

Enquiries to Committee Services

Direct Dial: 024 7637 6000

Direct Email: committee@nuneatonandbedworth.gov.uk

Date: 25th August 2023

Our Ref: MM

Dear Sir/Madam,

A meeting of the **AUDIT & STANDARDS COMMITTEE** will be held in the Council Chamber, Town Hall, Nuneaton, on **Tuesday, 5 September 2023** at **6.00pm**

Please note that meetings will be recorded for future publication on the Council's website.

Yours faithfully,

BRENT DAVIS
Chief Executive

To: All Members of the
Audit & Standards
Committee

Councillors R Baxter-Payne (Chair),
J. Sheppard (Vice-Chair), B. Beetham,
D. Brown, T. Cooper, L. Cvetkovic,
L. Downs, J. Hartshorn, J. Kennaugh,
N. Phillips and R. Tromans.

A G E N D A

PART I - PUBLIC BUSINESS

1. ANNOUNCEMENTS

To advise the meeting participants of the procedure that will be followed by the Members of the committee.

A fire drill is not expected, so if the alarm sounds please evacuate the building quickly and calmly. Please use the stairs and do not use the lifts. Once out of the building, please gather outside Lloyds Bank on the opposite side of the road.

Exit by the door by which you entered the room or by the fire exits which are clearly indicated by the standard green fire exit signs.

If you need any assistance in evacuating the building, please make yourself known to a member of staff.

Please also make sure all your mobile phones are turned off or set to silent.

The meeting will be live streamed to YouTube and will be available to view via the NBBC website.

2. APOLOGIES - To receive apologies for absence from the meeting.

3. MINUTES – To confirm the minutes of the meeting of the Audit and Standards Committee held on 11th July 2023, attached **(Page 5)**.

4. DECLARATIONS OF INTEREST

To receive declarations of Disclosable Pecuniary and Other Interests, in accordance with the Members' Code of Conduct.

Declaring interests at meetings

If there is any item of business to be discussed at the meeting in which you have a disclosable pecuniary interest or non-pecuniary interest (Other Interests), you must declare the interest appropriately at the start of the meeting or as soon as you become aware that you have an interest.

Arrangements have been made for interests that are declared regularly by members to be appended to the agenda **(Page 10)**. Any interest noted in the Schedule at the back of the agenda papers will be deemed to have been declared and will be minuted as such by the Committee Services Officer. As a general rule, there will, therefore, be no need for those Members to declare those interests as set out in the schedule.

There are, however, TWO EXCEPTIONS to the general rule:

1. When the interest amounts to a Disclosable Pecuniary Interest that is engaged in connection with any item on the agenda and the member feels that the interest is such that they must leave the room. Prior to leaving the room, the member must inform the meeting that they are doing so, to ensure that it is recorded in the minutes.

2. Where a dispensation has been granted to vote and/or speak on an item where there is a Disclosable Pecuniary Interest, but it is not referred to in the Schedule (where for example, the dispensation was granted by the Monitoring Officer immediately prior to the meeting). The existence and nature of the

dispensation needs to be recorded in the minutes and will, therefore, have to be disclosed at an appropriate time to the meeting.

Note: Following the adoption of the new Code of Conduct, Members are reminded that they should declare the existence and nature of their personal interests at the commencement of the relevant item (or as soon as the interest becomes apparent). If that interest is a Disclosable Pecuniary or a Deemed Disclosable Pecuniary Interest, the Member must withdraw from the room.

Where a Member has a Disclosable Pecuniary Interest but has received a dispensation from Audit & Standards Committee, that Member may vote and/or speak on the matter (as the case may be) and must disclose the existence of the dispensation and any restrictions placed on it at the time the interest is declared.

Where a Member has a Deemed Disclosable Interest as defined in the Code of Conduct, the Member may address the meeting as a member of the public as set out in the Code.

Note: Council Procedure Rules require Members with Disclosable Pecuniary Interests to withdraw from the meeting unless a dispensation allows them to remain to vote and/or speak on the business giving rise to the interest.

Where a Member has a Deemed Disclosable Interest, the Council's Code of Conduct permits public speaking on the item, after which the Member is required by Council Procedure Rules to withdraw from the meeting.

5. PUBLIC CONSULTATION - Members of the Public will be given the opportunity to speak on specific agenda items, if notice has been received.

Members of the public will be given three minutes to speak on a particular item and this is strictly timed. The chair will inform all public speakers that: their comments must be limited to addressing issues raised in the agenda item under consideration: and that any departure from the item will not be tolerated.

The chair may interrupt the speaker if they start discussing other matters which are not related to the item, or the speaker uses threatening or inappropriate language towards Councillors or officers and if after a warning issued by the chair, the speaker persists, they will be asked to stop speaking by the chair. The chair will advise the speaker that, having ignored the warning, the speaker's opportunity to speak to the current or other items on the agenda may not be allowed. In this eventuality, the chair has discretion to exclude the speaker from speaking further on the item under consideration or other items of the agenda.

6. STATEMENT OF ACCOUNTS FOR 2021/22 AUDIT UPDATE – report of the Strategic Director - Finance and Governance, and the External Auditor (**Page 13**).
7. INTERNAL AUDIT ANNUAL REPORT – a report of the Audit and Governance Manager attached (**Page 30**).
8. INTERNAL AUDIT CHARTER – a report of the Audit and Governance Manager attached (**Page 54**).

9. ANY OTHER ITEMS - which in the opinion of the Chair should be discussed as a matter of urgency because of special circumstances (which must be specified).
10. EXCLUSION OF THE PUBLIC AND PRESS - Under section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting during consideration of the following item, it being likely that there would be disclosure of exempt information of the description specified in paragraph (i) and (iv) of Part I and II of Schedule 12A to the Act.
11. OVERVIEW OF MEMBER COMPLAINTS - a report of the Monitoring Officer **(to follow)**.

NUNEATON AND BEDWORTH BOROUGH COUNCIL

AUDIT & STANDARDS COMMITTEE

11th July 2023

A meeting of the Audit & Standards Committee was held on Tuesday, 11th July 2023 in the Council Chamber, Town Hall, Nuneaton. The meeting was recorded for publication on the Council website.

Present

Councillor R Baxter Payne – Chair

Councillors: D. Brown, T. Cooper, L. Cvetkovic, L. Downs, J. Hartshorn, J. Kennaugh, and N. Phillips.

Apologies: J. Sheppard (Vice-Chair), B. Beetham and R. Tromans.

PART I – PUBLIC BUSINESS

ASC1 **Minutes**

RESOLVED that the minutes of the Audit and Standards Committee meeting held on 14th March 2023 be approved and signed by the Chair.

ASC2 **Declarations of Interest**

Councillor R. Baxter-Payne declared a disclosable pecuniary interest by way of his change in employment to Vinci Construction Major Projects UK Ltd (VCMP UK Ltd).

RESOLVED that the declarations of interest are as set out in the Schedule attached to these minutes, with the addition of the change in employment declared by Councillor R. Baxter-Payne.

ASC3 **Employee Code of Conduct – Recommended Changes by the External Auditor**

A report of the Monitoring Officer provided the Committee with the opportunity to consider and approve the recommendations from the Constitution Review Working Party and recommend changes to the constitution.

**Public Speakers: Councillor K. Kondakor
Michele Kondakor**

RESOLVED that

- a) the recommendations as set out in the report and appendix be approved; and
- b) IT BE RECOMMENDED TO COUNCIL that the Constitution be amended accordingly.

ASC4 **Recommendations from the Constitution Review Working Party**

A report of the Monitoring Officer provided the Committee with the opportunity to consider and approve the recommendations from the Constitution Review Working Party and recommend changes to the Constitution.

**Public Speakers: Michele Kondakor
Councillor K. Kondakor.**

RESOLVED that

- a) the recommendations as set out in the report and appendices be approved;
- b) a review of the changes relating to the number of public speakers to be allowed on planning applications as referred to in the Planning Code of Practice be undertaken in twelve months time by the Constitution Review Working Party;
- c) paragraphs 5.4 and 5.5 of appendix H be added to relevant Committee agenda's under 'Public Consultation' and be added to the Council's Website under Guidance for Public Speaking at Committee Meetings; and
- d) IT BE RECOMMENDED TO COUNCIL that the constitution be amended accordingly.

ASC5 **Proposed Core Work Programme 2023/24**

A Report of the Assistant Director – Governance and Democracy and the Monitoring Officer gave the Committee an opportunity to consider and approve the Audit and Standards Committee Core Work Programme for 2023/24, after taking into the consideration the purpose and functions of the Committee.

Public Speaker: Councillor K. Kondakor.

RESOLVED that the Audit and Standards Committee Core Work Programme for 2023-24 be approved.

Chair _____

Audit and Standards Committee - Schedule of Declarations of Interests – 2023/2024

	Name of Councillor	Disclosable Pecuniary Interest	Other Personal Interest	Dispensation
	General dispensations granted to all members under s.33 of the Localism Act 2011			Granted to all members of the Council in the areas of: <ul style="list-style-type: none"> - Housing matters - Statutory sick pay under Part XI of the Social Security Contributions and Benefits Act 1992 - An allowance, payment given to members - An indemnity given to members - Any ceremonial honour given to members - Setting council tax or a precept under the Local Government Finance Act 1992 - Planning and Licensing matters - Allotments - Local Enterprise Partnership
	R. Baxter-Payne (Chair)	Manager Brinklow Quarry Ltd, Brinklow; County Councillor - WCC	Spouse: Self-employed childminder Member of the following Outside Bodies: <ul style="list-style-type: none"> • West Midlands Combined Audit, Risk and Assurance Committee • Warwickshire Adult Social Care and Health Overview and Scrutiny Committee (substitute) 	
	B. Beetham	Senior PowerBi Lead at Wye Valley Hospital Trust; Warwickshire County Council – Camp Hill	Member of the following Outside Bodies: <ul style="list-style-type: none"> • Camp Hill Urban Village: Pride in Camp Hill Board • Committee of Management of Hartshill and Nuneaton Recreation Ground 	
	D. Brown	Employed by H.M Land Registry	Regional Coordinator, Ragdoll Rescue Charity. Representative on the following Outside Bodies: <ul style="list-style-type: none"> • Exhall Education Foundation (Council appointment). 	
	T. Cooper	None	Member on the following Outside Bodies: <ul style="list-style-type: none"> • Camp Hill Urban 	

