



21 March 2023

AUDIT AND ETHICS COMMITTEE – 30 MARCH 2023

A meeting of Audit and Ethics Committee will be held at 6pm on Thursday 30 March 2023 in Committee Room 1 at the Town Hall, Rugby.

Mannie Ketley
Chief Executive

A G E N D A

PART 1 – PUBLIC BUSINESS

1. Minutes.

To confirm the minutes of the meeting held on 2 February 2023.

2. Apologies.

To receive apologies for absence from the meeting.

3. Declarations of Interest.

To receive declarations of:

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

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

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

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

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

4. Treasury Management Practices Update 2023/24.
5. 2022/23 Financial Statements Update.
6. Internal Audit Progress Update.
7. Internal Audit Plan 2023/24.
8. Motion to Exclude the Public under Section 100(A)(4) of the Local Government Act 1972.

To consider passing the following resolution:

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

PART 2 – EXEMPT INFORMATION

1. Exemption to Contracts Standing Orders – Sellick Partnership Limited.
2. Whistleblowing Complaints and Response.
3. Whistle Blowing Incidents – Standing Item – to receive any updates.
4. Fraud and Corruption Issues – Standing Item – to receive any updates.

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

The Reports of Officers are attached.

Membership of the Committee: Mr P Dudfield (Chairman), Mr J Eves (Vice-Chairman), Councillors Mistry, Mrs Roberts, Roodhouse and Willis

Named Substitutes: Councillors Mrs A'Barrow, Lewis, Moran and Ms Watson-Merret

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

AGENDA MANAGEMENT SHEET

Report Title:	Treasury Management Practices Update 2023/24
Name of Committee:	Audit and Ethics Committee
Date of Meeting:	30 March 2023
Report Director:	Chief Officer – Finance and Performance
Portfolio:	Finance, Performance, Legal and Governance
Ward Relevance:	All
Prior Consultation:	N/A
Contact Officer:	Dawn Lewis Ward Lead Accountant 01788 533408; dawn.lewis-ward@rugby.gov.uk
Public or Private:	Public
Report Subject to Call-In:	No
Report En-Bloc:	No
Forward Plan:	No
Corporate Priorities:	This report relates to the following priority(ies): <input type="checkbox"/> Rugby is an environmentally sustainable place, where we work together to reduce and mitigate the effects of climate change. (C) <input checked="" type="checkbox"/> Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents. (E) <input type="checkbox"/> Residents live healthy, independent lives, with the most vulnerable protected. (HC) <input type="checkbox"/> Rugby Borough Council is a responsible, effective and efficient organisation. (O) Corporate Strategy 2021-2024 <input type="checkbox"/> This report does not specifically relate to any Council priorities but
Summary:	Officers have reviewed the Treasury Management Practices of the organisation to ensure that they are still relevant for delivering robust Treasury Management.
Financial Implications:	None as a direct result of this report.

Risk Management/Health and Safety Implications:	There are no risk management or health and safety implications for this report.
Environmental Implications:	There are no environmental implications for this report.
Legal Implications:	There are no legal implications for this report.
Equality and Diversity:	There are no equality and diversity implications for this report.
Options:	N/A
Recommendation:	To endorse the updated Treasury Management Practices (Appendix 1) that will be adopted by the Council.
Reasons for Recommendation:	The updated Treasury Management Practices provide the basis for all Treasury Management activity undertaken by officers.

Audit and Ethics Committee - 30 March 2023

Treasury Management Practices Update 2023/24

Public Report of the Chief Financial Officer

Recommendation

To endorse the updated Treasury Management Practices (Appendix 1) that will be adopted by the Council.

1. Background

1.1. The Chartered Institute of Public Finance and Accountancy (CIPFA) recommends that all public service organisations adopt, as part of their standing orders, financial regulations, or other formal policy documents appropriate to their circumstances, the following four clauses:

- 1) This organisation will create and maintain, as the cornerstones for effective treasury management:
 - A Treasury Management Policy Statement, stating the policies, objectives, and approach to risk management of its treasury management activities
 - Suitable Treasury Management Practices (TMPs), setting out the way the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- 2) This organisation (i.e. full board/Council) will receive reports on its treasury management policies, practices, and activities, including, as a minimum, an annual strategy and plan, in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.
- 3) This organisation delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to [note 1], and for the execution and administration of Treasury Management decisions to [note 2], who will act in accordance with the organisation's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
- 4) This organisation nominates [note 3] to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies.

1.2. In February, the Committee was presented with an updated Treasury Management Strategy incorporating the Annual Investment Strategy.

1.3. Following the revised CIPFA Treasury Management and Prudential Codes 2021, there have been amendments to the following TMPs:

- TMP01 now includes ESG (Economic, Social and Governance) considerations in credit and counterparty policies
- TMP10 now details how knowledge and skills of both officers and members will be monitored.

2. Treasury Management Practices

Below is a summary of requirements of each of the 12 TMPs.

2.1. TMP01 – Credit and Counterparty Risk Management

This organisation regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that robust due diligence procedures cover all external investment. The responsible officer will design, implement, and monitor all arrangements for the identification, management, and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in TMP06 Reporting Requirements and Management Information Arrangements.

2.2. TMP02 – Performance Management

This organisation is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its Treasury Management Policy Statement. Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the organisation's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, of the availability of fiscal or other grant or subsidy incentives, and of the scope for other potential improvements.

2.3. TMP03 – Decision Making and Analysis

This organisation will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were considered at the time.

2.4. TMP04 – Approved Instruments, Methods and Techniques

This organisation will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the strategy, and within the limits and parameters defined in TMP01 Risk Management. Where this organisation intends to use derivative instruments for the management of risks, these will be limited to those set out in its annual treasury strategy. The organisation will seek proper advice and will consider

that advice when entering arrangements to use such products to ensure that it fully understands those products. This organisation has reviewed its classification with financial institutions under MIFID II and has set in the Treasury Management Strategy those organisations with which it is registered as a professional client and those with which it has an application outstanding to register as a professional client.

2.5. TMP05 – Organisation, Clarity and Segregation of Duties, and Dealing Arrangements

This organisation considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is always a clarity of treasury management responsibilities.

The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly regarding the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

When or if this organisation intends, because of lack of resources or other circumstances, to depart from these principles, the responsible officer will ensure that the reasons are properly reported in accordance with TMP6 Reporting Requirements and Management Information Arrangements, and the implications properly considered and evaluated.

The responsible officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The responsible officer will also always ensure that those engaged in treasury management will follow the policies and procedures set out. The present arrangements are detailed in the schedule to this document.

The responsible officer will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed in the schedule to this document.

The delegations to the responsible officer in respect of treasury management are set out in the schedule to this document. The responsible officer will fulfil all such responsibilities in accordance with the organisation's policy statement and TMPs and, if a CIPFA member, the Standard of Professional Practice on Treasury Management.

2.6. TMP06 – Reporting Requirements and Management Information Arrangements

This organisation will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the

implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function. As a minimum:

- The organisation (i.e. full board/Council) will receive:
 - an annual report on the strategy and plan to be pursued in the coming year;
 - a mid-year review; and
 - an annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's treasury management policy statement and TMPs.
- The full board/Council, or the committee to which some treasury management responsibilities are delegated, will receive regular monitoring reports on treasury management activities and risks.
- The body responsible for scrutiny, such as an audit or scrutiny committee, will have responsibility for the scrutiny of treasury management policies and practices.
- Local authorities should report the treasury management indicators as detailed in their sector-specific guidance notes. The present arrangements and the form of these reports are detailed in the schedule to this.

2.7. TMP07 – Budgeting, Accounting and Audit Arrangements

The responsible officer will prepare, and this organisation will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP01 Risk Management, TMP02 Performance Measurement, and TMP04 Approved Instruments, Methods and Techniques. The responsible officer will exercise effective controls over this budget and will report upon and recommend any changes required in accordance with TMP06 Reporting Requirements and Management Information Arrangements. This organisation will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

2.8. TMP08 – Cash and Cash Flow Management

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of this organisation will be under the control of the responsible officer and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the responsible officer will ensure that these are adequate for the purposes of monitoring compliance with TMP01[2] Liquidity Risk Management. The present arrangements for preparing cash flow projections, and their form, are set out in the schedule to this document.

2.9. TMP09 – Money Laundering

This organisation is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions and will ensure that staff involved in this are properly trained.

2.10. TMP10 – Training and Qualifications

This organisation recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge, and skills. The responsible officer will recommend and implement the necessary arrangements.

The responsible officer will ensure that full board/Council members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

The present arrangements are detailed in the schedule to this document.

2.11. TMP11 – Use of External Service Providers

This organisation recognises that responsibility for treasury management decisions always remains with the organisation. It recognises that there may be potential value in employing external providers of treasury management services, to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid overreliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangement's rests with the responsible officer, and details of the current arrangements are set out in the schedule to this document.

2.12. TMP12 – Corporate Governance

This organisation is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its treasury management activities will be undertaken with openness and transparency, honesty, integrity, and accountability. This organisation has adopted and has implemented the key principles of the Code.

This, together with the other arrangements detailed in the schedule to this document, is considered vital to the achievement of proper corporate governance in treasury management, and the responsible officer will monitor and, if or when necessary, report upon the effectiveness of these arrangements.

Name of Meeting: Audit and Ethics Committee

Date of Meeting: 30 March 2023

Subject Matter: Treasury Management Practices Update 2023/24

Originating Department: Finance and Performance

DO ANY BACKGROUND PAPERS APPLY YES NO

LIST OF BACKGROUND PAPERS

Doc No	Title of Document and Hyperlink

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

Exempt information is contained in the following documents:

Doc No	Relevant Paragraph of Schedule 12A

TMP01 – Credit and Counterparty Risk Management

The DLUHC issued Investment Guidance in 2018, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. To facilitate this objective, the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council has adopted the Code and will apply its principles to all investment activity. In accordance with the Code, the Chief Finance Officer has produced its treasury management practices (TMPs). This part, TMP 1(1), covering investment counterparty policy requires approval each year.

Annual investment strategy - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments that the Council will use. These are high security (i.e., high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the Council is:

Strategy guidelines – The main strategy guidelines are contained in the body of the treasury strategy statement.

Specified investments – These investments are sterling investments of not more than one year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. They also include investments which were originally classed as being non-specified investments, but which would have been classified as specified investments apart from originally being for a period longer than 12 months once the remaining period to maturity falls to under twelve months. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Account deposit facility, UK treasury bills or a gilt with less than one year to maturity).
2. Supranational bonds of less than one year's duration.

3. A local authority, housing association, parish council or community council.
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. For category 4 this covers pooled investment vehicles, such as money market funds, rated -BBB by Standard and Poor's, Moody's and / or Fitch rating agencies.
5. A body that is considered of a high credit quality (such as a bank or building society {although non-rated subsidiaries and non-rated building societies will need to be non-specified investments.}). For category 5 this covers bodies with a minimum Short-Term rating of -BBB or the equivalent) as rated by Standard and Poor's, Moody's and / or Fitch rating agencies.

Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. Amount and time limits for counterparty investments are shown within table 10 of the TMSS.

Non-specified investments – are any other type of investment (i.e. not defined as specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non-specified investments would include any sterling investments with:

	Non-Specified Investment Category	Limit (£ or %)
a.	<p>Supranational bonds greater than 1 year to maturity</p> <p>(a) Multilateral development bank bonds - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Reconstruction and Development Bank etc.).</p> <p>(b) A financial institution that is guaranteed by the United Kingdom Government (e.g., National Rail)</p> <p>The security of interest and principal on maturity is on a par with the Government and so very secure. These bonds usually provide returns above equivalent gilt-edged securities. However, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>	AAA long term ratings (or other of your choice)
b.	<p>Gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Like category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>	

c.	The Council's own banker if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.	
d.	Any bank or building society that has a minimum long term credit rating of -BBB for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).	
e.	Share capital in a body corporate – The use of these instruments will be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies. See note 1 below.	
f.	Loan capital in a body corporate. See note 1 below.	
g.	Bond funds. See note 1 below.	
h.	Other funds: 1. Property and Diversified Income Funds 2. Real Estate Investment Trusts Depending on the type of fund used, such investments may or may not, constitute capital expenditure. Where funds are capital, use of such investments would constitute capital expenditure, and as such an application (spending) of capital resources. This Authority will seek guidance on the status of any fund it may consider using.	

NOTE 1. This Authority will seek further advice on the appropriateness and associated risks with investments in these categories.

Within categories *e* to *h* and in accordance with the Code, the Council has developed additional criteria to set the overall amounts of monies which will be invested in these bodies. These criteria are the Authority will ensure Due Diligence is carried out on the Counterparty before any such investment is undertaken.

ESG Investments - the authority takes a risk-based approach to investment activity with the founding principles being security, liquidity and yield. If an investment meets the Council's criteria for investing and delivers ESG benefits, it will be pursued.

The monitoring of investment counterparties - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Link as and when ratings change, and counterparties are checked promptly on occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any

counterparty failing to meet the criteria will be removed from the list immediately by the Chief Officer Finance and Performance, and if required new counterparties which meet the criteria will be added to the list.

