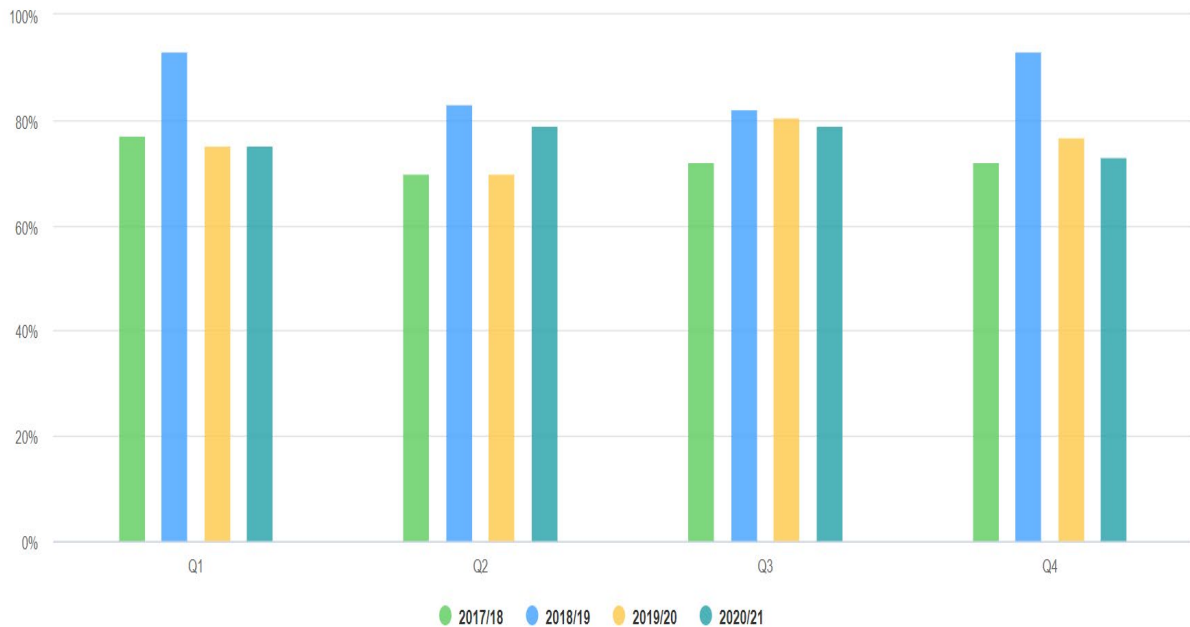
<u>Theme</u>	<u>Title of Performance Indicator</u>	<u>Current Performance</u>
Delivery	Average end to end time for audits (number of days)	Q2 2021/22 Result: 84 days Q2 2020/21 Result: 87 days Q2 2019/20 Result: 177 days There has been a substantial reduction in the average end to end time over the last 2 years.
Adding Value	Customer Satisfaction – Average Rating	Reported as an annual measure.
Timeliness	Timeliness of Reporting – Average time taken to issue draft reports following fieldwork completion	4.0 days A significant improvement compared with 2020/21, where draft reports were taking on average 8 to 10 days to be issued following fieldwork completion. Last year's performance was impacted by additional pandemic related workload.
Effectiveness	Implementation of Agreed Actions – Percentage implemented on time	76% - at the time of reporting there are 13 recommendations which are past their agreed implementation date, none of which are regarded as High risk and 6 as Medium risk. Refer to page 12 onwards for detail.

2.5 Internal Audit Performance Trend Graphs

Internal Audit Fieldwork Performance Trend-



Percentage of agreed audit actions fully implemented on time-



Limitations and Responsibilities

Limitations inherent to the Internal Auditor's work

Internal Audit is undertaking a programme of work agreed by the council's senior managers and approved by the Audit and Ethics Committee subject to the limitations outlined below.

Opinion

Each audit assignment undertaken addresses the control objectives agreed with the relevant responsible managers. There might be weaknesses in the system of internal control that Internal Audit are not aware of because they did not form part of the programme of work were excluded from the scope of individual internal audit assignments or were not brought to the attention of Internal Audit. As a consequence, the Audit and Ethics Committee should be aware that the Audit Opinion for each assignment might have differed if the scope of individual assignments was extended or other relevant matters were brought to Internal Audit's attention.

Internal Control

Internal control systems identified during audit assignments, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision making, human error, control processes being deliberately circumvented by employees and others, management overriding controls, and unforeseeable circumstances.

Future Periods

The assessment of each audit area is relevant to the time at which the audit was completed. In other words, it is a snapshot of the control environment at that time. This evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulatory requirements or other factors; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of Management and Internal Auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance, and for the prevention or detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

Internal Audit endeavours to plan its work so that there is a reasonable expectation that significant control weaknesses will be detected. If weaknesses are detected additional work is undertaken to identify any consequent fraud or irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and its work should not be relied upon to disclose all fraud or other irregularities that might exist.