	Name of Councillor	Disclosable Pecuniary Interest	Other Personal Interest	Dispensation
			Village: Pride in Camp Hill Board <ul style="list-style-type: none"> • Committee of Management of Hartshill and Nuneaton Recreation Ground 	
	L. Cvetkovic	Head of Geography (Teacher), Sidney Stringer Academy, Coventry	The Bulkington Volunteers (Founder); Bulkington Sports and Social Club (Trustee) Member on the following Outside Bodies: <ul style="list-style-type: none"> • Building Control Partnership Steering Group 	
	L. Downs	River Bars Limited; Coventry Plus Beyond the Plane Little Caesars Donuts Limited NBBC Council Contract for market pitch	Member on the following Outside Body: <ul style="list-style-type: none"> • Hammersley, Smith and Orton Charity 	
	J. Hartshorn	Employed by Asda Nuneaton	Member of Nuneaton Conservatives	
	J. Kennaugh	County Councillor W.C.C. Employed by FedEx Express UK Limited.	Member of the W.C.C. Regulatory Committee Member of the Conservative Party Member of UNITE the Union Member on the following Outside Bodies: <ul style="list-style-type: none"> • EQUiP 	
	N. Phillips	Employee of DWP	Member of: <ul style="list-style-type: none"> • Nuneaton Labour CLP • The Fabian Society • The George Eliot Society • The PCS Union • Central Credit Union • Stockingford Sports and Allotment Club • Haunchwood Sports and Social Club 	
	J. Sheppard (Vice-Chair)		Partnership member of the Hill Top and Caldwell Big Local. Director of Wembrook Community Centre. Member of Labour Party.	Dispensation to speak and vote on any matters of Borough Plan that relate to the Directorship of Wembrook Community Centre
	R. Tromans	Compliance, GIM, Coventry Warwickshire County Councillor	Member of the Conservative Party Member of the Chartered Institute of Credit Management	

	Name of Councillor	Disclosable Pecuniary Interest	Other Personal Interest	Dispensation
		(Weddington) Share in a rental property in Hydes Pastures, Nuneaton		

Audit and Standards Committee - Schedule of Declarations of Interests – 2023/2024

	Name of Councillor	Disclosable Pecuniary Interest	Other Personal Interest	Dispensation
	General dispensations granted to all members under s.33 of the Localism Act 2011			Granted to all members of the Council in the areas of: <ul style="list-style-type: none"> - Housing matters - Statutory sick pay under Part XI of the Social Security Contributions and Benefits Act 1992 - An allowance, payment given to members - An indemnity given to members - Any ceremonial honour given to members - Setting council tax or a precept under the Local Government Finance Act 1992 - Planning and Licensing matters - Allotments - Local Enterprise Partnership
	R. Baxter-Payne (Chair)	Employed by Vinci Construction Major Projects UK Ltd (VCMP UK Ltd); County Councillor - WCC	Spouse: Self-employed childminder Member of the following Outside Bodies: <ul style="list-style-type: none"> • West Midlands Combined Audit, Risk and Assurance Committee • Warwickshire Adult Social Care and Health Overview and Scrutiny Committee (substitute) 	
	B. Beetham	Senior PowerBi Lead at Wye Valley Hospital Trust; Warwickshire County Council – Camp Hill	Member of the following Outside Bodies: <ul style="list-style-type: none"> • Camp Hill Urban Village: Pride in Camp Hill Board • Committee of Management of Hartshill and Nuneaton Recreation Ground 	
	D. Brown	Employed by H.M Land Registry	Regional Coordinator, Ragdoll Rescue Charity. Representative on the following Outside Bodies: <ul style="list-style-type: none"> • Exhall Education Foundation (Council appointment). 	
	T. Cooper	None	Member on the following Outside Bodies: <ul style="list-style-type: none"> • Camp Hill Urban 	

	Name of Councillor	Disclosable Pecuniary Interest	Other Personal Interest	Dispensation
			<p>Village: Pride in Camp Hill Board</p> <ul style="list-style-type: none"> Committee of Management of Hartshill and Nuneaton Recreation Ground 	
	L. Cvetkovic	Head of Geography (Teacher), Sidney Stringer Academy, Coventry	<p>The Bulkington Volunteers (Founder); Bulkington Sports and Social Club (Trustee)</p> <p>Member on the following Outside Bodies:</p> <ul style="list-style-type: none"> Building Control Partnership Steering Group 	
	L. Downs	River Bars Limited; Coventry Plus Beyond the Plane Little Caesars Donuts Limited NBBC Council Contract for market pitch	<p>Member on the following Outside Body:</p> <ul style="list-style-type: none"> Hammersley, Smith and Orton Charity 	
	J. Hartshorn	Employed by Asda Nuneaton	Member of Nuneaton Conservatives	
	J. Kennaugh	County Councillor W.C.C. Employed by FedEx Express UK Limited.	<p>Member of the W.C.C. Regulatory Committee Member of the Conservative Party Member of UNITE the Union</p> <p>Member on the following Outside Bodies:</p> <ul style="list-style-type: none"> EQulP 	
	N. Phillips	Employee of DWP	<p>Member of:</p> <ul style="list-style-type: none"> Nuneaton Labour CLP The Fabian Society The George Eliot Society The PCS Union Central Credit Union Stockingford Sports and Allotment Club Haunchwood Sports and Social Club 	
	J. Sheppard (Vice-Chair)		<p>Partnership member of the Hill Top and Caldwell Big Local. Director of Wembrook Community Centre. Member of Labour Party.</p>	Dispensation to speak and vote on any matters of Borough Plan that relate to the Directorship of Wembrook Community Centre
	R. Tromans	Compliance, GIM, Coventry Warwickshire County Councillor	<p>Member of the Conservative Party</p> <p>Member of the Chartered Institute of Credit Management</p>	

	Name of Councillor	Disclosable Pecuniary Interest	Other Personal Interest	Dispensation
		(Weddington) Share in a rental property in Hydes Pastures, Nuneaton		

AGENDA ITEM NO.6

NUNEATON AND BEDWORTH BOROUGH COUNCIL

Report to: Audit and Standards Committee 5th September 2023

From: Strategic Director – Finance & Governance

Subject: Statement of Accounts 2021/22 Audit Update

1. Purpose of Report

1.1 To provide an update on the external audit progress for the Statement of Accounts 2021/22.

2. Recommendations

2.1 That the Audit Progress Report on the Statement of Accounts for 2021/22 is noted.

3. Background

3.1 The External Auditor, Grant Thornton have been working with the Finance team to finalise the audit for 2021/22.

4. Body of Report

4.1 Detail of the final outstanding items to audit are noted in the Audit Progress Report and an update on the Audit Sector is presented to the Committee.

5. Conclusion

5.1 That the enclosed Progress Report is noted.

6. Appendices

6.1 Appendix A – Nuneaton and Bedworth Borough Council Audit Progress Report.

7. Background Papers (if none, state none)

7.1 None.

Nuneaton and Bedworth Borough Council Audit Progress Report and Sector Update

September 2023



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

Your key Grant Thornton team members are:

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Audit Manager

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This paper provides the Audit and Standards Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Audit and Standards Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications <https://www.grantthornton.co.uk/en/services/public-sector-services/>

If you would like further information on any items in this briefing or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Progress at August 2023

Financial Statements Audit

We have not yet completed our work on your financial statements for the year ended 31 March 2022.

The 2021/22 audit process has been difficult for a number of reasons. There have been delays in receiving information from the Council, as well as some issues caused by changes within our audit team and issues in our wider local government portfolio. In addition, there is a national issue for long-running 2021/22 audits, due to the availability of more up to date information on which to base the estimates of councils' pension liabilities following the completion of the triennial valuation of the LGPS at 31 March 2022. This has resulted in material movements in the Council's balance sheet.

The deadline for publishing audited local authority accounts for 2021/22 was 30 November 2022. This deadline moves to 30 September for 6 years from 2022/23.

The areas outstanding to complete the audit are as follows:

- Receipt and review of responses in relation to a number of samples in relation to creditors, grant income, income completeness and Covid grants;
- Review of the recharges which have been made in the year;
- Review of responses in relation to the Manager and Engagement Leader review of the accounts;
- Review of managements working paper in relation to the capital financing requirement;
- Review of responses in relation financial instruments disclosures;
- Receipt and review of responses in relation to our queries regarding transactions made between the HRA and General Fund;
- Receipt and review of the Council's HRA reconciliation;
- Receipt and review of management's adjustments to the financial statements in relation to the updated actuarial valuation of the pension liability;
- Receipt and review of management's assessment of assets which have been disposed of with a nil net book value and the date at which they were no longer considered to be in use;
- Receipt and review of the final set of financial statements;
- Receipt of management's written letter of representations; and
- Manager and Engagement Leader quality reviews.

Progress at August 2023 (cont.)

Value for Money

Under the 2020 Code of Audit Practice, for local government bodies auditors are required to issue our Auditor's Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

NOA have issued Auditor Guidance Note 3 (AGN 03) in relation to Auditors' Work on Value for Money (VFM) Arrangements for 2021/22 and 2022/23 audits.

The ongoing delays in local audit continue to significantly impact audited bodies and the financial reporting and auditing process and may therefore affect the timing of when the work on VFM arrangements set out in AGN03 is performed and reported.

The guidance states that the auditor should perform the procedures required as part of their work on VFM arrangements under AGN3 and issue their Auditor's Annual Report when their work is complete.

The Auditor's Annual Report should be issued no more than three months after the date of the opinion on the financial statements for all local government bodies.

Given the delays to the conclusion of the 2021/22 financial statements audit, we are preparing a joint report covering the 2021/22 and 2022/23 financial years.

We anticipate issuing our Auditor's Annual Report by 31 October 2023.

Sector Update

Authorities continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local
government

Delayed publication of audited local authority accounts

In December 2022 there were over 600 local audit opinions outstanding. This means that many stakeholders can't rely on audited accounts to inform decision making – a significant risk for governance and control.

Local authority accounts are becoming increasingly complex as accounting standards evolve and local authorities enter more and more innovative financing arrangements and income generation projects. A significant challenge in managing local audits is the differing needs of various stakeholders. The local government sector, central government and regulators need to agree on the purpose of local audit and find a consensus on improving efficiency in publishing accounts. Grant Thornton has produced a report that explore the reasons for delayed publication of audited local authority accounts.

Table 1 below illustrates the declining performance against the target date for publication of audited accounts in recent years.

Table 1 Audited accounts published by target date over the last six years

Financial year	Deadline for publication of unaudited accounts	Target date for publication of audited accounts	% audited accounts published by target date (all firms average)	% audited accounts published by target date (Grant Thornton audits)
2016/17	30 June 2017	30 September 2017	95	97
2017/18	31 May 2018	31 July 2018	87	91
2018/19	31 May 2019	31 July 2019	58	65
2019/20	1 September 2020	30 November 2020	45	54
2020/21	1 August 2021	30 September 2021	9	12
2021/22	1 August 2022	30 November 2022	12	20

About time?