Use of external fund managers – It is the Council's policy to use external fund managers for part of its investment portfolio. The fund managers will use both specified and non-specified investment categories and are contractually committed to keep to the Council's investment strategy.

The Council's existing pooled investments include holdings in the CCLA and Lothbury Property Funds and the CCLA Diversified Income Fund.

The Council fully appreciates the importance of monitoring the activity and resultant performance of its appointed external fund manager. To aid this assessment, the Council is provided with a suite of regular reporting from its manager.

This includes monthly statements received from Fund Managers along with annual reports in addition to formal reports, the Council also meets with representatives of the fund manager on a semi-annual basis. These meetings allow for additional scrutiny of the manager's activity as well as discussions on the outlook for the fund as well as wider

Treasury Management Practices 2

Performance Measurement

“This organisation is committed to the pursuit of best value in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its Treasury Management Strategy Statement.

Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the organisations stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, of the availability of fiscal or other grant or subsidy incentives, and of the scope for other potential improvements. The performance of the treasury management function will be measured using the criteria set out in the schedule to this document.”

TMP02 – Best Value and Performance Measurement

2.1 Methodology to be applied for evaluating the impact of treasury management decisions

The Council carries out strategic, scrutiny and efficiency best value reviews. Consideration will be given to the appropriateness of a scrutiny review. An efficiency review will be undertaken on a three-year cycle.

Our Treasury Management Consultants review our existing debt portfolio twice yearly and all transactions that have occurred in the interim to ensure that best practice has been achieved.

Our Treasury Management consultant will carry out a health check of our Treasury Management function on a per-value basis. The performance of the external fund managers will also be evaluated by our Treasury Management consultants on a quarterly basis.

2.2 Policy concerning methods for testing best value in treasury management

2.2.1 Frequency and process for tendering

Tenders are normally awarded on a three-yearly basis. The process for advertising and awarding contracts will be in line with the Council's Contract Standing Orders.

2.2.2 Banking services

Banking services will be retendered or renegotiated every 3 years, to ensure that the level of prices reflect efficiency savings achieved by the supplier and current pricing trends.

2.2.3 Money-broking services

The Council will use money broking services to make deposits or to borrow and will establish charges for all services prior to using them.

An approved list of brokers will be established which takes account of both prices and quality of services.

2.2.4 Consultants'/Advisers' services

This Council's policy is to appoint full-time professional treasury management consultants and separate leasing advisory consultants when needed.

2.2.5 Policy on external managers

The Council's current policy is to oversee all investments in-house. This will be kept under review and in-house performance will be benchmarked in relation to external fund manager performance.

2.2.6 Methods to be employed for measuring the performance of the organisation's treasury management activities.

- Performance measured against Annual Treasury Strategy statement targets.
- Compliance to CIPFA Code of Treasury Practice.
- Expenses contained within approved budget.
- Performance measured against Security-Liquidity-Yield benchmarking model.
- Review of performance against external fund manager average rates of model.

2.3 Performance Measurement

When data becomes available, comparative reviews are undertaken to see how the performance of the Authority on debt and investments compares to other authorities with similar size portfolios. The Authority are part of Link Asset Services Benchmarking group. The Authority's investment performance is benchmarked against other Local Authorities.

Investment performance is reviewed on a weighted average basis against other Local Authorities

Treasury Management Practices 3

Decision-making and analysis

“This organisation will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were considered at the time. The issues to be addressed and processes and practices to be pursued in reaching decisions are detailed in the schedule to this document.”

TMP03 – Decision Making and Analysis

3.1 Funding, Borrowing, Lending and New Instrument/Techniques

3.1.1 Records to be kept

- The Treasury section records all transactions electronically
- All loan/investment transactions are recorded on the investment spreadsheet and with its Treasury Management system, Logotech. Full details of the system are covered in the procedure notes.
- The following records will be used relative to each loan or investment
 - ❖ Daily cash projections
 - ❖ Telephone rates/internet dealing rates
 - ❖ Dealing slips for all money market transactions – including rate changes
 - ❖ PWLB loan schedules
 - ❖ Brokers confirmations for deposits/investments
 - ❖ Contract notes received from fund manager
 - ❖ Fund manager's valuation statements

3.1.2 Processes to be pursued

- Cash flow analysis
- Maturity/refinancing analysis
- Ledger reconciliations
- Review of borrowing requirement/medium term financial plan (MTFP)
- Monitoring of projected loan charges, interest, and expenses costs
- Review of opportunities for debt rescheduling/PWLB premium/discount rate
- Collection of quarterly performance information

3.1.3 Issues to be addressed

In respect of every decision made the organisation will: -

- a) Above all be clear about the nature and extent of the risks to which the organisation may become exposed.
- b) Be certain about the legality of the decision reached and the nature of the transaction, and that all authorities to proceed have been obtained.
- c) Be content that the documentation is adequate both to deliver the organisation's objectives and protect the organisation's interests, and to deliver good housekeeping.
- d) Ensure that third parties are judged satisfactory in the context of the organisation's creditworthiness policies, and that limits have not been exceeded.

- e) Be content that the terms of any transactions have been fully checked against the market and have been found to be competitive.

In respect of borrowing and other funding decisions, the organisation will: -

- a) Evaluate the economic and market factors that might influence the manner and timing of any decision to fund.
- b) Consider the merits and demerits of alternative forms of funding, including funding from revenue, leasing and private partnerships.
- c) Consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.
- d) Consider the ongoing revenue liabilities created, and the implications for the council's future plans and budgets.

In respect of investment decisions, the organisation will: -

- a) Consider the optimum period, in the light of cash flow availability and prevailing market conditions.
- b) Consider the alternative investment products and techniques available, especially the implications of using any which may expose the organisation to changes in the value of its capital.

Treasury Management Practices 4

Approved instruments, methods and techniques

“This organisation will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the schedule to this document, and within the limits and parameters defined in *TMP01 Credit and Counterparty Risk Management*”

TMP04 – Approved Instruments, Methods & Techniques

4.1 Approved Activities of the Treasury Management Operation

- borrowing
- lending
- debt repayment and rescheduling
- consideration, approval and use of new financial instruments and treasury management techniques
- managing the underlying risk associated with the Council's capital financing and surplus funds activities
- managing cash flow
- banking activities
- leasing
- managing the underlying exchange rate risk associated with the Council's business activities
- merchant acquiring & credit card /procurement card facilities.

4.2 Approved Instruments for Investment

All investments will comply with the Local Authorities (Capital Financing and Accounting) (England) Regulations 2003 (SI 2003/3146) and subsequent amendments.

The instruments used will be:

- term deposits with banks and building societies up to a maximum of 10 years
- certificates of deposits up to a maximum of 364 days
- gilts
- euro sterling bonds
- money market funds that meet the criteria set in SI 451 of 2002
- Corporate bonds.

4.3 Approved Techniques

- Forward dealing up to 364 days providing the forward period and term of the deposit does not exceed the time limit for the category of investment.
- LOBOs
- Stepped interest rate.
- Variable interest rate. (LIBOR linked)
- Fixed term deposits

4.4 Approved Methods and Sources of Raising Capital Finance

Finance will only be raised in accordance with the Local Government Act 2003, and within this limit the Council has several approved methods and sources of raising capital finance. These are:

On Balance Sheet	Fixed	Variable
PWLB	•	•
EIB	•	•
Market (long-term)	•	•
Market (temporary)	•	•
Market (LOBOs)	•	•
Stock issues	•	•
Local temporary	•	•
Local Bonds	•	
Overdraft		•
Negotiable Bonds	•	•
Internal (capital receipts & revenue balances)	•	•
Commercial Paper	•	
Medium Term Notes	•	
Leasing (not operating leases)	•	•
Deferred Purchase	•	•
Other Methods of Financing		
Government and EU Capital Grants		
Lottery monies		
PFI/PPP		

All forms of funding will be considered dependent on the prevailing economic climate, regulations, and local considerations. The Chief Officer – Finance and Performance has delegated powers in accordance with Financial Regulations, Standing Orders, the Scheme of delegation to Officers Policy, and the Treasury Management Strategy to take the most appropriate form of borrowing from the approved sources.

Treasury Management Practices 5

Organisation, clarity and segregation of duties, and dealing arrangements

“This organisation considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.”

The principal on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly regarding the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If or when this organisation intends, because of lack of resources or other circumstances, to depart from these principles, the responsible officer will ensure that the reasons are properly reported in accordance with *TMP06 Reporting requirements and management information arrangements*, and the implications properly considered and evaluated.

The responsible officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The present arrangements are detailed in the schedule to this document.

The delegations to the responsible officer in respect of treasury management are set out in the schedule to this document. The responsible officer will fulfil all such responsibilities in accordance with the organisations policy statement and TMPs and, if a CIPFA member, the *Standard of Professional Practice on Treasury Management*.”

TMP05 - Organisation, Clarity and Segregation of Duties and Dealing Arrangements

5.1 Limit to Responsibility

Council

- Receiving and reviewing reports on treasury management policies, practices, and activities.
- Approval of annual treasury management strategy

Cabinet

- Approval of amendments to the organisations adopted clauses, treasury management policy statement and treasury management practices.
- Budget consideration and approval.
- Approval of the division of responsibilities.
- Receiving and reviewing regular monitoring reports and acting on recommendations.
- Approving the selection of external service providers and agreeing terms of appointment.

Audit and Ethics Committee

- Reviewing the treasury management policy and procedures and making recommendations to the responsible body.

Chief Officer – Finance and Performance

- Recommending clauses, treasury management policy/practises for approval, reviewing the same regularly, and monitoring compliance.
- Submitting regular treasury management policy reports.
- Submitting budgets and budget variations.
- Receiving and reviewing management information reports.
- Reviewing the performance of the treasury management function and promoting best value reports.
- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function.
- Ensuring the adequacy of internal audit and liaising with external audit
- Recommending the appointment of external service providers.

Lead Accountant

- Execution of transactions.
- Adherence to agreed policies and practices on a day-to-day basis.
- Maintaining relationships with third parties and external service providers.
- Supervising treasury management staff.
- Monitoring performance on a day-to-day basis.
- Submitting management information reports to the responsible officer.

- Identifying and recommending opportunities for improved practices.

5.2 Segregation of duties

1. Dealing in the market

Lead Accountant

Whenever possible the recording/checking of the details of deals is kept separate from the negotiating and closing of them.

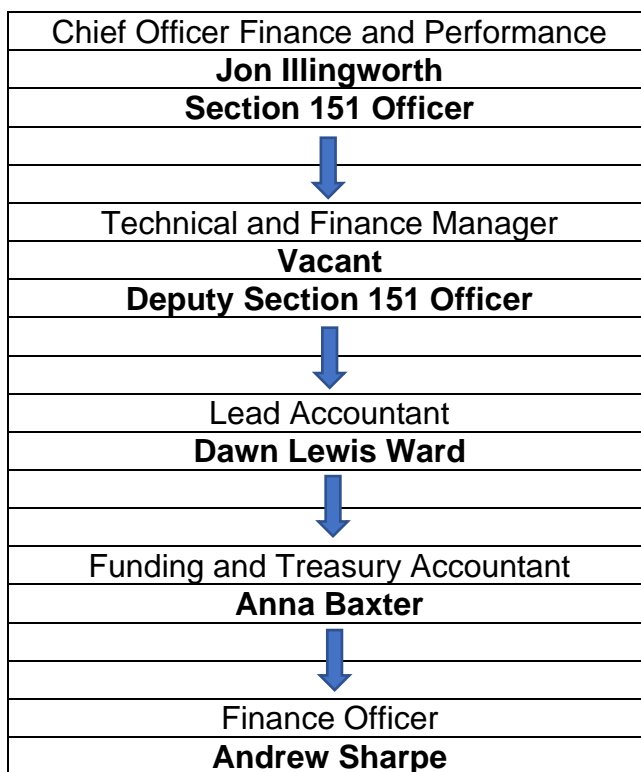
2. Authorisation of market transactions

Chief Officer – Finance and Performance

Technical and Finance Manager

Lead Accountant

5.3 Treasury Management organisation chart



5.4 Statement of duties/responsibilities of each treasury post

At Rugby Borough Council the following division of responsibility are in place:

Chief Officer – Finance and Performance

- a) Preparing the Treasury Management Strategy Statement.

- b) Deciding on funding and short-term policies for the ensuing period.
- c) Deciding on lending and investment policy for the ensuing period.
- d) Advising on the acceptability and characteristics of treasury instruments.
- e) Establishing the vires of the proposed action and the instruments to be used.
- f) Reviewing performance of the treasury management function at least twice a year.
- g) Ensuring that the Treasury Management Manual is regularly reviewed.
- h) Ensuring that the organisation of the treasury management function is adequate to meet current requirements.
- i) Monitoring adherence to approved policy by delegated officers.
- j) Authorisation of loans transactions.
- k) Reporting to elected Members and advising the Monitoring Officer where appropriate.
- l) Ensuring that the system is specified and implemented.