Progressing the Annual Internal Audit Plan

KEY
Current status of assignments is shown by ✓

Assignment	Budget (days)	Not Started	Planning	Field Work In Progress	Field Work Complete	Draft Report	Final Report	Assurance Rating	Comments
Financial Risks									
Procurement/ Contract Management	30		✓						Being delivered by TIAA; fieldwork to be completed in Q4.
Budget Setting and Monitoring	20	✓							Scheduled for Q4.
Council Tax	20			✓					
Additional Restrictions Grants	12		✓						Being delivered by TIAA; fieldwork to be completed in Q4.
Treasury Management	18			✓					
CIPFA Financial Management Code	10						✓	Substantial*	*The Council is working towards full compliance with the Code and a separate report will be presented by the Chief Officer – Finance & Performance to the next Committee meeting.
Counter Fraud									
Fraud Awareness	6		✓						

Assignment	Budget (days)	Not Started	Planning	Field Work In Progress	Field Work Complete	Draft Report	Final Report	Assurance Rating	Comments
ICT									
Payment Card Industry Data Security Standards	8						✓	Substantial	
IT Helpdesk	8			✓					
Cyber Security Maturity							✓	Not graded	
Corporate Risks									
Corporate Health & Safety – consultancy support	12			✓					
Data Protection and Records Management	16			✓					Being delivered by TIAA.
Governance & Ethical Risks									
Policies and Procedures	12					✓			
Housing Project Governance	8						✓	Substantial	
Working Groups Review – consultancy support	12						✓	Not graded	

Assignment	Budget (days)	Not Started	Planning	Field Work In Progress	Field Work Complete	Draft Report	Final Report	Assurance Rating	Comments
Operational Risks									
Follow up work	16			✓					
Housing Rents – Local Authority Data Return	8						✓	Not graded	
Housing Management System – Data Pass	5	✓							
Health & Safety Improvement Plan	20	✓							
Licensing	20	✓							
Trade Waste	15					✓			
Additional Support									
Annual Governance Statement	12						✓	Substantial	
National Fraud Initiative	8							Not applicable	Ongoing co-ordination of the Council's NFI work.
Control Environment - Advice	15			✓					
Corporate Investigation Work	25			✓					One investigation is in progress; details have been reported separately to the Committee.

Summary: Implementation of Audit Recommendations

Audit	Not yet due	Overdue	Within time	Extended time	Out of time	Cancelled	Total Recs
Absence Management	1	0	4	3	0	0	8
Benefits	0	0	0	0	1	0	1
Car Parking Enforcement	0	0	1	0	0	0	1
Creditors	0	2	3	0	2	0	7
Data Protection Governance	1	0	3	4	1	0	9
Elections	0	0	0	0	1	1	2
Fraud Risk Review	0	0	4	6	2	0	12
Grants to Community Groups	0	0	13	0	0	0	13
Green Waste Optimisation	0	0	2	0	0	0	2
Health and Safety Follow Up	0	0	2	9	2	0	13
Independent Living	0	0	9	0	3	1	13
Insurance	0	0	1	0	0	0	1
ICT Backup	0	0	3	1	0	0	4
Patch Management	0	0	4	2	0	0	6
Property Repairs	0	0	6	2	3	0	11
Treasury Management	0	0	2	0	4	0	6
Tenant Recharges	0	0	5	0	2	0	7
Freedom of Information	0	0	6	1	1	0	8
Local Government Transparency Code	0	0	6	9	3	0	18
Complaints, Compliments & Suggestions	0	0	6	1	1	0	8
IT Security	0	0	0	3	0	0	3
Cash & Bank	0	4	6	4	0	0	14
Customer Service Centre Demand Management	5	0	0	0	3	0	8





Audit	Not yet due	Overdue	Within time	Extended time	Out of time	Cancelled	Total Recs
Housing Rent Arrears	5	0	1	0	4	0	10
Digitalisation	1	0	1	6	0	1	9
IT Business Continuity	0	0	0	5	0	0	5
Completeness of Income	0	1	7	0	1	0	9
HR Capability & Disciplinary	3	0	5	0	3	0	11
Local Government Transparency Code F Up	0	2	1	0	0	0	3
Expenses	1	1	1	0	0	0	3
Payroll	3	0	2	1	0	0	6
Covid Business Grants	2	0	0	1	1	0	4
Test and Trace Support Payments	0	3	1	0	0	0	4
Equal Pay & Single Status	5	0	2	0	1	0	8
Payment Card Industry Data Security Standards (PCI DSS)	9	0	0	0	0	0	9
Totals	37	12	107	58	39	3	256

Notes:

Extended time: This is where the Corporate Assurance and Improvement Manager had agreed an extension to the original timescale.

Out of time: This is where the action was implemented later than the agreed timescale.

Details of Overdue Medium and High Risk Audit Recommendations

Audit	Title	Due Date	Latest Note	Risk Rating Description
Cash & Bank	Investigate whether other transactions can be automatically reconciled from the cash account to the bank statement in the same way as the presented cheques are.	01-Apr-2021	Verbal update to be provided to the Committee.	 Medium Risk
Creditors	Review the financial instructions and then cascade to managers.	31-Oct-2021	Verbal update to be provided to the Committee.	 Medium Risk
Expenses	Investigate the mechanisms which could be deployed to avoid claimants being able to approve their own claims. If no mechanism can be found, then instigate quarterly monitoring to identify and act upon any instances of claimants approving their own claims.	31-Jul-2021	Verbal update to be provided to the Committee.	 Medium Risk
Local Government Transparency Code	Include all Purchase Orders in excess of £5k within the quarterly published Procurement Information.	30-Sep-2021	Verbal update to be provided to the Committee.	 Medium Risk