Exploring the reasons for delayed publication of audited local authority accounts

March 2023



Delayed publication of audited local authority accounts

What more can be done?

All key stakeholders in the local audit system will need to continue their efforts to secure improvement and a return to high levels of compliance with timely publication of audited accounts. The report explores several of the causes of delay and steps which might be taken to reduce the incidence of delays.

These steps relate to systems leadership, holding both authorities and auditors to account for their performance, a continued focus on the quality of accounts preparation and audit, and the effective engagement between auditors and audited bodies.

The report makes 20 recommendations for improving timeliness in publishing audited accounts.

The report also sets out a checklist which management and the audit committee should consider. The report recommends DLUHC, CIPFA or the FRC set out expectations for the system as a whole.

[Click here for full report](#)

About time?

Exploring the reasons for delayed publication of audited local authority accounts

March 2023



Local government procurement and contract management

Background

Local authorities in England spend around £82.4 billion a year on goods and services. More than a third of all UK government spending on goods and services is spent in the local government sector¹. Allowing for capital spending as well, the UK public sector procures around £300 billion a year overall.

We reviewed a large number of reports, inspections and interventions issued by a number of firms, including 53 Annual Auditor Reports issued by Grant Thornton UK LLP. To help build on existing good practice, in this report we highlight some common themes for members and officers to consider:

This report considers a selection of issues we identified under each theme and makes recommendations both to local authorities and, in one case, to central government. The report presents a good practice checklist for local authority members and officers to reflect on.

The analysis sets out five key themes for ensuring good practice:

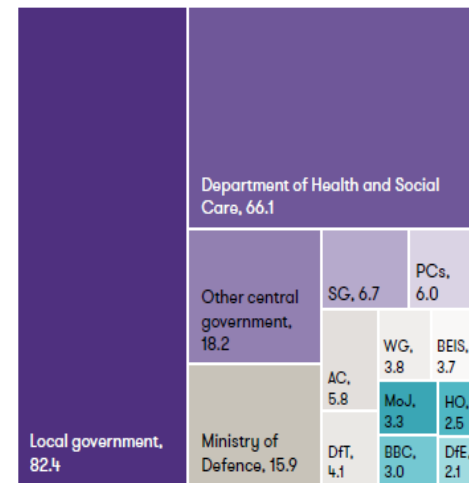
- Strategic planning
- Internal control
- Time, technical expertise, and people
- Commercial awareness
- Contract management

[full report here](#)

More than a third of all UK government spending on goods and services is spent by local government, so it's important councils have effective arrangements for procurement and contract management

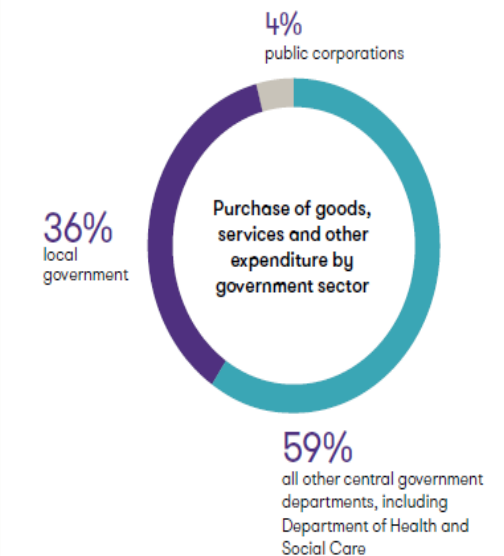
UK public spending

Public spending on goods and services, £ billions - analysis by segment and department²



- PCs Other Public Corporations
- DfT Department for Transport
- WG Welsh Government
- HO Home Office
- DfE Department of Education
- SG Scottish Government
- AC Academies
- MoJ Ministry of Justice
- BBC British Broadcasting Corporation
- BEIS Department of Business, Industry Strategy

Goods, services and other expenditure by segment⁴



¹ HM Treasury, Whole of Government Accounts: year ended 31 March 2020, June 2022
² Cabinet Office, Transforming Public Procurement: Government response to consultation, December 2021
³ HM Treasury, Whole of Government Accounts: year ended 31 March 2020, June 2022
⁴ HM Treasury, Whole of Government Accounts: year ended 31 March 2020, June 2022

Stonewall Gold Employer: GT's LGBTQIA+ inclusion journey

Background

15 Feb 2023, Stonewall, Europe's largest charity for Lesbian, Gay, Bi, Trans, and Queer (LGBTQIA+) rights, launched its widely anticipated Top 100 Employers List – recognising us for our work in supporting LGBTQIA+ colleagues to be the best versions of themselves at work and awarding us Gold Employer, the highest award.

We're proud to announce that we've ranked among the UK's leading employers from the public, private, and third sectors in the Stonewall Workplace Equality Index (WEI). We've also been recognised as a Gold Employer. Overall, we've ranked 38th in the latest WEI results, and 26th in the private sector, and 9th in the financial services sector.

Sustainability: Finance at the heart of decision making

In November 2022 CIPFA published an article on public sector specific response to climate change. Below is an extract from CIPFA's website:

“Role of the finance profession

Finance and accounting professionals need to move beyond simply measuring and reporting the impact of climate change, environmental regulation, supply chain pressure and rising energy costs. They must focus on understanding those implications and integrating them into financial management and business planning. The ability to integrate climate risks into overall operational risks is a major challenge. The finance profession will need to be able to collect data from different professions (scientists, valuation experts, biologists, meteorologists etc) and be able to understand but also challenge assumptions and projections. The importance of effective communication to both internal and external stakeholders must not be underestimated. Climate reporting should result in decision makers having all the information necessary to be effective, to measure progress and to hold those responsible to account.

Opportunities and risks must be identified and stress tested using various scenarios, including temperature rises of 2C and more. The impact of collapsed ecosystems must not be ignored – from rising sea levels to food scarcity and the mass migration of people whose land is no longer inhabitable. We need honesty, transparency and above all leadership to tackle the climate issues that exist and lie ahead.

Conclusion

The current focus on net zero emissions by 2050 misses the point that climate change is already happening. There is an urgent need for adaptation measures to be introduced that allow the UK to live with higher temperatures, wetter winters and warmer, drier summers. At the moment we are severely under prepared. This is a call for urgent action from government, both at central and local level. The IPCC recommended threshold of limiting temperature rises to 1.5C is **set to be broken**. Temperature rises above 2.5C will mean ecosystems will collapse which will have severe repercussions on our society as a whole. CIPFA and ICAEW share the view that the finance function has an important role to play in combating climate change. We would like to see the finance profession taking the lead for the public sector in its efforts to tackle climate change”.

[Click here for link to the article](#)

Audit Market Developments

Financial Reporting Council Report On The Quality Of Local Audit

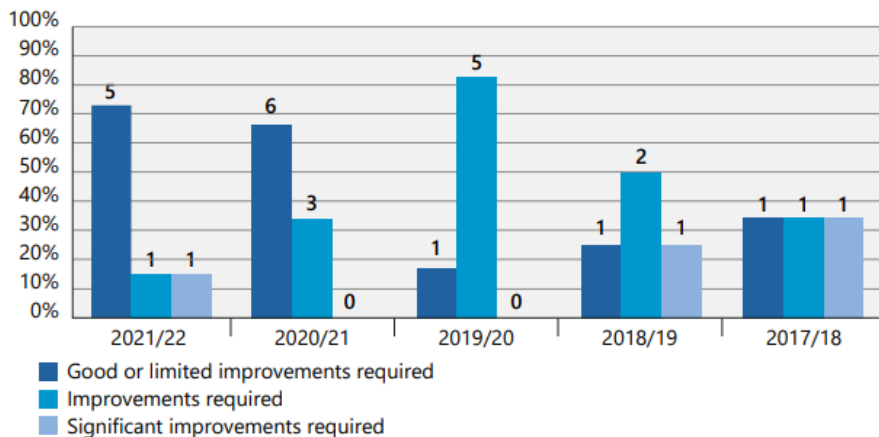
In late October 2022 the Financial Reporting Council (FRC) published its inspection findings into the quality of major local body audits in England, which includes large health and local government bodies.

The Quality Assurance Department (QAD) of the Institute of Chartered Accountants in England and Wales (ICAEW) inspects a sample of local audits that do not meet the definition of a 'major' local audit and the FRC's report also includes a summary of their findings.

The FRC reported that 71% of Grant Thornton audits inspected (7 in total) were assessed as either good or limited improvements required.

This is a pleasing result and reflects on our significant investment in audit quality over recent years. The positive direction of travel over the past five years is illustrated below:

Our assessment of the quality of financial statement audits reviewed



The FRC also inspected our work on VfM arrangements at four bodies.

It is pleasing to note that all of these inspections were assessed as requiring no more than limited improvements (which is the same as the previous year).

As far as the ICAEW are concerned, overall, the audit work reviewed was found to be of a good standard.

Seven of the eight files reviewed (88%) were either 'good' or 'generally acceptable', but one file 'required improvement'.

The ICAEW identified one of our files as requiring 'Improvement' – but it should be noted that this was a 2019-20 file and therefore the learnings from prior years' review could not have been taken into account, an issue recognised by the ICAEW in their report to us.

The ICAEW found that our VfM work was good on each of the files reviewed, and they did not identify any issues with this aspect of the audit teams' work.

Whilst are pleased with our continuing improvement journey, we continue to invest in audit quality to ensure that the required standards are met.

The full report can be found [here](#).



Financial Reporting Council



Audit Market Developments (cont.)

Local Government External Audit Procurement

Public Sector Audit Appointments Ltd (PSAA) has recently announced the outcome of its national procurement of audit services across the Local Government sector.

This exercise covers the audits from 2023/24 to 2027/28 and covers the 470 local government, police and fire bodies (99% of eligible local bodies) that opted into the national scheme.

We are delighted to have been reappointed as the largest supplier of local government audit. The public sector has played a significant role within the firm for over 30 years and we remain committed to the success of the sector.

Our UK Public Sector Assurance (PSA) team employs 440 people, including 29 Key Audit Partners and specialists in financial reporting, audit quality, and value for money.

The team is dedicated to public audit work in local government and the NHS, with contracts with PSAA, Audit Scotland and over 100 health bodies. The Public Sector Assurance team is a regular commentator on issues facing the sector and oversees the firm's thought leadership, such as its series of publications on grants and public interest reports.

Mark Stocks, lead Partner for PSA at Grant Thornton, said 'This is a very welcome outcome and reflects our previous delivery as well as our ongoing commitment to invest in the public sector.'