Technical and Finance Manager

- a) Ensuring appropriate divisions of duties.
- b) Authorisation of loan transactions.
- c) Deputising for Chief Officer Finance and Performance in his absence.

Lead Accountant

- a) Ensuring the day-to-day activities accord with the Treasury Management Policy Statement.
- b) Implementing the Treasury Management Practices.
- c) Ensuring compliance with policies, limitations, and directions.
- d) Assessing, appointing, and monitoring performance on brokers.
- e) Production of regular performance reports.
- f) Dealing in the market.
- g) Execution of transactions

Funding and Treasury Officer

- a) Deputising for Lead Accountant
- b) Dealing in the market.
- c) Execution of transactions

Finance Officer

- a) Dealing in the market.
- b) Execution of transactions.

Internal Audit

- a) Reviewing compliance with approved policy and procedures.
- b) Reviewing division of duties and operational practice.
- c) Assessing value for money from treasury activities.
- d) Undertaking probity audit of treasury function.

5.5 Absence Cover arrangements

1. One of the following Officers must be available to authorise loan transactions.

Chief Finance Officer	One signatory for authorising borrowing/
Technical & Finance Manager	lending transactions and approving
Lead Accountant	bank transfers.

2. One of the following officers must be available to deal in the market.

Lead Accountant
Funding and Treasury Officer
Finance Officer

5.6 Dealing limits

Persons authorised to deal are identified at 5.4 above. Dealing limits are prescribed by the Annual Investment Strategy included within the annual Treasury Management Strategy.

5.7 List of approved brokers

A list of approved brokers is maintained within the Treasury Team and a record of all transactions recorded against them.

5.8 Policy on brokers services

It is Council's policy to rotate business between brokers.

5.9 Policy on recording of conversations

It is not Council Policy to record brokers' conversations.

5.10 Direct dealing practices

Direct dealing with counterparties is permitted subject to comparison with rates offered via brokers. Direct dealing has the benefit of making it possible to invest smaller amounts than are traditionally available via brokers and, potentially, offer a saving on broking fees.

5.11 Settlement transmission procedures

For payments a transfer will be made through Lloyds Commercial Online Banking System to be completed by 3.00pm on the same day.

5.12 Documentation requirements

For each deal undertaken a record is prepared giving details of dealer, amount, period, counterparty, interest rate, dealing date, payment date(s), broker.

5.13 Arrangements concerning the management of third-party funds

All third-party funds are held in the Council's sole bank account, but separate records are maintained.

5.14 System of recording transactions

All treasury transactions, both investments and borrowings along with daily banking transactions are now recorded and reconciled within Logotech, an approved for use in Local Government treasury management system.

Treasury Management Practices 6

Reporting requirements and management information arrangements

“This organisation will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum, the Council will receive:

- An annual report on the strategy and plan to be pursued in the coming year.
- A mid-year review.
- An annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation’s treasury management policy statement and TMP’s.

The body responsible for scrutiny, such as an audit or scrutiny committee, will have responsibility for the scrutiny of treasury management policies and practices.

Local authorities should report the treasury management indicators as detailed in their sector-specific guidance notes.

The present arrangements and the form of these reports are detailed in the schedule to this document.”

TMP06 – Reporting Requirements and Management Information

6.1 Annual Treasury Management Strategy Statement

1. The Treasury Management Strategy sets out the specific expected treasury activities for the forthcoming financial year. This strategy will be submitted to Council for approval before the commencement of each financial year.
2. The formulation of the annual Treasury Management Strategy involves determining the appropriate borrowing and investment decisions in the light of the anticipated movement in both fixed and shorter-term variable interest rates. For instance, this organisation may decide to postpone borrowing if fixed interest rates are expected to fall or borrow early if fixed interest rates are expected to rise.
3. The Treasury Management Strategy is concerned with the following elements:
 - the current Treasury portfolio position.
 - the prospects for interest rates.
 - the limits placed by this organisation on treasury activities.
 - the expected borrowing strategy.
 - the expected temporary investment strategy.
 - the policy concerning retention of the set aside capital receipts.
 - the expectations for debt rescheduling.
 - borrowing requirements.
 - any extraordinary treasury issues.
4. The Treasury Management Strategy will establish the expected move in interest rates against alternatives (using all available information such as published interest rate forecasts where applicable) and highlight sensitivities to different scenarios.

6.1.1 Policy on Interest Rate Exposure

1. The Council approves before the beginning of each financial year the following treasury limits:
 - the amount of the overall borrowing limit which may be outstanding by way of short-term borrowing
 - the maximum proportion of interest on borrowing, which is subject to variable rate interest.
2. The Chief Officer Finance and Performance is responsible for incorporating these limits in the Annual Treasury Management Strategy, and for ensuring

compliance with the limits. Should it prove necessary to amend these limits, the Executive Director shall submit the changes for approval to Cabinet.

6.2 Annual Report on Treasury Management Activity

An annual report will be presented to Cabinet at the earliest practicable meeting after the end of the financial year, but in any case, by the end of September. This report will include the following: -

- a. A comprehensive picture for the financial year of all treasury policies, plans, activities, and results.
- b. transactions executed and their revenue (current) effects.
- c. report on risk implications of decisions taken and transactions executed.
- d. monitoring of compliance with approved policy, practices, and statutory/regulatory requirements.
- e. monitoring of compliance with powers delegated to officers.
- f. degree of compliance with the original strategy and explanation of deviations.
- g. explanation of future impact of decisions taken on the organisation.
- h. measurements of performance.
- i. report on compliance with CIPFA Code recommendations.

6.3 Management Information Reports

Management information reports will be prepared every quarter by the Lead Accountant and will be presented to the Technical and Finance Manager.

These reports will contain the following information: -

- a) A summary of transactions executed and their revenue (current effects).
- b) measurements of performance including effect on loan charges/investment income.
- c) degree of compliance with original strategy and explanation of variances.

6.4 Periodic Monitoring Reports

Cabinet will receive and consider as a minimum:

- a) an annual treasury strategy before the commencement of the new financial year.
- b) an annual treasury management activity report before the 30 September after the year end to which it relates.
- c) a mid-year review (as of 30th September of the year to which it relates)
- d) the outcome of debt rescheduling undertaken and reported to Cabinet as soon as possible after completion of the exercise.

Treasury Management Practices 7

Budgeting, accounting, and audit arrangements

“The responsible officer will prepare, and this organisation will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with *TMP01 Credit and Counterparty Risk Management*, *TMP02 Best value and Performance Measurement*, and *TMP04 Approved Instruments, Methods, and Techniques*. The form which this organisation’s budget will take is set out in the schedule to this document. The responsible officer will exercise effective controls over this budget and will report upon and recommend any changes required in accordance with *TMP06 Reporting Requirements and Management Information Arrangements*.

This organisation will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being. The present form of this organisation’s accounts is set out in the schedule to this document.

This organisation will ensure that its auditors and those charged with regulatory review, have access to all information and papers supporting the activities of the treasury management function as are necessary for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices. The information made available under present arrangements is detailed in the schedule to this document.”

TMP07 – Budgeting, Accounting and Audit Arrangements

7.1 Statutory/Regulatory Requirements

The accounts are drawn up in accordance with the Code of Practice on Local Authority Accounting in Great Britain that is recognised by statute as representing proper accounting practices.

7.2 Accounting Practices and Standards

Due regard is given to the CODE and Accounting Standards as they apply to Local Authorities in Great Britain. The Council adopts in full the principles set out in CIPFA's 'Code of Best Practice and Guide for Treasury Management in the Public Services' (the 'CIPFA Code and GUIDE'), together with those of its specific recommendations that are relevant to this organisation's treasury management activities.

7.3 Sample Budgets/Accounts

The Lead Accountant will prepare an annual budget for treasury management, which will bring together all the costs involved in running the function, together with associated income. The Lead Accountant will exercise effective controls over this budget and will report upon and recommend any changes required in accordance with section 6 above.

7.4 List of Information Requirements of External Auditors

- Reconciliation of loans interest and premiums paid to financial ledger by loan type.
- Maturity analysis of loans outstanding.
- Calculation of loans fund interest and debt management expenses.
- Annual Treasury Report.
- Treasury Progress Report.
- Treasury Management Strategy.
- Calculation of Revenue Interest.
- Interest accruals report and those from external fund manager(s).
- External fund manager(s) valuations including investment income schedules and movement in capital values.

7.5 Budget Setting Exercise

A budget for interest, expenses and loan charges costs is prepared as part of the budget setting process.

Treasury Management Practices 8

Cash and cash flow management

“Unless statutory or regulatory requirements demand otherwise, all monies in the hands of this organisation will be under the control of the responsible officer and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the responsible officer will ensure that these are adequate for the purposes of monitoring compliance with *TMP01 liquidity risk management*. The present arrangements for preparing cash flow projections, and their form, are set out in the schedule to this document.”

TMP08 – Treasury Management Practices

8.1 Arrangements for Preparing/Submitting Cashflow Statements

Cash flow projections are prepared annually, monthly and daily. The annual and monthly cash flow projections are prepared from the previous year's daily cash flow records, adjusted for known changes in levels of income and expenditure and changes in payments and receipts dates.

8.2 Content and Frequency of Cashflow Budgets

Payroll	Monthly
Precepts to County & Police	10 x pa
Precepts to Parishes	2 x pa
Housing Subsidy	10 x pa
Credit Payment Runs (inc. HB & Refunds)	Weekly
Housing Benefit Subsidy	Monthly
Council Tax – Direct Debits	3 x pm & weekly
NNDR – Direct Debits	3 x pm & weekly
PWLB – interest & repayments	Various – per agreements
Revenue Support Grant	7 x pm
BRR – net payment to Pool	7 x pm

8.3 List of Sources of Information

- Payroll for pay runs, NI, Superannuation, and Income Tax information
- Treasury Management records for interest and loans premium payments
- Revenues for Council Tax & NNDR
- DCLG for grants
- Financial Services Unit for Creditor runs
- PWLB
- Individual Counterparties.
- WCC for Warwickshire for precept payment.

8.4 Bank Statement Procedures

Downloaded daily from the Lloyds Commercial Banking Online electronic banking system and exported to Agresso (FMS). Presented cheques are then automatically reconciled using the automatic bank reconciliation system, which updates the creditor system and clears unrepresented cheques. All other items going through the financial ledger are matched to the Bank Statement and discrepancies investigated. Income is electronically sorted and exported into the various relevant systems.

8.5 Payment Scheduling and Agreed Terms with Creditors

Our policy is to pay creditors within 30 days of the invoice date, and this effectively schedules the payments. Certified payments to sub-contractors and SME's will be paid within 14 days.

8.6 Arrangements for Monitoring Revenue/Accounts Payable Levels

The Revenue section provide the Technical and Finance Manager with monthly reports detailing the average age of outstanding amounts against debtors and rate of collection compared to rate of invoicing. Bad debt provisions are made at the end of each year.

The Accounts Payable section provides regular reports information of invoices outstanding for over 20 days to Authorising Officers listed on the report. Statistics are produced to show the percentage of invoices paid within 30 days.

8.7 Procedure for Banking of Funds

All money received by an Officer on behalf of the Council will without unreasonable delay be paid to the Cashiers Department to deposit in the Council's banking accounts. No deductions may be made from such money save to the extent that the Technical and Finance Manager may specifically authorise.

8.8 Practices Concerning Prepayments to Obtain Benefits

All prepayments must be authorised by the Chief Officer Finance and Performance

TMP09 – Money Laundering

Since the topic of money laundering is quite wide and complex this TMP has been structured in the following way:

- Background legislation – This outlines the different statutory requirements applying to local authorities
- Requirements of the legislation – This introduces the individual elements of the legislation each council will need to consider.
- Schedules – This provides a skeleton procedure note to prompt consideration of each of the areas above.

9.1 Background Legislation

There are several Acts of Parliament, and the FSA has also made provisions relating to money laundering, with the main legislation being contained in the Criminal Act 1993 (which contains the provisions to implement the EU Money Laundering Directive). Detailed money laundering regulations came into effect on 1st March 2004 under SI 2003 No. 3075 (references to each regulation from the SI are shown in the body of the TMP), and this Statutory Instrument, The Terrorism Act 2000, the Anti-Terrorism, Crime & Security Act 2001, and the Proceeds of Crime Act 2002 cover the main compliance requirements.

The key requirements of this legislation cover an area wider than the fairly narrow treasury management function, including possessing, or in any way dealing with, or concealing, the proceeds of any crime.

Whilst the Council is not directly required to implement the requirements of the Money Laundering Regulations 2003 (except through this TMP), the implications of the Terrorism Act 2000, the Anti-Terrorism, Crime & Security Act 2001, and The Proceeds of Crime Act 2002 place an onus of responsibility on individuals associated with treasury process to consider its implications.

9.2 Outline of the requirements of the regulations and statues

Every officer should whilst conducting Council business implement: -

1. Identification procedures (SI 2003/3075 Money Laundering Regulations, 4 & 5). This regulation applies if: -
 - a) You are forming a business relationship; or
 - b) Considering undertaking a one-off transaction, and
 - i. Suspect a transaction involves money laundering; or
 - ii. A payment is to be made for Euro10,000 or more (approximately £8,800)
 - c) In respect of two or more one-off transactions that the transactions are linked and involve Euro 15,000 or more.