Further information can be found [here](#)



Grant Thornton – Nearly 60 councils at risk of ‘running out of money’ next year

Grant Thornton has warned that the soaring cost of living combined with a decade of austerity could see up to a sixth of English councils fully deplete their reserves in 2023-24 without substantial spending cuts.

Research found that, as a result of higher inflation, councils are expected to have a cumulative budget deficit of £7.3bn by 2025-26 – an increase of £4.6bn since forecasts made at the beginning of this year.

Grant Thornton said that although reserves were bolstered by more than £5bn in 2020-21 due to higher government funding, these balances will “continue to unwind through the long tail of Covid-19” with close to 60 councils forecast to use all earmarked and unallocated reserves next year.

Without additional income, authorities would need to make savings of over £125 per person by 2025-26, equal to the average yearly spend on homelessness, sports and leisure, parks and open spaces, libraries and waste services.

Phillip Woolley, Head of Public Services Consulting at Grant Thornton, said: “Local government has faced unprecedented demands and pressures over the last decade and without action from both central government and councils, in the face of these inflationary pressures, the list of authorities in need of exceptional support looks set to grow quickly.

“Our research shows the additional Covid-19 funding, while critical to support immediate challenges, has not addressed underlying systemic issues or the precariousness of councils’ financial sustainability in the face of economic instability.

“Local authorities are also now facing the risk of interest rate rises, increasing debt financing costs and the real risk of reduced funding from central government, in response to the current economic turmoil facing the country. Without committed intervention from all sides, there is a risk that the sector levels down instead of up.”

Grant Thornton estimated unitary authorities would have the largest budget gap (£1.8bn) by 2025-26, but district councils would have the largest gap compared to net spending at 10.2%.

The firm added that austerity and changing policy demands have left councils struggling to innovate in their services and prevented investment in finance and procurement, diminishing the sector’s ability to tackle medium-term challenges.

Grant Thornton said additional government funding alone will not lead to improvements, and that councils should focus on improving governance and developing financial stability plans.

Joanne Pitt, local government policy manager at CIPFA, said: “With no spending review and no fair funding review, CIPFA shares Grant Thornton’s concerns about the financial sustainability of some in the sector.

“While there are actions local authorities can take to strengthen their own financial resilience, they are facing significant inflationary pressures and rising demand which makes this hugely challenging for the sector.”



Audit Committees: Practical Guidance For Local Authorities And Police – CIPFA

In October CIPFA published this guide, stating “This fully revised and updated edition takes into account recent legislative changes and professional developments and supports the 2022 CIPFA Position Statement. It includes additional guidance and resources to support audit committee members, and those working with and supporting the committee’s development.”

CIPFA go on to state “Audit committees are a key component of governance. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. They play an important role in supporting leadership teams, elected representatives, police and crime commissioners and chief constables.

This edition updates CIPFA’s 2018 publication to complement the 2022 edition of the CIPFA Position Statement on audit committees.

The suite of publications has separate guidance resources for audit committee members in authorities, members of police audit committees, and a supplement for those responsible for guiding the committee.

New aspects include legislation changes in Wales and new expectations in England following the Redmond Review. All authorities and police bodies are encouraged to use the publication to review and develop their arrangements in accordance with the Position Statement.

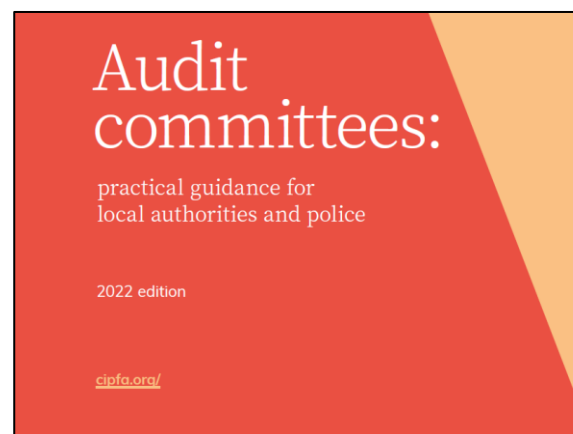
The appendices include suggested terms of reference, a knowledge and skills framework and effectiveness improvement tools.”

The guide covers a number of key areas for Audit Committees, including:

- Purpose
- Core functions:
 - Governance, Risk and Control
 - Accountability and Public Reporting
 - Assurance and Audit arrangements
 - Ensuring focus
- Independence and accountability
- Membership and effectiveness

The guide can be purchased via the CIPFA website:

[Audit Committee Guidance: 2022 update | CIPFA](#)





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NUNEATON AND BEDWORTH BOROUGH COUNCIL

Report to: Audit and Standards Committee – 5th September 2023

From: Head of Audit and Governance

Subject: Internal Audit Annual Report and Counter Fraud Activity 2022 - 23

1. Purpose of the Report

- 1.1 The purpose of this report is to present the Head of Audit and Governance (Interim) Annual report, which includes:
- A statement on conformance with the Public Sector Internal Audit Standards (PSIAS);
 - The results of the quality assurance and improvement programme;
 - The Head of Audit and Governance opinion on the overall adequacy and effectiveness of NBBC's framework of governance, risk management and control; and
 - A summary of the work that supports that opinion.

2. Recommendations

- 2.1 To note the findings of an assessment of the internal audit function against the Public Sector Internal Audit Standards and quality assurance programme.
- 2.2 To consider the summary of internal audit work at Appendix A and B which supports the Head of Audit and Governance opinion.
- 2.3 That the Head of Audit and Governance overall opinion on the control environment be noted.

3. What is the Committee being asked to consider?

- 3.1 In relation to recommendation 2.1: -
- Is the Internal Audit section effective?
 - Does the section comply with the Public Sector Internal Audit Standards (PSIAS)?
 - Can the findings of the team be relied upon?
- 3.2 In relation to recommendation 2.2:
- Management of the Audit Plan during 2022-23;

- Any issues or questions arising from the summary of audit findings and any specific audits where the Committee would like a follow-up report from managers.

3.3 In relation to recommendation 2.3:

- The Head of Audit and Governance overall opinion of the control environment given the work completed and the outcome of specific audit reviews.

4. Background

4.1 The Public Sector Internal Audit Standards (PSIAS) came into force on the 1st April 2013 and were amended, with effect from 1st April 2017. The objectives of the PSIAS are to:

- Define the nature of internal auditing within the UK public sector;
- Set basic principles for carrying out internal audit in the UK public sector;
- Establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations; and
- Establish the basis for the evaluation of internal audit performance and to drive improvement planning.

4.2 The Standards refer to the Chief Audit Executive (CAE), which at NBBC is the Head of Audit and Governance; all references to the Board refer to the Audit and Standards Committee. The Standards require the CAE to present an annual report to the Board which incorporates a statement on conformance with the PSIAS, an opinion on the Council's overall control environment and a summary of the work that has been completed to support that opinion.

5. Requirements of the PSIAS

5.1 The Standards are split into Attribute Standards and Performance Standards. The Attribute Standards address the characteristics of the organisation. The Performance Standards describe the nature of the internal audit activity and provide quality criteria against which performance can be evaluated.

Attribute Standards

1000 – Purpose, Authority and Responsibility

5.2 The purpose, authority and responsibility of internal audit must be formally defined in an internal audit charter. The charter is a formal document that establishes internal audit's position within the organisation, including the CAE's reporting relationship with the board; authorises access to records, personnel, and physical properties relevant to the performance of reviews

and defines the scope of internal audit activities. Final approval of the charter resides with the board.

1100 – Independence and Objectivity

- 5.3 Independence is the freedom from conditions that threaten the ability of the internal audit function to carry out its responsibilities in an unbiased manner. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit service, the CAE must have direct and unrestricted access to senior management and the board. The CAE is able to confirm that the NBBC internal audit service is organisationally independent.
- 5.4 Individual objectivity is achieved when internal auditors have an impartial, unbiased attitude and avoid any conflict of interest.
- 5.5 The Standards suggest that the board should have responsibility for the appointment and removal of the CAE and for approving the CAE's remuneration. However, it is recognised that in the UK public sector it would be unusual for the board to have such a role, although it may be the case if the internal audit function is supplied by contractors or a partnership.

1200 – Proficiency and Due Professional Care

- 5.6 Internal auditors must possess the knowledge, skills and other competencies needed to perform their individual responsibilities. The internal audit team collectively must possess or obtain the knowledge, skills and other competencies needed to perform its responsibilities. The CAE must hold a professional qualification and be suitably experienced. In addition, all internal auditors are encouraged to demonstrate their proficiency by obtaining appropriate professional qualifications.

1300 – Quality Assurance and Improvement Programme

- 5.7 The CAE must develop and maintain a quality assurance and improvement programme (QAIP) that covers all aspects of the internal audit activity. A QAIP is designed to enable an evaluation of internal audits conformance with the Standards and an evaluation of whether the auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of internal audit and identifies opportunities for improvement. The QAIP must include both internal and external assessments.

Performance Standards

- 5.8 The Performance Standards describe the nature of the internal audit services being provided and provide criteria against which the performance of an internal audit function can be measured.
- 5.9 The elements included within this section are:

- *2000 - Managing the internal audit activity* – the CAE must effectively manage the internal audit activity to ensure that it adds value to the organisation. The activity adds value when it considers strategies, objectives, and risks; strives to offer ways to enhance governance, risk management and control processes; and objectively provides relevant assurance.
- *2100 - Nature of the Work* – the internal audit activity must evaluate and contribute to the improvement of governance, risk management and control processes using a systematic, disciplined and risk-based approach. Internal audit credibility and value are enhanced when auditors are proactive, and their evaluations offer new insights and consider future impact.
- *2200 - Engagement Planning* – internal auditors must develop and document a plan for each engagement, including the engagement’s objectives, scope, timing, and resource allocations. The plan must consider the organisation’s strategies, objectives, and risks relevant to the engagement.
- *2300 - Performing the Engagement* – internal auditors must identify, analyse, evaluate, and document sufficient information to achieve the engagement’s objectives.
- *2400 - Communicating results* – communications must include the engagement’s objectives, scope, results, an appropriate conclusion, recommendations, and an action plan. Where appropriate, the internal auditors’ opinion should be provided, which must take account of the expectations of senior management and must be supported by sufficient, reliable, relevant, and useful information.
- *2500 - Monitoring progress* – The CAE must implement a follow up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.
- *2600 – Communicating the acceptance of risks* - If the CAE concludes that management has accepted a level of risk that may be unacceptable to the organisation, the CAE must discuss the matter with senior management. If the CAE determines that the matter has not been resolved, the CAE must communicate the matter to the board.

6. Conformance with the PSIAS

- 6.1 The PSIAS require an external assessment of the internal audit service at least once every 5 years; the last external assessment at NBBC was in 2019. This included an evaluation of core information; such as procedural notes, the internal audit manual, the internal audit charter, audit plans and Committee reports, example audit files and reports, and the latest annual report.
- 6.2 The review assessed the internal audit function against three recognisable standards:

- (i) Resources – Business vision and mission, governance arrangements, recognition of standards, guidance, procedures and supervision, terms of engagement, ethics, and business conduct;
- (ii) Competency – Charter, internal audit manual, planning and allocation of staffing, recruitment (numbers and skills), training (professional and technical), appraisal and development; and
- (iii) Delivery – Client engagement and relationships, directed led service, terms of engagement (audit/assignment brief), discussion of assurance and advisory opinions, reporting at assignment and strategic levels.

6.3 The overall conclusion of the review was that internal audit complies with the PSIAS and continues to provide an effective and efficient service to Nuneaton and Bedworth Borough Council. There were some actions identified by the external assessor which would enhance service provision, which do not affect the overall level of compliance with the PSIAS but do ensure internal audit continues to develop and demonstrate best practice and these have now been addressed.

7. Quality Assurance Improvement Programme

7.1 The internal audit quality assurance programme includes reviews of the files by the Head of Audit and Governance before draft reports are issued and approval of the audit brief and audit programme before any work is completed. Performance is also monitored in quantitative and qualitative terms using the following factors:

- Proportion of planned audits completed in the year;
- Extent to which management adopt Internal Audit recommendations; and
- Feedback from managers on the value and performance of the audit.

7.2 The internal audit plan for 2022-23, as approved by the Audit and Standards Committee in March 2022, included a ‘Council wide ranging review of the purchase of goods and services and the operation of the relevant systems and controls’ as a single audit. However, it became apparent that the scope of this audit was too diverse and complex to be covered by a single review, so it was split into four, namely:

- Accounts Payable
- Fuel Cards
- Corporate Credit Cards
- Housing Repairs and Stock Control.

7.3 In light of the above and due to the absence of the Head of Audit and Governance during the first half of the financial year, a revised Plan was approved by the Audit and Standards Committee in January 2023 and six audit reviews were deferred to 2023-24. Four audits from the revised Plan were in progress at the year end and these are currently being finalised, which means that the Internal Audit team completed approximately 74% of the updated 2022- 23 Plan. This is a good achievement given the difficulties in term of resources and the fact that the many staff work from home, which

sometimes makes it more difficult and time consuming to obtain information to complete audit reviews.

- 7.4 Client questionnaires are issued to all managers with the final report, to establish the effectiveness of the review. The majority of managers who responded felt that a good or very good performance had been achieved in respect of planning the audit, the quality of the report and recommendations made, the timing of the review, the standard of communication and the professionalism of the auditors. Managers also confirmed that the implementation of the recommendations made would lead to improvements in performance.

8. Opinion on the adequacy of the Council's control environment and a Summary of the work supporting that opinion

- 8.1 Fourteen operational audit reviews were completed during the year and fifteen opinions given. Of the fifteen, twelve (75%) were considered to be satisfactory or better (same as 2021-22). Also, nine follow-up reviews were completed, and 64 of the 79 recommendations checked had either been fully implemented or were in progress, which equates to approximately 81% (compared to 90% in 2021 – 22). The assurance level for eight of the nine follow up audits remained as or was revised to satisfactory or significant with only one (Cemeteries and Crematorium) remaining unchanged as limited.
- 8.2 Based upon the results of the work undertaken during the year I can give satisfactory assurance on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.
- 8.3 A summary of the findings of the audit reviews is at Appendix A to this report, but it must be noted that this is a snapshot of the situation at the time of the audit and procedures may well have changed since then if agreed recommendations have been actioned. A summary of the follow-up reviews is at Appendix B.
- 8.4 There are 2 tables at the end of Appendix A, which provide Members with additional information around audit opinions and recommendations.
- 8.5 The first table demonstrates how the auditor concluded what the appropriate overall audit opinion should be. At the outset of every audit the risks to the system or process and the key controls used to mitigate those risks are established. On completion of the audit work an audit opinion is given on each of the key controls and this information is then used to establish what the overall opinion should be. For example, five key controls were identified in the Council Tax system, we gave significant assurance for one of them and satisfactory for three. The overall opinion given was therefore 'Satisfactory Assurance'.

- 8.6 The second table shows the number of recommendations made and the priority that was given them. So again, with the Council Tax system, four recommendations were made, and of these two were priority 2, one priority 3 and one priority 4. It is more difficult to correlate the number and priority of recommendations to assurance levels because we often have multiple recommendations against the same key control so this table is for information only.

9. Counter Fraud Activity 2022 – 23

- 9.1 The current Counter Fraud Officer has been employed by the Council since June 2018, this is a shared role with North Warwickshire Borough Council (NWBC); the Officer spends 60% of his time investigating fraud allegations at NBBC and 40% at NWBC. In completing his work the officer works very closely with other teams within the Council including Housing and Revenues and Benefits.
- 9.2 From 1st April 2021 to 31st March 2022, at NBBC the Officer has completed 203 investigations and has identified cashable savings to the public purse of approximately £264,315.01, and notional savings of approximately £2,017,858.31. Notional savings are the estimated future savings to the public purse as a result of the intervention and successful fraud investigation. For example, it is assumed that had it not been for the investigation a housing benefit claim would have continued to be paid at the higher rate for at least 21 weeks. The notional saving calculations are in line with those used by the Cabinet Office for their data matching exercise, the National Fraud Initiative, which is conducted to assist in the prevention and detection of fraud with data being provided by some 1,200 organisations from both the public and private sectors, NBBC being one of them.
- 9.3 Also, 21 Council owned properties were recovered because, for example, evidence was obtained to prove that the property was being sub-let or had been abandoned. It was then possible for these properties to be offered to genuine people on the Housing waiting list.

Linda Downes

Summary of Internal Audit Findings

Reviews Brought Forward from 2021- 22

1. Council Tax

Our overall audit opinion is '**Satisfactory Assurance**'. The key findings were as follows:

- A review of twelve reconciliations (one from each month) of the weekly property balancing between the CIVICA billing system and Valuation Office Agency schedules highlighted that:
 - Three reconciliations had no record of the official VOA print screen to verify that the weekly property balance reconciled successfully to CIVICA.
 - Three reconciliations had not been signed by the Revenues Officer performing the task.
- A sample of six property accounts from the 'Council Tax Inspections/Visits Report dated 24/02/2022 were reviewed. Our findings showed that in two cases there were no notes on the account diary or evidence linked to workflow to demonstrate the action taken to determine who is liable for the council tax to enable a bill to be raised.
- With the exception of single person discounts, which were last reviewed in 2020/21, discounts, disregards, and exemptions were only being reviewed when a change in circumstance notification was received.
- A review of fourteen high value refund transactions showed that the selected refunds were legitimate and processed at the correct officer level on the billing account. However, there was no evidence to confirm that management checks had been carried out.

2. Non Domestic Rates

Our overall audit opinion is '**Satisfactory Assurance**'. The key issues arising were as follows:

- A review of five property balancing reconciliations between the CIVICA billing system and Valuation Office Agency schedules highlighted that:
 - Three reconciliations had no record of the official VOA print screen to verify that the weekly property balance reconciled successfully to CIVICA.
 - Two reconciliations had not been signed by the Revenues Officer performing the task.
- A review of five discretionary rate reliefs (DRR) awarded during 2020/21 & 2021/22, identified four cases where eligibility documents were not on file or had become invalid to support the continuation of the DRR award.
- There was no evidence to demonstrate that management checks were being carried out on high value refunds.
- A sample of nine write off transactions were reviewed. Our findings showed that of the nine, one transaction for £11,312.89 had not been presented to

the Portfolio Holder for approval, as required by the Council's Financial Procedures Rules and Write-off procedures.

- The signed Coventry and Warwickshire Business Rates Pool Memorandum of Understanding could not be located for 2021/22 and 2022/23.
- By 31st January each year, the Council is required to complete a return to the Department for Levelling Up, Housing and Communities, which determines the net business rates yield that the Council expects to collect for the following financial year. The return was made; however, the Officer Delegated Decision form to affirm the approval of the 2022/23 return could not be located and had not been provided to the Committee Section for publishing in January 22 as required by the Council's Scheme of Delegation.

3. Corporate Governance

Our overall audit opinion is '**Satisfactory Assurance**'. The key findings were as follows:

- The Local Code 2018 detailing the Council's corporate governance arrangements and demonstrating compliance with the seven core principles of good governance as set out in the "Delivering Good Governance in Local Government Framework" published by The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) is out of date; however, it was acknowledged that the an update was best done when the new management structure is fully embedded.
- A number of policies and procedures that underpin the Council's corporate governance arrangements, for example, the Anti-Fraud and Bribery Strategy, Fraud Response Plan, Confidential Reporting Code, Proceeds of Crime (Anti-Money Laundering) Framework, Partnership Framework etc., have not been reviewed for some time so potentially they could now be out of date.
- Responsibility for overseeing the corporate governance arrangements rests with the Corporate Governance Group, however, the Group has not met since March 2022 and its Terms of Reference need to be reviewed to ensure that they remain effective and fit for purpose.
- The Council's Publication Scheme which is a Guide to Information that the Council routinely publish to fulfil its obligations as set out in section 19 of the Freedom of Information Act 2000 has not been reviewed and updated for a number of years, so it is now out of date.
- Three Operational Risk Registers were not held in the central folder, and despite several requests from internal audit for sight of the missing registers they were not provided.
- The Council is not fully compliant with the Local Government Transparency Code 2015, as it has not published all of the mandatory data sets, and of those that have been made available on the Council's webpage, 37.5% of them (3 out of 8) have not been kept up to date.
- The action the Council has taken to ensure compliance with the Financial Management Code 2019 is not reflected within the Annual Governance Statement 2021/22.

4. Housing Lettings

Our overall audit opinion is '**Satisfactory Assurance**'. The key findings were as follows:

- The Arbritas Housing Management computer system staff user list has not been kept up to date as 12 of the 56 users listed no longer work for Housing Services.
- Post tenancy inspections had not been undertaken for 8 out of the 9 new letting cases reviewed, although it was appreciated that 50% of the visits fell during the lockdown restrictions where post tenancy visits were suspended.