The Money Laundering and Terrorist Financing Regulations 2019 implemented the EU Fifth Money Laundering Directive in the UK and came into effect on 10 January 2020.

This legislation extends the scope of regulated industries and ensures enhanced due diligence is conducted.

2. In these instances, you should: -
 - a) Set up and maintain identification procedures to ensure the counterparty produces satisfactory evidence of their identity.
 - b) Follow the procedures to ensure the counterparty provides satisfactory evidence.
3. These procedures should reflect: -
 - a) The greater potential for money laundering if the counterparty is not physically present when being identified.
 - b) If satisfactory evidence is not obtained the relationship or transaction does not proceed.
 - c) If the counterparty acts, or appears to act, for another person, reasonable measures must be taken for the purpose of identifying that person.
4. The primary exception to this requirement is if the counterparty carries on FSA regulated business in the UK (or comparable or by overseas regulatory authority) it is not required that you obtain evidence. In this case most treasury transactions will be undertaken with or via relevant businesses, although there may be isolated exceptions such as the Post Office.
5. Record keeping procedures (Money Laundering Regulation 6).
The Council should maintain procedures covering the retention of records. To ensure compliance, records are required to be kept for 5 years after the end of the transaction or relationship.
6. Internal reporting procedures (Money Laundering Regulation 7).
The Council should maintain internal reporting procedures which document: -
 - a) The “nominated officer” who will be the Money Laundering Reporting Officer (MLRO) who will receive nominations under this regulation.
 - b) Any other person in the organisation to whom information may arise which may result in them knowing or suspecting reasonable grounds of knowing or suspecting money laundering, fraud or use of the proceeds of crime.
 - c) If the MLRO receives a disclosure they should consider, in the light of all information, whether it gives rise to such knowledge or suspicion.

- d) If the MLRO determines that the information or matter should be disclosed, they should do so to the National Criminal Intelligence Service (see 8 below).
7. Other procedures (Money Laundering Regulation 3(b))
The Council should establish other procedures of internal control and communication as may be appropriate for the purpose of forestalling and preventing money laundering.
 8. Training (Money Laundering Regulation 3(c))
The Council should take appropriate measures to ensure that relevant employees are: -
 - a) Made aware of the provisions of these regulations, Part 7 of the Proceeds of Crime Act 2002, Section 117 of the Anti-Terrorism, Crime and Security Act 2001 and sections 18 and 21A of the Terrorism Act 2000 (these deal with the offences and are available from www.legislation.hmsso.gov.uk)
 - b) Given training in how to recognise and deal with transactions which may be related to money laundering. National Criminal Intelligence Service - In the event of an offence or a possible offence you should contact: NCIS Law enforcement personnel: Contact NCIS initially through 0207 238 8000.

9.2 Schedules addressing compliance

To address these requirements, the Council has set up the following procedures: -

9.3.1 For treasury management purposes

1. Training - Through this document and specific training, staff will be kept aware of developments in money laundering regulations and the appropriate staff are encouraged to keep abreast of money laundering issues through publications and the internet. The MLRO will be required to attend specific professional courses on money laundering developments to ensure local knowledge is kept up to date.
2. Material and regular deposits or borrowing - For all investment or borrowing counterparties, the Council will ensure that the counterparty has been suitably identified. This will take the form of:
 - a) Investment counterparties - All investment counterparties which are maintained on the Council's lending list should be a deposit taker authorised by a regulatory body (e.g. the FSA {check via www.fsa.gov.uk/register}). As such the identification procedures usually required above do not apply since the institution carries out relevant business in the UK. Those counterparties not authorised as a deposit taker through the FSA are institutions,

such as the Bank of England or Post Office, are not required to be the subject of stringent identification procedures, but the Council will review these on a case-by-case basis.

- b) Borrowing counterparties - All borrowing counterparties are dealt with through either of the following routes: -
- i. Via money brokers – in this instance money laundering. Regulations 5(2) applies in as much as the combination of the use of brokers and reasonable grounds that the counterparty carries on authorised business in the UK. However even when dealing via a broker it is the council's responsibility to verify the counterparty, not the brokers. OR
 - ii. Direct dealing - In this instance the Council uses only recognised names, ones with credit ratings and to which the Council has reasonable grounds to expect that the counterparty carries on regulated business in the UK. For a few notable exceptions (such as Bank of England or Post Office), the nature of their business does not require stringent identification procedures, but the council will undertake procedures to "know the counterparty".
3. If any treasury investment counterparties are not known to the Council, the treasury officer will ensure identification of the counterparty by checking the credit rating of the organisation via the Council's treasury advisers Link Asset Management. This would normally be undertaken during the compilation of the counterparty list. If the counterparty is neither credit rated, nor known to be carrying on regulated business (e.g. FSA), the Council will not deal with that organisation.
4. Small or irregular treasury deposits - The Council may from time to time accept deposits from local institutions or individuals. In these circumstances the Council will require and copy identification of the institution's contact officer or individual and the Council will take such steps that are reasonable (as defined by the Council) to ensure the activities and operations of the counterparty are appropriate. The identification process and documentation will be held with the information relating to the transaction. In the event that identification is inadequate or not forthcoming the Council will not deal with that institution or individual.
5. Reporting – Appoint a "nominated officer" - The MLRO, who is nominated to receive disclosures under this regulation. The MLRO for this council is the Chief Internal Auditor. Any concern of a transaction possibly being linked to either money laundering or the proceeds of crime must be referred to the MLRO for consideration

and if the concerns are validated the NCIS must be notified. It may be best for the Council to draw up examples of the types of transactions which may be considered abnormal for front line employees who may find themselves in an exposed position. For instance, an unknown person paying a large bill by cash, are the cashiers required to ask for identification? Should they refuse the cash or ask additional questions? Should notices be displayed in cashiers to this effect?

9.3.2 Non-treasury management transactions

1. Regular cash and other receipts - The Council will in the normal operation of its services accept cash payments from individuals or organisations in relation to rents, Council tax, sundry debtors etc. However, the de-minimus limit of Euro 10,000 applied in the regulations will mean that the requirements of the regulations do not apply to the majority of the Council's customers, unless the Council employee would have reasonable grounds to suspect money laundering activities or proceeds of crime or is simply suspicious. Where in the case of rental income, business rates etc. which are in excess of the de-minimus limit the Council employee can take some confidence from the following: -
 - a) Receipts will normally be paid by BACS or cheques and the relevant bank will be required to comply with the money laundering regulations for their customer.
 - b) These types of transactions relate to usage of a property or specific service which would not normally be ideal conduits for money laundering.
 - c) Most customers will be locally known businesses.
2. Significant cash receipts should be properly evaluated, evidence gathered and if not supported refused. Any bank payments from unknown or overseas banks should be subject to similar scrutiny.
3. Occasional receipts from infrequent customers – The main receipts accepted by the Council will be related to capital receipts from the sale of assets, although any other receipts in excess of £1,000 should be reviewed. In ensuring the identification procedures the Council can take confidence from the following: -
 - a) The legal section will deal with the sale and will identify the payee during the process of sale.
 - b) Receipts will normally be paid by BACS or cheques and the relevant bank will be required to comply with money laundering regulations for their client.

- c) Most customers will be long standing tenants or known businesses.
- 4. Payments – The majority of the payments by the Council will be via the payroll directly to bank accounts. Similarly, the majority of creditor payments will be paid via BACS directly to domestic bank accounts or by crossed cheques and so the same controls will apply. In these cases, the relevant bank will be required to comply with the money laundering regulations for their client's further use of the money.
- 5. Cash payments – The local procedures and magnitudes for cash payments (as well as receipts) will need to be reviewed to ensure compliance with the above procedures.
- 6. Refunds – Care will need to be taken especially with the procedures for refunds. For instance, a significant overpayment which results in a repayment will need to be properly investigated and authorised before payment.
- 7. Fraud – Whilst each council will be aware of system risk areas, and these will be the subject of controls or regular review, a council wide review of risk areas, materiality and probability of loss should be considered.

In the event of any suspicious transactions the MLRO should be contacted for investigation, and the possible perpetrator should not be informed (i.e. not "tipped off").

Treasury Management Practices 10

Training and qualifications

“This organisation recognises the importance of ensuring that all staff involved in treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge, and skills. The responsible officer will recommend and implement the necessary arrangements.

The responsible officer will ensure that board/council members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

The present arrangements are detailed in the schedule to this document.”

TMP10 – Training and Qualifications

- 10.1 Details of staff training needs will be identified as part of the training needs analysis.
- 10.2 Training and training updates will be provided as appropriate on the Treasury Management system
- 10.3 Treasury Management seminars (CIPFA, TMAs, etc.) will be attended as appropriate.
- 10.4 The Chief Officer - Finance and Performance is committed to professional responsibilities through both personal compliance and by ensuring that relevant staff are appropriately trained. Other staff involved in treasury management activities are committed towards compliance with the SOPP.
- 10.5 Members of Audit and Ethics Committee and Cabinet will be offered appropriate training relevant to their needs and responsibilities at regular intervals via treasury management staff briefings or the use of external consultants.
- 10.6 Monitoring and review of knowledge and skills of both staff and members. This will be done through training plans and records of attendance.

Treasury Management Practices 11

Use of external service providers

“This organisation recognises the potential value of employing external providers of treasury management services, to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which will have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid over reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangement’s rests with the responsible officer, and details of the current arrangements are set out in the schedule to this document.”

TMP11 – Use of External Service Providers

11.1 Details of Contracts with Service Providers, Including Bankers, Brokers, Consultants, Advisors

11.1.1 Banking services

- a) Name of supplier is Lloyds Bank plc. The branch address is:
City Office, Unit 7a 1 Paternoster Square, London EC4M 7DX
- b) Contract commenced 01/04/2019 and runs for 3 years until 31/03/2022 with an option to renew annually for a further 3 years.
- c) Cost of service is variable depending on schedule of tariffs and volumes
- d) Payments due quarterly
- e) Review after 3 years. This review was carried out and the option to renew for a further year was taken for 2023/24.

11.1.2 Money-broking services

Name of supplier of service:

Tradition Brokers – Contact: Alex Cicopalus
 Imperial Treasury Ltd – Contact David Coverdale
 King and Shaxson Ltd – Contact Lisa Denton
 BGC Brokers LP – Contact Emily Ballard
 Martin Brokers – Contact Sam Spears
 Link ATS – Contact Zoe Lawton

11.2 Treasury and Leasing Consultancy Services

- a) Name of supplier of services is Link Asset Services Ltd
- b) Their address is:
6th Floor,
65, Gresham Street,
London EC2V 7NQ

The contract commenced 01/10/2022 for 3 years, with an option to extend for a further 2 years.

- b) Cost of service per year is: -
Year 1 - £8,250
Year 2 - £8,500
Year 3 - £8,750

Optional Years
Year 4 - £9,000
Year 5 - £9,250

- c) Payments due half yearly, April and October.

NB

Other Consultancy services may be employed on short-term contracts as and when required.

For procedures and frequency for tendering services, please see TMP02

Treasury Management Practices 12

Corporate Governance

“This organisation is committed to the pursuit of proper corporate governance throughout its business and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.”

This organisation has adopted and has implemented the key recommendations of the code. This, together with the other arrangements detailed in the schedule to this document, are considered vital to the achievement of proper corporate governance in treasury management, and the responsible officer will monitor and, when necessary, report upon the effectiveness of these arrangements.”

TMP12 – Corporate Governance

12.1 List of Documents to be made available for Public Inspection

- Annual accounts
- Annual Budget
- Capital Strategy incorporating Capital Programme
- Treasury Management Strategy
- Treasury Progress Report
- Annual Treasury Report

AGENDA MANAGEMENT SHEET

Report Title: 2022/23 Financial Statements Update

Name of Committee: Audit and Ethics Committee

Date of Meeting: 30 March 2023

Report Director: Chief Officer - Finance and Performance

Portfolio: Finance, Performance, Legal and Governance

Ward Relevance: All

Prior Consultation: None

Contact Officer: Jon Illingworth
Section 151 and Chief Finance Officer
01788 533410; jon.illingworth@rugby.gov.uk

Public or Private: Public

Report Subject to Call-In: No

Report En-Bloc: No

Forward Plan: No

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

Summary: The report provides an update on preparations for the 2022/23 Financial Statements.

Financial Implications: None as a direct result of this report.

Risk Management Implications: Risk management considerations are set out within the report.

Environmental Implications:	There are no environmental implications for this report.
Legal Implications:	There are no legal implications for this report.
Equality and Diversity:	There are no equality and diversity implications for this report.
Options:	N/A
Recommendation:	The update on preparations for the 2022/23 Financial Statements be noted.
Reasons for Recommendation:	N/A

Audit and Ethics Committee - 30 March 2023

2022/23 Financial Statements Update

Public Report of the Chief Officer - Finance and Performance

Recommendation

The update on preparations for the 2022/23 Financial Statements be noted.