2022 -23 Audit Plan and Additional Projects

1. Emergency Planning

Our overall audit opinion is '**Satisfactory Assurance**'. The key findings were as follows:

- The Resilience Contact list includes Senior Managers from Housing, Health & Safety, Environmental Health, Town Centre Services, Waste Management and Revenues & Benefits to act as the Tactical Work Cell (TWC) when the Emergency Management Plan is activated. However, the plan has not been shared outside of Management Team and therefore there is a risk that the TWC may not effectively collaborate should an emergency arise.
- There are no guidance pages on the Council's website to advise residents on how NBBC will respond to emergencies within the Borough or information on our partner working with Coventry Solihull and Warwickshire Resilience Team (CSW) and Local Resilience Forum 'Warwickshire Prepared'.
- Emergency planning and social media training for staff and elected members remains outstanding though we appreciate that CSW is currently reviewing the Council's training needs.
- The approved Emergency Plan meets the framework for NBBC'S effective response to local and major incidents, however the actual testing of the plan has not been conducted.

2. Accounts Payable

Our overall audit opinion is '**Satisfactory**' assurance. The key issues arising were as follows:

- Currently, there are no active electronic links provided on the Financial Procedure Rules (FPRs) to any of the supplementary financial accounting instructions (FAI's). Also, the FAI's are out of date with some not being reviewed and updated since 2013.
- The FPR's and FAI's do not specifically outline the treatment of creditors. For example, the approval process for changing the standard payment term from 30 days, the process for setting up new suppliers and the Council's

commitment to pay Small and Medium Sized Enterprises (SMEs) within 10 days.

- A sample of ten employees on the Authorised Signatory master list was reviewed. Our findings showed that of the ten the approval limit stated on the list did not match the limit specified on the officer's competency framework in five cases.
- The Authorised Signatory master list had not been kept up to date, as there were employees listed who have now left the Council.
- As working practices have changed in recent years (for example, remote/agile working), the current authorised signatory process is no longer fit for purpose and needs to be reviewed.
- Testing of a sample of ten leavers showed that access to Agresso was suspended ('parked') in all cases, but four of the ten remained 'Active' within eBuy. Currently, the eBuy administrator does not have access to view the starter, leaver, and transfer information on DASH, and is relying on IT to notify them or using the monthly employee bulletin to identify leavers, which could cause a delay in the process.
- A sample of twenty new supplier request forms (received between 1 April 2020 to 30 June 2022) was reviewed and minor discrepancies were identified in eight cases between the information on the form and the supplier details recorded on Agresso, for example, company number not on supplier account or incorrectly recorded, incorrect post code and incorrect email address.
- From a review of 25 invoices for the supply of goods and services from 1st April 2020 to 30th June 2022, there was no audit trail for a Covid-19 grant payment of £2,000 because the application and approval form could not be located, a job card was not raised for two vehicle inspections so the vehicle details had not been updated on the system and in five cases there was no segregation of duties between ordering, goods receipting and paying the invoice.
- The weekly Creditors to General Ledger reconciliation had not been performed as regularly as they should have been, for example, during 2021/22 only four weekly reconciliations were completed.

3. **Corporate Credit Cards**

Our overall audit opinion is '**Limited Assurance**'. The key issues arising were as follows:

- From a sample of 126 credit card transactions reviewed:
 - 14 (11%) indicated that the purchases had not been made by the named card holder,
 - 15 transactions (12%) where purchase receipts were not uploaded to the relevant folder to support the transaction,
 - Two purchases (2%) where order summaries were provided instead of valid invoices,
 - Five (4%) receipts were addressed in the cardholders' personal name and address,
 - Six (5%) purchases were made to suppliers listed on eBuy,
 - One (1%) transaction related to a purchase request on behalf of another service area, and although the purchase has been verified

to be valid, the requester and the credit card holder had failed to ensure that the corporate 'credit card requisition form' was completed and approved by the budget holder to support the purchase,

- VAT was miscoded in seven cases (5%), though we acknowledge that this includes five transactions relating to hotel accommodation bookings for the homeless, where a temporary VAT change had been introduced by HMRC during the Covid-19 pandemic.
- Seven cards (20%) where written approvals from the relevant Director to support the card being issued to the employee could not be located.
- From a further cursory check of over 800 transactions 38 (5%) were posted on the ledger as 'no receipt'.
- One service area had been making purchases by credit card rather than using the corporate purchasing system, but the Procurement Team were already aware of this.

4. Fuel Cards

Our overall audit opinion is '**Limited Assurance**'. The key issues arising were as follows:

- The fuel card central spreadsheet provided by the Transport Team was out of date. Seven listed fuel cards could not be located on the 2022-23 fuel usage report but had been replaced by alternative fuel cards as there was evidence of other cards being linked to these vehicles.
- 35% of the users on the Quartix Tracker system user list are ex-employees and a further five users do not need access to the system since moving to other job roles within the Council.
- Wild cards used by Waste Management have the highest usage and although a register has been maintained to evidence which vehicle and driver has utilised the wildcards, the handwritten record is not always legible to accurately identify the user details.
- There is no clear accountability in the fuelling of the portable jerry cans used for the depot yard plant and machinery as there were no checks and controls in place to confirm that the purchase related solely to NBBC cans.
- Currently there is no tracking facility for hire/temporary vehicles because the current arrangement requires trackers that are hard wired to the corporate fleet. However, Internal Audit has researched both Quartix and Teletrac Navman services and has established that a mobile tracking device facility is available which can be fitted and removed easily from hire vehicles used by the Council.
- An evaluation of miles per gallon for 10 vehicles using the suppliers fuel usage report and Quartix vehicle mileage report, showed that the current mpg was low compared to the national average for similar vehicles. We appreciate that the age of the vehicle and the operational duties, i.e. constant stopping and starting or short journeys, can affect fuel economy but no checks are carried out to confirm that the low mpg is reasonable.

5. Housing Repairs and Stock Control

Our overall audit opinion is '**Satisfactory Assurance**' for general repair procedures, and '**Limited Assurance**' for the materials and store control arrangements. The key issues arising were as follows:

- A review of a sample of twenty repairs confirmed that a live tenancy record existed for the properties, and the repair description including date; time of request, caller details, estimated labour costs, and any asbestos issues were clearly recorded on the CX system repairs history screen. The works order was traced and reconciled to the manual job sheets completed by the operatives. Purchase orders (PO's) were traced to e-Buy for fourteen repairs, five repairs had been completed using the imprest stock from the vans, and one was completed using materials from the 'informal store'. However, the repairs records on CX did not provide a link to where the materials used on the jobs came from (for example, no reference was made to a PO number, or van or store stock), to enable a clear audit trail to be established.
- The labour hours and material costs were not recorded on the repair record, therefore, the actual cost of the repairs as stated on CX is not a true reflection of the actual job costings. Also, CX uses the National Housing Federations Schedule of Rate product codes, which are different to the supplier product codes; therefore, the material costs on CX bear no resemblance to the product codes purchased, for cost reconciliation purposes.
- There is no formal stock management system in place for the 'informal store' at the Depot. The total value of closing stock has not been established in the last few years (since the outbreak of the Covid-19 pandemic) and provided to the Finance team at year-end for accounting purposes, though we appreciate that much of the stock held in the general part of the compound are salvaged items and may have little or no commercial value.
- During 2021/22 the Council incurred expenditure of approximately £31.7k with Nuneaton Glass Company for its glazing needs, and £42.1k corporately on clothing and PPE, however, there is no formal contract in place so there is a risk that the Council's Procedure Rules are not being complied with.

6. Payroll

Our overall audit opinion is '**Satisfactory Assurance**'. The key issues arising were as follows:

- There are operational procedures in place; however, these have not been reviewed for a number of years (some have not been updated since 2016); however, we appreciate that the procedures were in the process of being reviewed and streamlined.
- Two of ten new starters reviewed were processed late onto the iTrent payroll system due to the paperwork being received late from the relevant Service Manager in one case and in the other, the confirmation of bank account details was requested late.
- One of ten leavers reviewed was processed late, resulting in a small overpayment of one day (£27 as it was a part-time post).

- The Council has an Overpayments & Underpayments Guidance 2015 in place; however, this document has not been reviewed and updated since it was first implemented.
- There were thirteen salary related overpayment invoices outstanding, and of these a sample of eight older invoices were reviewed, and we found that the recovery action on some of these was not as effective as it should be, as they still had full balances outstanding without any repayment plans in place and large gaps between each recovery action.
- The document retention arrangement for leavers and payroll data held on the balancing folders was not fully compliant with the Data Protection Regulations, as a vast range of payroll reports containing sensitive personal data is retained for longer than necessary, and the leaver documents had not been classified and stored according to the different retention periods.

7. Data Quality

The overall audit opinion is “**Satisfactory Assurance**”. Of the 10 indicators/measures examined, only one (10%) highlighted data quality issues with reference to base data, which was the Nuneaton Town Centre Footfall figure. For the period April 2022 to January 2023 a figure of 2,427,958 was reported but this should have been 2,370,07, an overstatement of 57,451.

This is a marked improvement given that error rates in the previous two data quality audits were 46% and 44%.

8. Asbestos Management

Our overall audit opinion is ‘**Significant**’ assurance. This outcome is very positive in terms of how minor occurrences are dealt with and confidence that there would be no catastrophic response should a major incident arise in the Property Services Section. Two minor points were raised:

- In relation to contacting the depot “Hub” to report an incident, only two officers were set up to receive calls on the designated asbestos reporting telephone line as the other staff were new employees.
- The Trade Manager advised that there had been inconsistencies in the completion of reports in relation to minor incidents which would be raised with the relevant officers.

9. Water Bodies

Our overall audit opinion is ‘**Significant Assurance**’. There is a sound system of internal controls that are being consistently applied for the monitoring of open spaces containing water bodies. However, two issues were raised to improve the effectiveness of the monitoring arrangements, these related to:

- the introduction of the Geo-tagging module software (“fault locator”) functionality.

- the infrastructure maintenance framework for minor repair work being in place, this was approved by Cabinet in April 2023.

10. Transport (Driver Licence Checks)

Our overall audit opinion is '**Significant Assurance**'. The process for checking driver licences was shown to be effective and was being consistently complied with so there were no issues arising.