1. Introduction

- 1.1. At the end of each financial year, we are required by the Accounts and Audit Regulations 2015 to publish a Statement of Accounts setting out the financial position of the council and the transactions that have been made during the year.
- 1.2. This report provides the Committee with some context within which the 2022/23 Statement of Accounts are being produced.

2. Statement of Accounts Approval and Publication

- 2.1. At the end of each financial year, we are required by the Accounts and Audit Regulations 2015 to publish a Statement of Accounts setting out the financial position of the council and the transactions that have been made during the year.
- 2.2. After being approved by the council's Chief Financial Officer as a true and fair view, the draft accounts for the year are published, along with the council's annual governance statement. For 2022/23 the deadlines have reverted to the statutory timetable:
 - Available for public inspection by 31 May, on the council's website
 - Audited Accounts published on the council's website by 30 September
- 2.3. Once the draft accounts are approved, they must be made available for public inspection, along with the supporting accounting records and associated documents for 30 working days. During this period, local electors can ask the external auditors questions about the draft accounts or raise objections to them.
- 2.4. It is proposed that the draft accounts are included on the agenda at the June meeting of the Committee.

3. Auditors

- 3.1. Grant Thornton UK LLP are our appointed auditors, the expectation is that they will be in a position to give the council an opinion on its Statement of Accounts by 30 September.
- 3.2. Currently, Grant Thornton have started their audit planning and are expecting to present their audit plan for 2022/23 to the Committee at its June meeting.
- 3.3. The audit fieldwork is currently planned to take place in July and August.
- 3.4. To facilitate the timely completion of their work, the council's working papers for the key risk areas of PPE valuations and IAS 19 Pension liability estimates will be provided early, in April and May. This should reduce the delays in the auditor concluding their work.

4. Timetable

- 4.1. Financial Services have a timetable that will produce the Statement of Accounts by 31 May. It is currently on-track.
- 4.2. Instructions on year end processes for accruals, cash counting and stocktakes have been issued to managers.
- 4.3. Key cut-off dates for updating the financial statements are in place.
- 4.4. Key year end guidance from CIPFA and the Department for Levelling Up, Housing and Communities is due in April, which is in line with previous years.
- 4.5. Financial Services have responded to all the initial planning enquiries from Grant Thornton.

5. 2021/22 Conclusion

- 5.1. The auditors have not yet provided us with a certificate of completion for the 2021/22 audit because of:
 - Cycle 2 Submission of Whole of Government Accounts is outstanding – the deadline for completion is 31 March.
 - The Value for Money audit for 2021/22 is not yet completed. A delay notification was received from Grant Thornton.
- 5.2. The 2021/22 grants audits are also still not concluded:
 - Housing Benefit Subsidy – awaiting the final report.
 - Pooling of Capital Receipts – Government guidance to auditors was issued in March. The target audit completion is 31 May.

Name of Meeting: Audit and Ethics Committee

Date of Meeting: 30 March 2023

Subject Matter: 2022/23 Financial Statements Update

Originating Department: Finance and Performance

DO ANY BACKGROUND PAPERS APPLY YES NO

LIST OF BACKGROUND PAPERS

Doc No	Title of Document and Hyperlink

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

Exempt information is contained in the following documents:

Doc No	Relevant Paragraph of Schedule 12A

AGENDA MANAGEMENT SHEET

Report Title: Internal Audit Progress Update

Name of Committee: Audit and Ethics Committee

Date of Meeting: 30 March 2023

Report Director: Chief Officer - Finance and Performance

Portfolio: Finance, Performance, Legal and Governance

Ward Relevance: None

Prior Consultation: Chief Officer - Finance and Performance

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

Public or Private: Public

Report Subject to Call-In: No

Report En-Bloc: No

Forward Plan: No

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

Summary: The report sets out progress towards delivery of the annual internal audit plan and provides an update on service performance.

Financial Implications: None

Risk Management/Health and Safety Implications:	Non delivery of an adequate internal audit plan would have an adverse impact on the level of assurance provided in the Annual Governance Statement.
Environmental Implications:	None
Legal Implications:	None
Equality and Diversity:	No implications
Options:	None
Recommendations:	<ol style="list-style-type: none"> 1) The internal audit progress update be noted. 2) The amendments to the internal audit plan be approved.
Reasons for Recommendations:	To comply with the requirements of the terms of reference of the Audit and Ethics Committee, and to discharge the Committee's responsibilities under the Constitution.

Audit and Ethics Committee - 30 March 2023

Internal Audit Progress Update

Public Report of the Chief Officer - Finance and Performance

Recommendations:

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

1. Introduction

- 1.1 The purpose of this report is to set out progress against the Internal Audit Plan for 2022/23.

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

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

This work is normally referred to as Section 151 work.

2. Summary of Audit Work

- 2.1 The Internal Audit plan for 2022/23 was approved by the Audit and Ethics Committee on 29 March 2022. Progress against delivery of that plan is set out at Appendix A.

3. Revisions to the 2022/23 Audit Plan

- 3.1 The Committee's role as gatekeeper requires it to approve any significant changes to the internal audit plan, in accordance with the Public Sector Internal Audit Standards. It is also good practice to continually review the audit plan in light of emerging issues, to ensure that the work of internal audit adds maximum value by proactively responding to and aligning its work with the most significant risks facing the organisation. There are two proposed amendments to the internal audit plan which have been provisionally agreed by the s151 officer in conjunction with the Chair and Vice Chairs of the

Committee. The amendments will, in the opinion of the Corporate Assurance Manager, still enable provision of a soundly based internal audit opinion for the full financial year, with there being 18 graded assurance assignments. The amendments are set out in the table below, including the rationale:

<u>Assignment Title</u>	<u>Proposed Amendment</u>	<u>Number of Days</u>	<u>Rationale</u>
Housing Rents	Deferral to Q1 2023/24	-15	Shortfall in internal audit resources in 2022/23 as reported to the Committee. The new system was only implemented in November 2022; Chief Officer requested deferral by three months. Audit included on the proposed plan for 2023/24, to be completed in the first quarter.
Assets – Statutory Compliance	Deferral to Q1 2023/24	-12	Shortfall in internal audit resources in 2022/23 as reported to the Committee. Audit included on the proposed plan for 2023/24, to be completed in the first quarter.

Name of Meeting: Audit and Ethics Committee
Date of Meeting: 30 March 2023
Subject Matter: Internal Audit Progress Update
Originating Department: Finance and Performance

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

LIST OF BACKGROUND PAPERS

Doc No	Title of Document and Hyperlink
Appx A	Internal Audit Progress Update February 2023

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

Exempt information is contained in the following documents:

Doc No	Relevant Paragraph of Schedule 12A

**INTERNAL AUDIT PROGRESS
UPDATE**

MARCH 2023

RIGHT FOR RUGBY

Introduction

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

Performance

2.1 Will the Internal Audit Plan be delivered?

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

- 8 final reports have been issued;
- 7 draft reports have been issued; and
- 7 assignments are in progress (4 of these are being delivered by the external contractor).

The new Development Auditor (career graded post) joined the Council on 27th February 2023, and the team is now fully resourced. All 2022/23 work is either in progress or completed. There will be some audit fieldwork still being completed in April. However, most of this work will be external and as a result the impact on the availability of resources to deliver the 2023/24 internal audit plan is expected to be minimal.

The Corporate Assurance Manager & Transformation Lead is confident that the annual internal audit report with a soundly based opinion will be provided for 2022/23 as expected.

Progress on individual assignments is shown at pages 6 to 11 of this report.

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

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

2.3 Are clients progressing audit recommendations with appropriate urgency?

At the date of reporting, a combined **67% of management actions have been implemented by the agreed implementation date, with a further 31% implemented late, giving an overall implementation rate of 98%**. A summary analysis of progress on implementation of audit recommendations is shown at pages 12 to 13. **At the time of reporting there are 4 agreed management actions for which implementation is overdue, none of which are regarded as High Risk and none of which are regarded as Medium risk.** The details of the actions related to High or Medium risks, along with a summary of the latest position, are set out at page 14. Implementation of the actions will continue to be monitored by the Corporate Assurance team and reported to each Committee meeting.

2.4 Internal Audit Performance Indicators

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

<u>Theme</u>	<u>Title of Performance Indicator</u>	<u>Current Performance</u>
Delivery	Average end to end time for audits (number of days)	86 days Stable in comparison with 87 days in March 2022 and 85 days in July 2022.
Adding Value	Customer Satisfaction – Average Rating	Reported as an annual measure.
Timeliness	Timeliness of Reporting – Average time taken to issue draft reports following fieldwork completion	5.5 days Stable in comparison with 6 days in March 2022 and 5.4 days in July 2022, and well below the 10 days considered to be the benchmark followed by peers.
Effectiveness	Implementation of Agreed Actions – Percentage implemented on time	67% - at the time of reporting there are 4 recommendations which are past their agreed implementation date, none of which are regarded as High risk and none as Medium risk. Refer to page 12 onwards for detail.

Limitations and Responsibilities

Limitations inherent to the Internal Auditor's work

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

Opinion

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

Internal Control

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

Future Periods

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

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

Responsibilities of Management and Internal Auditors

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

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

Progressing the Annual Internal Audit Plan

KEY

Current status of assignments is shown by ✓

Assignment	Budget (days)	Not Started	Planning	Field Work In Progress	Field Work Complete	Draft Report	Final Report	Assurance Rating	Comments
Financial Risks									
Procurement & Contract Management	20						✓	Substantial	
Growth Hub Grants – Post Payment Assurance	15				✓				
NNDR	20			✓					

Assignment	Budget (days)	Not Started	Planning	Field Work In Progress	Field Work Complete	Draft Report	Final Report	Assurance Rating	Comments
Counter Fraud									
Fraud Awareness	6			✓				Not applicable	
Corporate Credit Card Desktop Review	8				✓				Being delivered by external contractor
Right to Buy	11			✓					Being delivered by external contractor
ICT									
IT Financial Processes	20					✓			
System Resilience	9						✓	Substantial	Being delivered by external contractor

Assignment	Budget (days)	Not Started	Planning	Field Work In Progress	Field Work Complete	Draft Report	Final Report	Assurance Rating	Comments
Corporate Risks									
CIPFA Financial Management Code Action Plan	10			✓					Being delivered by external contractor
Workforce Training	15						✓	Substantial	
Impact Assessments	9					✓			Being delivered by external contractor
Governance & Ethical Risks									
Counter Fraud Framework	7					✓			Being delivered by external contractor
Risk Management	9					✓			Being delivered by external contractor

Assignment	Budget (days)	Not Started	Planning	Field Work In Progress	Field Work Complete	Draft Report	Final Report	Assurance Rating	Comments
Ethical Governance	13			✓					Being delivered by external contractor
Internal Audit External Quality Assessment	10					✓			External contractor to be commissioned for this work
Operational Risks									
Follow up work	16						✓	Not applicable	
Data Protection and Records Management	15					✓			
Licensing	18						✓	Substantial	Being delivered by external contractor

Assignment	Budget (days)	Not Started	Planning	Field Work In Progress	Field Work Complete	Draft Report	Final Report	Assurance Rating	Comments
S106 Agreements	15			✓					Being delivered by external contractor
Food Safety	18					✓			
Housing – Voids Process	12			✓					Consultancy review.
Additional Support									
Annual Governance Statement	12						✓	Substantial	
National Fraud Initiative	8							Not applicable	Ongoing co-ordination of the Council's NFI work.

Assignment	Budget (days)	Not Started	Planning	Field Work In Progress	Field Work Complete	Draft Report	Final Report	Assurance Rating	Comments
Control Environment - Advice	15						✓	Not applicable	
Corporate Investigation Work	50						✓	Not applicable	Two reports being submitted to the Committee at this meeting.

Summary: Implementation of Audit Recommendations

Audit	Not yet due	Overdue	Within time	Extended time	Out of time	Cancelled	Total Recs
Absence Management	1	0	4	3	0	0	8
Creditors	1	0	3	0	3	0	7
Freedom of Information	0	0	6	1	1	0	8
Local Government Transparency Code	0	0	6	9	3	0	18
Complaints, Compliments & Suggestions	0	0	4	1	3	0	8
IT Security	0	0	0	3	0	0	3
Cash & Bank	1	0	7	4	2	0	14
Customer Service Centre Demand Management	0	0	0	2	5	1	8
Housing Rent Arrears	0	1	0	0	7	2	10
Digitalisation	0	0	1	7	0	1	9
IT Business Continuity	0	0	0	5	0	0	5
Completeness of Income	0	0	7	0	2	0	9
HR Capability & Disciplinary	0	0	3	1	7	0	11
Local Government Transparency Code Follow Up	1	1	1	0	0	0	3
Expenses	0	0	1	0	2	0	3
Payroll	0	0	2	2	2	0	6
Covid Business Grants	0	0	0	1	1	2	4
Test and Trace Support Payments	0	0	1	1	1	1	4
Equal Pay & Single Status	3	0	2	2	1	0	8

Audit	Not Yet Due	Overdue	Within Time	Extended Time	Out of Time	Cancelled	Total Recs
Payment Card Industry Data Security Standards (PCI DSS)	1	0	5	3	0	0	9
Policies, Procedures and Strategies	0	0	1	0	0	0	1
Treasury Management	0	2	3	0	7	0	12
Fraud Risk Review	0	0	4	0	0	0	4
Trade Waste	12	0	1	0	0	0	13
Housing Rent Arrears	8	0	2	0	1	0	11
Council Tax	1	0	1	0	3	0	5
ICT Service Desk	3	0	0	0	0	0	3
Budget Setting & Control	1	0	3	0	1	0	5
Workforce Development	10	0	1	0	0	0	11
Licensing	8	0	0	0	0	0	8
Procurement & Contract Management	2	0	3	0	1	0	6
TOTALS	53	4	72	45	53	7	234

Notes:

Extended time: This is where the Corporate Assurance Manager & Transformation Lead had agreed an extension to the original timescale.

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



Details of Overdue Medium and High Risk Audit Recommendations

There are no overdue medium or high risk audit recommendations to report at this meeting.

AGENDA MANAGEMENT SHEET

Report Title:	Internal Audit Plan 2023/24
Name of Committee:	Audit and Ethics Committee
Date of Meeting:	30 March 2023
Report Director:	Chief Officer - Finance and Performance
Portfolio:	Finance, Performance, Legal and Governance
Ward Relevance:	None
Prior Consultation:	Chief Officer - Finance and Performance Leadership Team
Contact Officer:	Chris Green Corporate Assurance Manager and Transformation Lead 01788 533451; chris.green@rugby.gov.uk
Public or Private:	Public
Report Subject to Call-In:	No
Report En-Bloc:	No
Forward Plan:	No
Corporate Priorities:	This report relates to the following priority(ies): <input type="checkbox"/> Rugby is an environmentally sustainable place, where we work together to reduce and mitigate the effects of climate change. (C) <input type="checkbox"/> Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents. (E) <input type="checkbox"/> Residents live healthy, independent lives, with the most vulnerable protected. (HC) <input checked="" type="checkbox"/> Rugby Borough Council is a responsible, effective and efficient organisation. (O) Corporate Strategy 2021-2024 <input type="checkbox"/> This report does not specifically relate to any Council priorities but
Summary:	The report presents the 2023/24 internal audit plan for approval.
Financial Implications:	No implications arising directly from this report.

Risk Management/Health and Safety Implications:	If the internal audit plan does not cover the key risks to the Council the quality of the assurances it provides about the control framework would be compromised.
Environmental Implications:	None
Legal Implications:	No implications arising directly from this report.
Equality and Diversity:	No implications arising directly from this report.
Options:	None
Recommendations:	<ol style="list-style-type: none"> 1) Any amendments to the proposed internal audit plan be identified and agreed. 2) Subject to 1 above, the internal audit plan for 2023/24 be approved.
Reasons for Recommendations:	To comply with the requirements of the terms of reference of the Audit and Ethics Committee, and to discharge the Committee's responsibilities under the Constitution.

Audit and Ethics Committee - 30 March 2023

Internal Audit Plan 2023/24

Public Report of the Chief Officer - Finance and Performance

Recommendations

- 1) Any amendments to the proposed internal audit plan be identified and agreed.
- 2) Subject to 1 above, the internal audit plan for 2023/24 be approved.

1. Background

- 1.1 The Public Sector Internal Audit Standards require the Internal Audit Plan to be reviewed and approved by the 'Audit Committee'. The Internal Audit Plan should be developed based upon an evaluation of the Council's key risks.

2. Internal Audit Plan

- 2.1 The Internal Audit Plan is designed to support the provision of an annual Internal Audit Opinion. The basis for forming this opinion is as follows:
 - An assessment of the design and operation of the systems underpinning Governance, Assurance and Risk Frameworks and supporting processes; and
 - An assessment of the range of individual opinions arising from the risk-based assignments, which will be reported throughout the year.
- 2.2 The Internal Audit Plan covers the two key component roles of Internal Audit:
 - The provision of an independent and objective opinion to the Section 151 Officer/ Chief Officer for Finance and Performance and the Audit and Ethics Committee on the degree to which risk management, control and governance support the achievement of Council objectives.
 - The provision of an independent and objective consultancy service specifically to help line management improve the organisation's risk management, control and governance arrangements.
- 2.3 The internal audit plan has been developed using the approach approved by the Committee on 2 February 2023. The long list of potential areas for internal audit review (the "audit universe") has been reviewed and updated, by identifying key risks from the following sources:
 - Risk Management Framework, Strategic and Operational Risk Registers;
 - the Corporate Strategy and Delivery Plan;

- Financial Statements;
 - the results of internal audit work carried out during the last four years;
 - cumulative knowledge and experience; and
 - ongoing stakeholder engagement during 2022/23 including with Members.
- 1.4 The long list of potential audits formed the basis of stakeholder discussions with the Leadership Team during February 2023, from which the planned audit coverage was refined and prioritised. At the stakeholder meetings Leadership Team also provided details of additional areas of risk/concern which would benefit from internal audit assurance work and/or consultative support. Following this consultation, a draft Internal Audit Plan was compiled and approved by the Leadership Team on 20 March 2023. The draft Internal Audit Plan is set out at **Appendix A** and covers a broad range of areas including financial risks, IT risks, fraud risks, governance and ethics risks, corporate/strategic risks, and operational/ service risks.
- 1.5 The Chief Officer for Finance and Performance and the Corporate Assurance Manager have reviewed the level of resources required to deliver the proposed risk based Internal Audit Plan. The level of resources required to deliver the plan has been assessed as 491 days, an increase of 15% compared with 2022/23. The level of resources required was calculated on a prudent basis, taking into account:
- Management time
 - Training and development
 - Sickness
 - Annual leave and bank holidays
 - Administrative time
 - The time required to finalise completion of the 2022/23 audit plan
- 2.6 During the planning process the governance arrangements for external and internal audit of the joint venture trading company's activities were discussed. At this stage the joint venture company has not undertaken any business activity and none is anticipated in the immediate future. A member led shareholders committee is in place with an independent chair and vice chair. The committee will oversee the activities of the company including governance matters. At this stage there is no assurance work included within the Council's internal audit plan for 2023/24; however, this will be kept under review and work will be added to the plan if required.
- 2.7 The Council has appointed an external contractor, Lighthouse Consulting Ltd, to deliver the IT audits. The contractor is also available where necessary to help deliver non IT audits; this helps to ensure the service is resilient and able to adapt to changing circumstances.
- 2.8 The full long list of potential audits is also set out at **Appendix B**; this enables members to see the basis upon which assignments have been included or excluded from the Internal Audit Plan. The Plan is flexible and members can request amendments to the audits included.

3. Arrangements for Approving In Year Changes to the Internal Audit Plan

- 3.1 The Public Sector Internal Audit Standards require the Audit and Ethics Committee to act as the 'Gate Keeper' to any significant changes to the Internal Audit Plan. It may be necessary during the year to change the Plan in response to emerging risks and to ensure that internal audit work adds the maximum value and remains aligned with the needs of the organisation.
- 3.2 Before authorising changes to the Internal Audit Plan, the Committee would need to be satisfied that such a change would not impact, negatively, on the ability for Internal Audit to provide an adequate level of assurance to the Council. In previous years the Committee agreed that, due to the timing of meetings, and to avoid delays in completion of audit work, it was more appropriate to grant the Chief Officer for Finance and Performance delegated authority to approve such changes in consultation with the Chair. Such decisions were then subject to approval by the Committee at the subsequent meeting. It is proposed that this arrangement be continued for 2023/24.
- 3.3 In this context, significant changes to the Internal Audit Plan are regarded as any alteration in the allocation of resources of more than five days.

Name of Meeting: Audit and Ethics Committee

Date of Meeting: 30 March 2023

Subject Matter: Internal Audit Plan 2023/24

Originating Department: Finance and Performance

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

LIST OF BACKGROUND PAPERS

Doc No	Title of Document and Hyperlink
Appendix A	Draft Internal Audit Plan 2023/24
Appendix B	Long List of Potential Audits

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

Exempt information is contained in the following documents:

Doc No	Relevant Paragraph of Schedule 12A

DRAFT INTERNAL AUDIT PLAN 2023/24

<u>AUDIT ASSIGNMENT</u>	<u>SERVICE AREA/S</u>	<u>PROPOSED COVERAGE</u>	<u>RATIONALE</u>	<u>ESTIMATE OF DAYS REQUIRED</u>
<u>Financial Risks</u>				
Housing Benefits	Communities & Homes	Assurance that payments are processed accurately and correctly, that accounting records are accurate and complete, that overpayments are recovered, and that the system is secure.	Fundamental financial system; risk of fraud, error, financial loss.	20
Sundry Debts	Finance & Performance	Assurance the sundry income is billed in full and in a timely manner. Assurance the appropriate controls are in place, and operated consistently, to ensure the Council collects sundry debts efficiently and effectively.	Fundamental financial system. Risk of fraud, error, financial loss and reputational damage.	16
Housing Rents	Communities & Homes	Accuracy and completeness of billing, system access controls, arrangements to ensure accuracy and completeness of accounting records. Evaluation to provide assurance that the benefits of the new CX system are being realised as per the original business case. Note: rent collection and recovery arrangements were subject to an internal audit review in early 2022 and will therefore not form part of this audit.	New system implemented in November 2022. Fundamental financial system; risk of fraud, error, financial loss.	20
			Total – Financial Risks	56

DRAFT INTERNAL AUDIT PLAN 2023/24

<u>AUDIT ASSIGNMENT</u>	<u>SERVICE AREA/S</u>	<u>PROPOSED COVERAGE</u>	<u>RATIONALE</u>	<u>ESTIMATE OF DAYS REQUIRED</u>
<u>Counter Fraud Risks</u>				
Fraud Awareness	All	Ongoing, targeted provision of training to raise awareness of fraud - what is fraud, types of fraud, how the risks can be reduced, and what to do if fraud is suspected.	Supports delivery of the Anti-Fraud, Bribery and Corruption Strategy.	8
Transaction Testing	All	Desktop analytical review of expenditure, using data analytics, and targeted sample testing to provide assurance that financial regulations are being followed. It is intended that this work will be completed each quarter with effect from Q2. The budget allows time for staff development, to acquire the skills necessary to undertake this work.	Risk of fraudulent use and/ or circumvention of procurement rules including the requirement for purchase orders.	20
Transport – Fuel Usage	Ops & Traded Services	Assurance that appropriate controls are operated to mitigate the risk of fuel theft, either by officers or by members of the public.	Risk of fraud/ theft and poor value for money.	12
Note: The risk of fraud/ bribery and corruption will be evaluated prior to the commencement of all audits and where appropriate testing will be carried out.				
			Total - Counter Fraud	40

DRAFT INTERNAL AUDIT PLAN 2023/24

<u>AUDIT ASSIGNMENT</u>	<u>SERVICE AREA/S</u>	<u>PROPOSED COVERAGE</u>	<u>RATIONALE</u>	<u>ESTIMATE OF DAYS REQUIRED</u>
<u>ICT Risks</u>				
System Resilience	Digital & Communications	Assurance that there are appropriate arrangements in place to ensure that the Council's network and systems are resilient and can be restored in a prioritised and timely manner, and that there are appropriate arrangements to prevent loss of data.	Loss or outage of various systems is highlighted on the risk register; this could cause significant disruption to services. A network infrastructure review is currently being carried out.	8
			Total - ICT	8
<u>Corporate Risks</u>				
Business Continuity & Emergency Planning	All	Assurance that plans are fit for purpose, properly tested and that the agreement with CSW is operating effectively.	An area of concern highlighted on a number of risk registers. A new Emergency Plan has been approved and new Business Continuity Plans are being developed.	12
Corporate Health & Safety	All	Assurance that appropriate policies and procedures are in place and operated effectively, and that appropriate staff training, monitoring and remedial action is taken where necessary.	Substantial damage to the Council in the event of a serious incident e.g. reputation, finance, fatality, loss of building.	25

DRAFT INTERNAL AUDIT PLAN 2023/24

<u>AUDIT ASSIGNMENT</u>	<u>SERVICE AREA/S</u>	<u>PROPOSED COVERAGE</u>	<u>RATIONALE</u>	<u>ESTIMATE OF DAYS REQUIRED</u>
Performance Management & Data Quality	All	Assurance the Council's performance management framework is fit for purpose, and that data is accurate, complete and timely.	New framework implemented in 2022/23. Effective performance management is key to successful delivery of the Corporate Strategy.	20
Project Management & Corporate Strategy Delivery	All	Review of project management including officer skills and expertise, design and operation of project governance and monitoring arrangements, consistency of application of good project management. Review of the effectiveness of these arrangements with a focus on outcomes realised by the Corporate Strategy Delivery Plan.	Effective project management is fundamental to successful delivery of the Corporate Strategy.	16
Customer Access Strategy	Chief Officer – Digital & Communications	Assurance that the Council is on track to deliver the outcomes envisaged in the Customer Access Strategy.	Key area of the Corporate Strategy. Strategic Risk Register highlights a number of causes which could impact on the success of the Strategy.	12
			Total – Corporate Risks	85