Summary of Key Control Assurance Levels (Table 1)

System	Key Control Assurance Levels				Overall Opinion
	Significant	Satisfactory	Limited	No Assurance	
Council Tax	1	4	0	0	Satisfactory
NDR	1	2	1	0	Satisfactory
Corporate Governance	0	3	1	0	Satisfactory
Housing Lettings	3	2	0	0	Satisfactory
Emergency Planning	1	0	3	0	Satisfactory
Accounts Payable	4	9	0	0	Satisfactory
Credit Cards	0	1	2	1	Limited
Fuel Cards	1	1	1	0	Limited
Housing Repairs and Stock	0	3	1	0	Satisfactory (Repairs) Limited (Stock)
Payroll	1	5	1	0	Satisfactory
Data Quality	Based on error rate				Satisfactory
Asbestos Management	1	0	0	0	Significant
Water Bodies	1	0	0	0	Significant
Transport (Driver Licence Checks)	1	0	0	0	Significant
TOTAL	15	30	10	1	

Summary of Recommendations Made (Table 2)

System	Assurance Level	Recommendation Priority			
		1	2	3	4
Council Tax	Satisfactory	0	2	1	1
NDR	Satisfactory	0	4	1	1
Corporate Governance	Satisfactory	0	8	1	0
Housing Lettings	Satisfactory	0	1	1	0
Emergency Planning	Satisfactory	0	3	1	0
Accounts Payable	Satisfactory	0	9	5	1
Credit Cards	Limited	1	3	3	0
Fuel Cards	Limited	0	4	2	0
Housing Repairs and Stock	Satisfactory Limited	0	9	2	0
Payroll	Satisfactory	0	3	5	0
Data Quality	Satisfactory	0	0	0	0
Asbestos Management	Significant	0	0	0	0
Water Bodies	Significant	0	0	0	2
Transport (Driver Licence Checks)	Significant	0	0	0	0
TOTAL RECOMMENDATIONS	3 x Significant 9 x Satisfactory 2 x Limited	1	46	22	5

Definitions of Assurance Levels and Recommendation Priorities

Assurance Level	Definition
Significant	There is a sound system of internal control that is being consistently applied
Satisfactory	There is basically a sound system of internal control but there are some minor weaknesses and/or evidence of non-compliance that may put some minor system objectives at risk.
Limited	There are some weaknesses in the adequacy of the internal control system and/or the level of non-compliance puts some of the system objectives at risk.
No Assurance	Control is weak leaving the system open to significant error or abuse and/or there is significant non-compliance with basic controls.

Definition of Priority ratings:

Priority	Definition
1	Priority 1: Fundamental weakness in the design of controls or consistent non-compliance with controls that could lead to a significant loss or damage to the Authority's assets, information or reputation.
2	Priority 2: Weakness in the design of controls or inconsistency in compliance with controls that could cause limited loss of assets or information or adverse publicity or embarrassment.
3	Priority 3: Minor weakness in the design of controls or inconsistency in compliance with controls that could result in inefficiencies
4	Priority 4: Recommended best practice only.

Summary of Follow-up Reviews

1. Cemeteries and Crematorium

A follow up review was completed in October 2022 and of the twelve recommendations made in the original report only one was outstanding.

The Council should be receiving market rent income from March 2020 onwards in line with the crematorium lease agreement though due to the COVID-19 pandemic, there has been a delay in receiving a formal valuation from the District Valuer, despite requests from the Head of Estates, and the Council has no legal basis to invoice Dignity plc until the DV has completed a full rent review. The estimated amount due is approximately £362K and Internal Audit are in the process of carrying out a further follow up to establish the current position. (Priority 1)

In light of the findings the overall audit opinion remained unchanged as 'Limited Assurance'.

2. CCTV

A follow up review was completed in September 2022 and of the thirteen recommendations made in the original report two were still outstanding.

The Council needs to ensure that all the CCTV systems it operates (internally or externally provided), are disclosed and covered by its CCTV Code of Practice (CoP). (Priority 2)

The equipment health checks procedure should be specified within the CoP & PM to assist effective operation and litigation process. (Priority 3)

In light of the findings the overall audit opinion remained unchanged as 'Satisfactory Assurance'.

3. Community Centres

A follow up review was completed in October 2022 and of the five recommendations in the original report none were outstanding.

In light of the findings and the fact that one recommendation was still in progress the overall audit opinion remained unchanged as 'Satisfactory Assurance'.

4. Community Group Funding

A follow up review was completed in December 2022 and of the ten recommendations made in the original report three were outstanding.

The Economic Development and Communities Team needs to ensure that there is a valid and current Service Level Agreement in place for Bulkington Village Centre covering the grant award period. (Priority 2)

The existing system of providing grant funding to community centres should be reviewed, to ensure that the practice is fair and transparent and that all centres are given the same opportunity to apply for a grant. (Priority 3)

Management needs to ensure that relevant approval has been obtained for each award period for any grant made to individual community group and that they are retained on file. (Priority 2)

In light of the findings the overall audit opinion has been revised from 'Limited' to 'Satisfactory' Assurance

5. Delegated Authority Procedure

A follow up review was completed in September 2022 and of the four recommendations made in the original report one was partially outstanding.

Management needs to ensure that all Officer Schemes of Delegation are maintained up to date as timely as possible, and retained in a central location accessible to all relevant officers. At the time of the follow up review three of seven were still outstanding. (Priority 2)

In light of the findings and the fact that one recommendation was still in progress the overall audit opinion remained unchanged as 'Satisfactory Assurance'.

6. Land Charges

A follow up review was completed in October 2022 and of the eight recommendations made in the original report three were outstanding.

The income and expenditure should be regularly monitored, and fees and charges adjusted as appropriate, to ensure compliance with the regulations, i.e that income does not exceed the cost of providing the service. (Priority 2)

The Local Land Charge financial statement and estimates required under Section 9 of the Local Authorities (England) (Charges for Property Searches) Regulations 2008 should be published annually. An appropriate mechanism should be put in place to ensure that this requirement is complied with. (Priority 2)

The Local Land Charge webpages and linked documents should be reviewed and updated as soon as possible. (Priority 3)

In light of the findings the overall audit opinion remained unchanged as 'Satisfactory Assurance'.

7. Mobile Phones

A follow up review was completed in October 2022 and of the six recommendations made in the original report two were outstanding.

The ICT Code of Conduct for Employees needs to be reviewed in conjunction with the Information Management Group, to include a clause to state that costs relating to unreasonable private use of the work mobile may be recouped by the Council. (Priority 3)

To continue to liaise with our supplier Virgin to obtain the exception and monitoring reports as agreed in the contract, to enable Line Managers to effectively monitor call usage in their service area. (Priority 2)

In light of the findings the overall audit opinion remained unchanged as 'Satisfactory Assurance'.

8. S106 Monies

A follow up review was completed in December 2022 and of the eighteen recommendations made in the original report two were outstanding.

'The feasibility of having an integrating s106 monitoring software with the new planning system should be explored with the system supplier. In the interim, to safeguard against data loss/corruption the Monitoring Spreadsheet should be retained on Content Manager (CM/TRIM), with restricted access to the relevant Officers only' (Priority 2)

We understand that the spreadsheet is filed in CM and the planning element of the new system is planned for installation in 2024.

The procedures for the s106 monitoring system should be formally documented, stored in a central location, maintained up to date, and made available to all staff involved in administering the system. (Priority 3)

In light of the findings the overall audit opinion remained unchanged as 'Satisfactory Assurance'.

9. Street Naming and Numbering

A follow up review was completed in October 2022 and of the three recommendations made in the original report one was outstanding.

The Street Naming and Numbering income and expenditure should be regularly monitored, and fees and charges adjusted as and when necessary, to ensure compliance with the regulations, i.e that income does not exceed the cost of providing the service. (Priority 2)

In light of the findings the overall audit opinion remained unchanged as 'Satisfactory Assurance'.

Summary of Follow up Reviews

Subject	Original Number Recommendations	Outstanding Recommendations	Priority (P) of Outstanding Recommendations	Revised Assurance Level
Cemeteries and Crematorium	12	1	P1	Limited (unchanged)
CCTV	13	2	1xP2 1xP3	Satisfactory (unchanged)
Community Centres	5	0		Satisfactory (unchanged)
Community Group Funding	10	3	2xP2 1xP3	Satisfactory (from Limited)
Delegated Authority Procedure	4	1	1xP2	Satisfactory (unchanged)
Land Charges	8	3	2xP2 1xP3	Satisfactory (unchanged)
Mobile Phones	6	2	1xP2 1xP3	Satisfactory (unchanged)
S106 Monies	18	2	1xP2 1xP3	Satisfactory (unchanged)
Street Naming and Numbering	3	1	1XP2	Satisfactory (unchanged)
Totals	79	15	1xP1 9XP2 5xP3	

Definitions of Assurance Levels and Recommendation Priorities

Assurance Level	Definition
Significant	There is a sound system of internal controls that are being consistently applied
Satisfactory	There is basically a sound system of internal controls although there are some minor weaknesses and/or there is evidence that the level of non-compliance may put some minor system objectives at risk.
Limited	There are some weaknesses in the adequacy of the internal control system and/or the level of non-compliance puts some of the system objectives at risk.
No Assurance	Control is weak leaving the system open to significant error or abuse and/or there is significant non-compliance with basic controls.

Definition of Priority ratings:

Priority	Definition
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2	Priority 2: Weakness in the design of controls or inconsistency in compliance with controls that could cause limited loss of assets or information or adverse publicity or embarrassment.
3	Priority 3: Minor weakness in the design of controls or inconsistency in compliance with controls that could result in inefficiencies
	Priority 4: Recommended best practice only.

NUNEATON AND BEDWORTH BOROUGH COUNCIL

Report to: Audit and Standards Committee – 5th September 2023

From: Head of Audit & Governance

Subject: Internal Audit Charter

1. Purpose of the Report

- 1.1 The purpose of this report is for the Committee to consider and approve the Internal Audit Charter.

2. Recommendations

- 2.1 That the Internal Audit Charter at Appendix A to this report be approved.

3. What the Committee is being asked to consider?

- 3.1 That the Internal Audit Charter at Appendix A complies with the requirements of the Public Sector Internal Audit Standards (PSIAS).

4. Background

- 4.1 The PSIAS describe the internal audit charter as a formal document that defines the internal audit activity's purpose, authority, and responsibility. The internal audit charter establishes 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.

- 4.2 For the public sector, the PSIAS also requires that the internal audit charter must:

- 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 safeguards to limit independence or objectivity if internal audit or the chief audit executive undertakes non-audit activities.

- 4.3 The internal audit charter at Appendix A was first drafted in 2013 when the PSIAS came into force and has been updated on several occasions since

then to ensure ongoing compliance with the standards and to ensure that it accurately reflects the Council's internal procedures. The last review was completed in November 2022 so there are no significant proposed changes to the current charter, other than to reflect the new management structure. All proposed changes have been tracked within the document for ease of reference.