DRAFT INTERNAL AUDIT PLAN 2023/24

<u>AUDIT ASSIGNMENT</u>	<u>SERVICE AREA/S</u>	<u>PROPOSED COVERAGE</u>	<u>RATIONALE</u>	<u>ESTIMATE OF DAYS REQUIRED</u>
<u>Governance & Ethical Risks</u>				
Internal Constitution	Legal & Governance	Review of the Council's arrangements for monitoring compliance with the Internal Constitution, and targeted sample-based testing to provide assurance that the requirements are being followed.	New internal constitution developed for implementation in 2023. Effective implementation is key to successful delivery of the corporate strategy objectives for the Organisation.	20
			Total – Governance & Ethical Risks	20
<u>Operational Risks</u>				
Follow up work	All	Assurance that agreed actions arising from internal audit reviews have been implemented. To include targeted testing of actions which have previously been reported as completed.	The work of internal audit would not be considered effective if this work was not completed.	28
Business Improvement District	Growth & Investment	<i>Scope and coverage to be determined once the Local Government Association review has been completed and the outcomes from the member working party review are known.</i>	There are governance and financial transparency related risks.	15

DRAFT INTERNAL AUDIT PLAN 2023/24

<u>AUDIT ASSIGNMENT</u>	<u>SERVICE AREA/S</u>	<u>PROPOSED COVERAGE</u>	<u>RATIONALE</u>	<u>ESTIMATE OF DAYS REQUIRED</u>
Benn Hall	Leisure & Wellbeing	Assurance that the service is being run efficiently and effectively in line with the business plan. Assurance that income and expenditure is accurately and completely accounted for, with a particular focus on ticket sales, stock control and any cash receipting.	A public facing service where there are inherent risks of fraud, error, or financial loss. Risk of the business plan not being delivered.	16
Bereavement Services	Regulation & Safety	Assurance that the service is well governed and controlled, and is being operated efficiently and effectively.	Governance related risks have been identified. Recent changes in management of the service.	20
Complaints and Freedom of Information	Digital & Communications	Review and evaluation of the efficiency and effectiveness of processes applied across the Council. Identification of any areas of waste, inefficiency or duplication of controls, and any areas of potential control weakness. Assurance that complaints and FOI requests are being processed within expected timescales.	New system and processes implemented in 2022/23.	18
Fleet Management	Ops & Traded Services	Compliance with operator licence regulations, value for money, planning of the fleet to ensure that operational needs are met, compliance with safety standards including vehicle checks and	Risk of loss of operator's licence, significant area of expenditure, risk of accidents if vehicles are poorly maintained.	20

DRAFT INTERNAL AUDIT PLAN 2023/24

<u>AUDIT ASSIGNMENT</u>	<u>SERVICE AREA/S</u>	<u>PROPOSED COVERAGE</u>	<u>RATIONALE</u>	<u>ESTIMATE OF DAYS REQUIRED</u>
		maintenance, purchasing and disposals. To include a review of controls around fuel usage, and assurance that the WSU garage is being run in a way which secures value for money in compliance with procedure rules.		
WSU Health & Safety Action Plan	Ops & Traded Services	Assurance that the agreed action plan arising from the review of health & safety has been effectively implemented.	An external review of health & safety practices is being commissioned. There is a risk of the resultant action plan not being implemented and health & safety risks not being addressed.	10
Property Repairs including Stock Control	Ops & Traded Services	Assurance that the new TF system is delivering its expected outcomes. Assurance that appropriately designed controls are in place, consistently applied. To include a review of performance management arrangements, stock control, and implementation of the service improvement plan.	New system implemented in May 2022. Area of substantial expenditure with value for money and fraud related risks.	25

DRAFT INTERNAL AUDIT PLAN 2023/24

<u>AUDIT ASSIGNMENT</u>	<u>SERVICE AREA/S</u>	<u>PROPOSED COVERAGE</u>	<u>RATIONALE</u>	<u>ESTIMATE OF DAYS REQUIRED</u>
Homelessness Grants	Communities & Homes	An advisory review of how the grant pot is being utilised, including whether all applicable activity and costs are being charged to the grant pot.	The Council is potentially not being strategic in its management and use of the funding.	8
Assets – Statutory Compliance	Communities & Homes	Assurance that the Council is operating in compliance with its statutory health and safety responsibilities in relation to asset maintenance.	Significant reputational and financial damage if the Council has not taken reasonable steps to ensure health & safety.	12
			Total: Operational Risks	172
<u>Additional Areas of Support</u>				
Annual Governance Statement		Assurance that the Council operates a robust framework of corporate governance, in accordance with the “Delivering Good Governance in Local Government” framework.	Statutory requirement under the Accounts and Audit Regulations 2021.	12
National Fraud Initiative		Ongoing co-ordination of the review of data matching, and assurance that investigations are conducted where required.	The Council participates in the National Fraud Initiative, in line with its Counter Fraud Strategy.	8

DRAFT INTERNAL AUDIT PLAN 2023/24

<u>AUDIT ASSIGNMENT</u>	<u>SERVICE AREA/S</u>	<u>PROPOSED COVERAGE</u>	<u>RATIONALE</u>	<u>ESTIMATE OF DAYS REQUIRED</u>
Control Environment - Advice	All	Ongoing ad hoc advice to senior management and officers in relation to the control environment. This will include a review of the new Medium Term Finance Strategy, once developed.	The earlier any significant risks are identified, the sooner they can be considered and any further changes in control implemented.	25
Corporate Investigation Work		Provision of independent investigatory support, in relation to allegations or suspicions of fraud, bribery and/ or corruption.	In line with the public interest and the Council's zero tolerance approach to fraud, bribery and corruption, as set out in the Strategy.	40
Contingency Allowance			An allowance to enable unforeseen events to be absorbed without the need to revise the approved audit plan. This represents the application of sound project management.	25
			Total: Additional Support	110
TOTAL DAYS				491 days

LONG LIST OF POTENTIAL AUDITS 2023/24

GROSS LIST OF POTENTIAL AUDITS**Corporate Risks**

<u>Audit Title</u>	<u>Corporate Strategy Priorities</u>	<u>Rationale/ Risk</u>	<u>Potential Coverage</u>	<u>Risk Rating & Priority</u>	<u>Included in 22/23 Audit Plan</u>	<u>Comments/ Rationale for Excluding</u>	<u>In 2023/24?</u>
Business Continuity/ Emergency Planning	Rugby Borough Council is a responsible, efficient and effective organisation	An area of concern highlighted on a number of risk registers. A new Emergency Plan has been approved and new Business Continuity Plans are being developed.	Assurance that plans are fit for purpose, properly tested and that the agreement with CSW is operating effectively.	HIGH	No	Full audit in 2016/17 provided substantial assurance. Resilience agreement with CSW.	Yes
Corporate Health & Safety	Rugby Borough Council is a responsible, efficient and effective organisation	Substantial damage to the Council in the event of a serious incident e.g. reputation, finance, fatality, loss of building.	Assurance that appropriate policies and procedures are in place and operated effectively, and that appropriate staff training, monitoring and remedial action is taken where necessary.	HIGH	No	Reviewed in 2016/17. Limited Assurance. Follow Up 2018/19 also Limited. Policy & duty holder responsibilities reviewed in 2021. Oversight by SRMG and H&S Committee. External review of COVID secure arrangements in 2020/21. Internal Audit also reviewed DSE assessment compliance in 2020/21. New SHE system implemented.	Yes

LONG LIST OF POTENTIAL AUDITS 2023/24

<u>Audit Title</u>	<u>Corporate Strategy Priorities</u>	<u>Rationale/ Risk</u>	<u>Potential Coverage</u>	<u>Risk Rating & Priority</u>	<u>Included in 22/23 Audit Plan</u>	<u>Comments/ Rationale for Excluding</u>	<u>In 2023/24?</u>
Fraud Risk Review	Rugby Borough Council is a responsible, efficient and effective organisation	In order to implement the new Counter Fraud Strategy, the Council will need to assess its fraud risks, in order to develop and implement an appropriate fraud response plan.	Assurance that appropriate risk assessments have taken place, and that appropriate mitigating controls are being developed and implemented.	MEDIUM	No	Full reviews completed in 2016/17, 2018/19 and 2021/22. Substantial assurance.	No
Counter Fraud Framework	Rugby Borough Council is a responsible, efficient and effective organisation	Whilst proactive counter fraud work has been completed in recent years, the framework itself is due for review. Numerous risks recorded in this area.	Assurance that the Council's anti fraud, bribery and corruption framework is fit for purpose and has been effectively implemented.	MEDIUM	Yes	Being reviewed in Q4 2022/23.	No
Asset Maintenance	Rugby Borough Council is a responsible, efficient and effective organisation. Residents live healthy, independent lives, with the most vulnerable protected.	Significant reputational and financial damage if the Council has not taken reasonable steps to ensure health & safety.	Assurance that the Council is operating in compliance with its statutory health and safety responsibilities in relation to asset maintenance.	MEDIUM	No	To be deferred from 2022/23	Yes

LONG LIST OF POTENTIAL AUDITS 2023/24

<u>Audit Title</u>	<u>Corporate Strategy Priorities</u>	<u>Rationale/ Risk</u>	<u>Potential Coverage</u>	<u>Risk Rating & Priority</u>	<u>Included in 22/23 Audit Plan</u>	<u>Comments/ Rationale for Excluding</u>	<u>In 2023/24?</u>
Agency Staff	Rugby Borough Council is a responsible, efficient and effective organisation	Risk of poor Value for Money; excessive need for agency staff may indicate an ineffective workforce retention strategy.	Assurance that use of Agency Staff is for appropriate reasons, authorised in advance, and not used to circumvent procedures such as restrictions on filling vacant positions. Assurance that use is not for extended periods of time.	MEDIUM	No	The current contract is coming to an end and a corporate review is in progress to identify the Council's future requirements. Will review in 1 year.	No
Business Improvement District	Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents. The Council is a responsible, efficient and effective organisation.	There are governance and financial transparency related risks.	Review of income and expenditure to provide assurance that monies are utilised for the purposes intended and that value for money is achieved.	MEDIUM	No	Removed from plan in 2022/23 due to an external review being commissioned. Will define scope once the external and member reviews have completed.	Yes

LONG LIST OF POTENTIAL AUDITS 2023/24

<u>Audit Title</u>	<u>Corporate Strategy Priorities</u>	<u>Rationale/ Risk</u>	<u>Potential Coverage</u>	<u>Risk Rating & Priority</u>	<u>Included in 22/23 Audit Plan</u>	<u>Comments/ Rationale for Excluding</u>	<u>In 2023/24?</u>
Climate Change and Carbon Management	Rugby is an environmentally sustainable place, where we work together to reduce and mitigate the effects of climate change.	<p>The Council might not achieve net zero carbon footprint by 2030.</p> <p>Connectivity and use of greener travel might not improve.</p> <p>The impact of residents and businesses on the environment might not be reduced.</p> <p>The Council might not deliver good quality green infrastructure and improved biodiversity.</p>	Assurance that effective arrangements are in place to ensure that the Council achieves the aims set out by the Climate Emergency Working Group.	HIGH	No	<p>New Strategy adopted.</p> <p>Project management review will include arrangements for ensuring delivery of climate related initiatives.</p>	Yes
Partnership/ Shared Service Governance	Rugby Borough Council is a responsible, efficient and effective organisation	Risk of loss of sovereignty and expected outcomes not delivered.	Appropriate arrangements to manage partnerships such that corporate objectives and VFM are achieved.	MEDIUM	No	<p>Reviewed in 2017/18. Substantial assurance.</p> <p>Will consider UKPSF grant based outcomes testing and assurance for 2024/25.</p> <p>Operation of GLL contract reviewed in contract management audit.</p>	No

LONG LIST OF POTENTIAL AUDITS 2023/24

<u>Audit Title</u>	<u>Corporate Strategy Priorities</u>	<u>Rationale/ Risk</u>	<u>Potential Coverage</u>	<u>Risk Rating & Priority</u>	<u>Included in 22/23 Audit Plan</u>	<u>Comments/ Rationale for Excluding</u>	<u>In 2023/24?</u>
Workforce Planning and Development/ Training	Rugby Borough Council is a responsible, efficient and effective organisation	Critical to the success of the organisation; higher risk due to the economic climate and recovery of the private sector.	Review of design and effectiveness of the Council's strategy to develop and retain its workforce in key areas.	MEDIUM	Yes	Reviewed in 2022/23; Substantial assurance.	No
Consultancy Expenditure	Rugby Borough Council is a responsible, efficient and effective organisation	Poor Value for Money, failure to achieve intended outcomes. The Council might not have robust systems of governance that ensure fairness, accountability and transparency.	Assurance that expenditure on consultants is appropriately controlled, that there are clear terms of reference, that intended outcomes are delivered and Value for Money is secured. Assurance that the requirements of IR35 are being met.	MEDIUM	No	Reviewed in 2016/17. Substantial assurance. 2023/24 internal audit plan includes transactions testing and consultancy expenditure will be in scope.	No
Financial Planning & Governance	Rugby Borough Council is a responsible, efficient and effective organisation	The Council might not be able to set robust, comprehensive and achievable budgets.	Financial resilience, financial planning follows best practice. Financial strategy modelling is robust. Openness and transparency. Priority assessed as Medium because external audit have concluded again that the Council has effective financial management arrangements in place.	MEDIUM	No	Reliance has previously been placed upon assurance work completed by external audit. An internal audit review has been considered but it is felt this would not add much value at present. Budget setting & control reviewed in 21/22 with Substantial assurance provided. Compliance with CIPFA Financial Mgmt Code also being reviewed.	No