Linda Downes

Nuneaton and Bedworth Borough Council

Internal Audit Charter

1. Introduction

- 1.1 The Internal Audit Charter is a mandatory requirement of the Public Sector Internal Audit Standards (PSIAS) and the associated Local Government Application Note. The PSIAS also includes a code of ethics which all internal auditors in UK public sector organisations must conform to. The PSIAS apply to all internal audit service providers, whether in-house, shared services or outsourced.
- 1.2 The Charter is a formal document that defines Nuneaton and Bedworth Borough Council's internal audit's purpose, authority, and responsibility. The Charter establishes internal audit's position within the organisation; authorises access to records, personnel, and physical properties relevant to performance of engagements; and defines the scope of internal audit activities.
- 1.3 The 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
 - Include arrangements for avoiding conflicts of interest if internal audit undertakes non-audit activities.
- 1.4 The Head of Audit and Governance will review the Charter annually and any necessary amendments will be endorsed and approved by the Audit and Standards Committee, who fulfil the role of the Board which has responsibility for final approval of the Charter as per the PSIAS. (see paragraph 3.2 below)

2. Statutory Requirements

- 2.1 The requirement for an internal audit function is contained in the Accounts and Audit (England) Regulations 2015, which require the Council to:

"Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance".

3. Definitions

- 3.1 The PSIAS define internal audit 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.”

3.2 The PSIAS define the ‘Board’ as:

“the highest level of governing body charged with the responsibility to direct and/or oversee the activities and management of the organisation. Typically, this includes an independent group of directors (e.g., a board of directors, a supervisory board or board of governors or trustees). If such a group does not exist, the “board” may refer to the head of the organisation, “board” may also refer to an audit committee to which the governing body has delegated certain functions”.

The role of the Board as outlined above will be fulfilled by the Audit and Standards Committee.

3.3 The role of senior management is fulfilled by the Council’s Management Team, which comprises the Chief Executive and all Strategic Directors. The role of the Chief Audit Executive will be fulfilled by the Head of Audit and Governance, who has responsibility for effectively managing the internal audit activity in accordance with the Charter, definition of internal audit, the code of ethics and the standards.

4. **Scope and Responsibility**

Assurance Activities

4.1 The internal audit service is responsible for providing assurance in accordance with all relevant professional standards and guidance across the authorities entire control environment and across all activities, including:

- Services provided on behalf of other organisations by the Council; and
- Services provided by other organisations on behalf of the Council.

Advisory Activities

4.2 The internal audit service will advise on proposed changes and the controls to be incorporated into new and revised systems but the final decision on whether to accept the audit advice rests with the relevant manager. The provision of such advice does not prejudice the service’s right to evaluate the established systems at a later date.

Consultancy Services

- 4.3 At the request of management, the internal audit service shall undertake consultancy work designed to improve the effectiveness of risk management, control, and governance processes, subject to the availability of the right skills and experience.

Fraud

- 4.4 Managing the risk of fraud and corruption is the responsibility of management. Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud and corruption will be detected. Internal auditors should, however, be alert to risks and exposures that could allow fraud or corruption to occur.
- 4.5 The Head of Audit and Governance must be notified of any suspected irregularity so that processes and procedures can be reviewed to prevent any further irregularities occurring. The relevant Strategic Director, in consultation with the Chief Finance Officer, will appoint an investigating officer. This will normally be the Head of Audit and Governance, particularly if the allegation is of a serious nature or if there is some form of financial irregularity.

5. Authority and Rights of Access

- 5.1 Internal auditors shall have full, free, and unrestricted access to all services and functions, premises, assets, employees, elected members, suppliers and contractors, records, and other documentation that the Head of Audit and Governance considers necessary to enable the internal audit service to fulfil its responsibilities. Auditors also have authority to access all relevant computer data as part of their work, including that registered under the Data Protection Act.
- 5.2 Internal audit is authorised to obtain the information and explanations they consider necessary from any employees, partners, or agents of the Council to fulfil their objectives and responsibilities. Managers must ensure that internal audit access is considered when preparing partnership agreements or contracts for the purchase or supply of goods and services.
- 5.3 The Head of Audit and Governance has the right of direct access to the Head of Paid Service, the Monitoring Officer, the section 151 Officer, Elected Members, the Chair of the Audit and Standards Committee, Strategic Directors, Assistant Directors, and Managers.
- 5.4 All records, documentation, and information accessed in the course of undertaking internal audit activities shall be used solely for that purpose. The Head of Audit and Governance and individual audit staff, including contractors and external service providers

performing work on behalf of internal audit, are responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work.

6. Independence and Objectivity

- 6.1 The internal audit service is managed by the Head of Audit and Governance who is professionally qualified as required by the PSIAS. The Head of Audit and Governance direct reporting line is to the Assistant Director Governance & Democracy and also provides reports to the Audit and Standards Committee, which has responsibility for overseeing audit arrangements.
- 6.2 Independence is essential to the effectiveness of the internal audit service; so, it will remain free from interference in all regards. This shall include, but not be limited to, matters of audit selection, scope, procedure, frequency, timing, or report content.
- 6.3 Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. They must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming a judgement.
- 6.4 The internal audit service is free to plan, undertake and report on its work, as the Head of Audit and Governance deems appropriate, in consultation with the Management Team, Assistant Directors and Managers.
- 6.5 Strategic Directors, Assistant Directors and Managers are fully responsible for the quality of the internal control environment within their area of responsibility. They should ensure that appropriate and adequate controls exist without depending upon internal audit activity.
- 6.6 The Head of Audit and Governance has executive responsibility for insurance, risk management, performance management, equalities, safeguarding, corporate fraud, information management and corporate governance. Any audits relating to these functions shall be overseen by the Assistant Director Governance and Democracy to ensure that the internal auditors remain independent and objective in forming opinions and judgments in these areas.

7. Audit and Standards Committee

- 7.1 The Council is responsible for maintaining an Audit and Standards Committee which complies with all relevant guidance. The Committee's responsibilities include:
- approving the internal audit charter;
 - monitoring and reviewing the effectiveness of the internal audit function;
 - agreeing the internal audit work programme and the adequacy of its resources and access to information to enable the service to perform effectively and in accordance with the relevant professional standards;
 - considering the Head of Audit and Governance annual report and opinion, and summary of internal audit activity and the level of assurance it can give over the Council's corporate governance arrangements;
 - reviewing and monitoring management's responsiveness to the findings and recommendations of the internal auditor; and
 - reviewing the Audit and Standards Committee's own performance, constitution, and terms of reference to ensure that it is operating effectively.

8. Standards

- 8.1 The internal audit service operates in accordance with best practice and guidance in the PSIAS. All internal auditors are required to comply with the standards, all relevant ethical and technical standards issued by their professional bodies and with all relevant codes of conduct issued by the Council.
- 8.2 Internal auditors are expected to:
- Exercise due professional care based upon appropriate experience, training, ability, integrity, and objectivity;
 - Maintain and keep up to date their professional knowledge and skills and to participate in any continuing professional development scheme (CPD) operated by their professional body;
 - Participate in the Council's personal development scheme;
 - Comply with the Council's rules relating to the declaration of interests; and
 - Obtain and record sufficient audit evidence to support their findings and recommendations.
- 8.3 The internal audit service will safeguard the information obtained in carrying out its duties. Information obtained shall not be disclosed unless there is a legal or professional requirement to do so, or used for personal gain.

9. Planning

- 9.1 Internal audit work is planned in order to establish priorities, achieve objectives, and ensure the efficient and effective use of audit resources. The objective of the internal audit plan is to enable the Head of Audit and Governance to provide an annual opinion regarding the effectiveness of the Council's arrangements for risk management, governance, and control.
- 9.2 The Head of Audit and Governance produces an annual audit plan in consultation with the Management Team, Assistant Directors and Managers, taking into account the key risks to the Council. The plan is endorsed by the Management Team and Assistant Directors and approved by the Audit and Standards Committee. It is the responsibility of the Management Team and Assistant Directors to ensure that the budget and resources allocated to internal audit are sufficient to enable the plan to be delivered.
- 9.3 Seven days' notice will normally be given to the relevant manager of the start of an audit; however, the internal audit service reserves the right for unannounced visits if the Head of Audit and Governance considers it necessary. Terms of reference are prepared for each assignment, and these shall be discussed and agreed with the relevant manager before the work is started. Internal auditors shall minimise any disruption to the smooth running of the service whilst it is under review.

10. Reporting

- 10.1 Significant audit findings are reported to the relevant manager in writing. The reports include an opinion on the adequacy of controls in the area reviewed, make recommendations for improvement, specify the officer responsible for implementing the recommendation and the implementation deadline. Opinions on individual assignments feed into the Head of Audit and Governance overall opinion given in the annual report to the Audit and Standards Committee.
- 10.2 Reports will be agreed with the relevant manager and the final agreed report will be copied to the relevant Strategic Director, Assistant Director and Manager, and the Strategic Director for Finance and Governance. The Chief Finance Officer (at NBBC this is the Strategic Director for Finance and Governance) will be copied in on all reports identifying significant financial issues. Reports that give a 'Limited Assurance' opinion on the control environment will be submitted to Management Team and Assistant Directors to monitor and review and ensure that appropriate action is taken to improve controls.
- 10.3 The Head of Audit and Governance submits regular reports to the Audit and Standards Committee summarising the results of audit

reviews and progress in implementing audit recommendations. An annual report is provided given an overall opinion on the Authority's control environment relating to risk management, governance, and control, which feeds into the annual review of the effectiveness of the Authority's governance arrangements and the Annual Governance Statement.

11. Co-operation

- 11.1 The Head of Audit and Governance will work in partnership with the Council's external auditor and other services on such matters as control, corporate governance, contracting, data protection and risk management.
- 11.2 Where services are provided by or to other organisations the Head of Audit and Governance is authorised to agree the responsibility for internal audit of those services with the internal audit of those organisations and to share relevant information. Managers setting up a shared service or partnership must consider the requirement for internal audit and include appropriate access rights in any agreement.
- 11.3 It is the responsibility of every manager to be open, frank, and honest at all times about any risks, concerns or problems that may exist.

12. Quality Assurance and Improvement Programme

- 12.1 The Head of Audit and Governance manages a quality assurance programme to ensure that internal audit work complies with professional standards and achieves its objectives. The Head of Audit and Governance shall review the programme annually and report the outcomes in the Head of Audit and Governance annual report to support performance and inform planning and resources of the next year's internal audit plan.
- 12.2 The quality assurance programme includes:
- Suitable guidance, support, and review of all internal audit work;
 - Seeking feedback from line managers on the quality of internal audit work and professionalism of the auditor; and
 - Regular internal and external assessments of the effectiveness of the service in accordance with the PSIAS.

Head of Audit and Governance