LONG LIST OF POTENTIAL AUDITS 2023/24

<u>Audit Title</u>	<u>Corporate Strategy Priorities</u>	<u>Rationale/ Risk</u>	<u>Potential Coverage</u>	<u>Risk Rating & Priority</u>	<u>Included in 22/23 Audit Plan</u>	<u>Comments/ Rationale for Excluding</u>	<u>In 2023/24?</u>
Contract Management	Rugby Borough Council is a responsible, efficient and effective organisation	Failure to deliver outcomes and achieve value for money.	Contract manager training, compliance with Contract Standing Orders, financial, project and risk management. Review of arrangements to monitor supplier resilience.	MEDIUM	No	Covered in 2022/23. Substantial assurance.	No
Project Management	Rugby Borough Council is a responsible, efficient and effective organisation	Projects fail to deliver outcomes in a way which demonstrates value for money. Failure to achieve corporate objectives.	Project risk management, officer skills and expertise, design and operation of project governance and monitoring arrangements, consistency of application of good project management. Delivery of corporate strategy projects.	MEDIUM	No	Digitalisation programme reviewed in Q4 2019/20. Housing project governance framework reviewed in 2021/22. New corporate framework developed and implemented in 2021/22 with external support.	Yes
Capital Programme	All (Economy, Communities & Homes, Climate, Organisation)	Risk of non-delivery of the programme and/ or poor use of monies.	Assurance that appropriate arrangements are in place to ensure delivery of the programme on time, and in a way which secures Value for Money.	MEDIUM	No	To be reviewed in 2024/25 following adoption of new strategy for 2023/24.	No
Fraud Awareness	Rugby Borough Council is a responsible, efficient and effective organisation	The Council is developing and implementing a new Counter Fraud Strategy.	Training to raise awareness of fraud – what is fraud, types of fraud, how the risks can be reduced, what to do if fraud is suspected.	MEDIUM	Yes	Not Applicable	Yes - Ongoing work supports strategy

LONG LIST OF POTENTIAL AUDITS 2023/24

<u>Audit Title</u>	<u>Corporate Strategy Priorities</u>	<u>Rationale/ Risk</u>	<u>Potential Coverage</u>	<u>Risk Rating & Priority</u>	<u>Included in 22/23 Audit Plan</u>	<u>Comments/ Rationale for Excluding</u>	<u>In 2023/24?</u>
Member Development	Rugby Borough Council is a responsible, efficient and effective organisation	Risk of failure to hold officers to account, poor decision making, failure to achieve corporate priorities.	Review of arrangements designed to ensure that Members are equipped to effectively carry out their role, make effective decisions (where appropriate), and effectively scrutinise senior officers.	MEDIUM	No	Member training programme updated. Consultative review completed in 2020/21 to examine how other Councils ensure members are effectively developed.	No
Freedom of Information	Rugby Borough Council is a responsible, efficient and effective organisation	Significant risk of reputational damage. Failure to minimise costs of compliance.	To provide assurance that the Council meets its statutory obligations in relation to the Freedom of Information Act, and that the arrangements are efficient and effective.	MEDIUM	No	Audit completed in 2019/20. Substantial assurance. New system implemented in 2022/23	Yes
Equal Pay/ Single Status	Rugby Borough Council is a responsible, efficient and effective organisation	Risk of employee Equal Pay claims leading to significant financial loss and reputational damage.	Comparison of the pay of men and women carrying out equal work, identification and review of equal pay gaps, resolution of equal pay gaps, ongoing monitoring arrangements.	LOW	No	Audit completed in 2020/21. Substantial assurance	No
Corporate credit/ purchase cards	Rugby Borough Council is a responsible, efficient and effective organisation	Potential fraudulent use of the card/s	Detailed review of transactions to provide assurance that purchases were appropriate and supported by valid receipts.	MEDIUM	Yes	Being covered in Q4 2022/23	No

LONG LIST OF POTENTIAL AUDITS 2023/24

<u>Audit Title</u>	<u>Corporate Strategy Priorities</u>	<u>Rationale/ Risk</u>	<u>Potential Coverage</u>	<u>Risk Rating & Priority</u>	<u>Included in 22/23 Audit Plan</u>	<u>Comments/ Rationale for Excluding</u>	<u>In 2023/24?</u>
Community Engagement and Consultation	<p>Rugby is an environmentally sustainable place, where we work together to reduce and mitigate the effects of climate change.</p> <p>Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents.</p> <p>Residents live healthy, independent lives, with the vulnerable protected.</p>	Risk of legal challenges if insufficient engagement and consultation is carried out.	Assurance that appropriate and effective community engagement and consultation arrangements are in place.	LOW	No	Currently assessed as low risk.	No

LONG LIST OF POTENTIAL AUDITS 2023/24

<u>Audit Title</u>	<u>Corporate Strategy Priorities</u>	<u>Rationale/ Risk</u>	<u>Potential Coverage</u>	<u>Risk Rating & Priority</u>	<u>Included in 22/23 Audit Plan</u>	<u>Comments/ Rationale for Excluding</u>	<u>In 2023/24?</u>
Risk Management	Rugby Borough Council is a responsible, efficient and effective organisation	Effective risk management increases the likelihood of the Council achieving its objectives.	<p>Assessment of the effectiveness of the Council's arrangements to manage its risks, and the level of risk maturity of the Council.</p> <p>To review risk management controls and identify any assurance gaps.</p> <p>Programme of testing to be delivered to provide assurance that stated controls are operating in practice.</p>	MEDIUM	Yes	Being covered in Q4 2022/23	No
Data Protection/ GDPR/ Law Enforcement Directive	Rugby Borough Council is a responsible, efficient and effective organisation	Risk of significant financial loss and reputational damage	Assurance that the Council operates in compliance with the Data Protection principles when storing and sharing data.	MEDIUM	Yes	<p>Completed in Q4 2018/19. Limited assurance</p> <p>Data Protection and Records Management review completed in 2022/23</p>	No
Local Government Transparency Code	Rugby Borough Council is a responsible, efficient and effective organisation	Legal and reputational damage risk	Assurance that the Council is, as a minimum, operating in compliance with the mandatory elements of the Code.	LOW	No	<p>Completed 19/20 Limited assurance.</p> <p>Follow up audit completed 2020/21 provided Substantial assurance.</p>	No

LONG LIST OF POTENTIAL AUDITS 2023/24

<u>Audit Title</u>	<u>Corporate Strategy Priorities</u>	<u>Rationale/ Risk</u>	<u>Potential Coverage</u>	<u>Risk Rating & Priority</u>	<u>Included in 22/23 Audit Plan</u>	<u>Comments/ Rationale for Excluding</u>	<u>In 2023/24?</u>
Procurement	Rugby Borough Council is a responsible, efficient and effective organisation	Risk of statutory breaches, not delivering value for money, and fraud/ corruption.	Design and operation of controls designed to ensure that the Council complies with statutory and policy requirements, and to ensure that value for money is demonstrated throughout procurement activities.	MEDIUM	Yes	Full audit completed in 2016/17 and 2022/23. Substantial assurance.	No
Complaints, Compliments & Suggestions	Rugby Borough Council is a responsible, efficient and effective organisation	Reputational damage if complaints are not dealt with appropriately	Review and evaluation of the efficiency and effectiveness of processes applied across the Council. Identification of any areas of waste, inefficiency or duplication of controls, and any areas of potential control weakness.	MEDIUM	No	New system implemented	Yes
Values and Behaviours	Rugby Borough Council is a responsible, efficient and effective organisation	Legal and reputational damage, low employee morale	Assurance that expected standards of behaviour and values have been defined, are measured objectively and reported upon. To assess and report on actual attitudes and behaviours (culture) through a series of interviews and surveys. Could be attributes based upon a maturity model.	MEDIUM	No	Reviewed in 2017/18 and again in Q4 2019/20.	No

LONG LIST OF POTENTIAL AUDITS 2023/24

<u>Audit Title</u>	<u>Corporate Strategy Priorities</u>	<u>Rationale/ Risk</u>	<u>Potential Coverage</u>	<u>Risk Rating & Priority</u>	<u>Included in 22/23 Audit Plan</u>	<u>Comments/ Rationale for Excluding</u>	<u>In 2023/24?</u>
Ethical Governance	Rugby Borough Council is a responsible, efficient and effective organisation	Supports achievement of corporate strategy outcomes related to the organisation.	Review of the framework for ensuring the Council's activities are carried out in an ethical manner. This could include a review of the Code of Corporate Governance (Constitution), how decisions are made and the procedures / standards which are followed to ensure that these are efficient, transparent and accountable to local people. Including the use of delegated decisions. The review could also examine the monitoring of compliance against the code of conduct and ethical standards of councillors and officers including gifts, hospitality and declarations of interest. The review could also cover implementation and training on the Code of Conduct & ethical standards, and how the Council deals with complaints relating to the conduct of Councillors. The ethics role of the Audit & Ethics Committee will also be reviewed.	MEDIUM	Yes	Being reviewed in 2022/23.	No

LONG LIST OF POTENTIAL AUDITS 2023/24

<u>Audit Title</u>	<u>Corporate Strategy Priorities</u>	<u>Rationale/ Risk</u>	<u>Potential Coverage</u>	<u>Risk Rating & Priority</u>	<u>Included in 22/23 Audit Plan</u>	<u>Comments/ Rationale for Excluding</u>	<u>In 2023/24?</u>
Right to Buy	<p>Rugby Borough Council is a responsible, efficient and effective organisation.</p> <p>Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents.</p> <p>Residents live healthy, independent lives, with the vulnerable protected.</p>	Risk of fraud/ money laundering/ financial loss/ reputational damage	<p>Assurance sought that property transactions are at the correct prices based upon market rates, the Council has appropriate procedures to prevent fraudulent abuse of the Right to Buy scheme (for example through identity checks), that tenancy length conditions have been met, and that management are operating appropriate monitoring controls.</p> <p>Assurance that the Council is using the monies realised from sales in line with the recently amended legislation related to the purchasing of homes.</p>	MEDIUM	Yes	Being reviewed in 2022/23	No

LONG LIST OF POTENTIAL AUDITS 2023/24

<u>Audit Title</u>	<u>Corporate Strategy Priorities</u>	<u>Rationale/ Risk</u>	<u>Potential Coverage</u>	<u>Risk Rating & Priority</u>	<u>Included in 22/23 Audit Plan</u>	<u>Comments/ Rationale for Excluding</u>	<u>In 2023/24?</u>
Impact Assessments	<p>Rugby is an environmentally sustainable place, where we work together to reduce and mitigate the effects of climate change.</p> <p>Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents.</p> <p>Residents live healthy, independent lives, with the vulnerable protected.</p>	Quality impact assessments are essential to the Council making the right decisions for Rugby.	Review of the quality of environmental, equality and risk management assessments carried out as part of the Council's decision making process.	MEDIUM	Yes	Being reviewed in 2022/23	No

LONG LIST OF POTENTIAL AUDITS 2023/24

Service Risks – Finance & Performance

<u>Audit Title</u>	<u>Corporate Strategy Priorities</u>	<u>Rationale/ Risk</u>	<u>Potential Coverage</u>	<u>Risk Rating & Priority</u>	<u>Including in 22/23 Audit Plan</u>	<u>Rationale for Excluding</u>	<u>In 2023/24?</u>
Creditors	Rugby Borough Council is a responsible, efficient and effective organisation	Operational risk register highlights risk of incorrect payments, late payments, and fraud.	Accuracy and timeliness of payments, system accuracy, recovery of duplicate payments, accuracy of accounting records.	MEDIUM	No	Completed 19/20. Substantial assurance.	No
Completeness of Income (Sundry Debts)	Rugby Borough Council is a responsible, efficient and effective organisation	Fundamental financial system. Risk of fraud, error, financial loss.	Assurance that income is billed in full and in a timely manner. This work will involve a review with service managers, comparing invoices issued by the Revenues team with records held by departments.	MEDIUM	No	Deferred from 2022/23.	Yes
Cash & Banking	Rugby Borough Council is a responsible, efficient and effective organisation	Fundamental financial system; risk of fraud, error, financial loss.	Assurance that income from all sources is received and accounted for in full in a timely manner. Review of system access controls, accuracy and completeness of accounting records.	MEDIUM	No	Completed in 2019/20 with Substantial assurance.	No

LONG LIST OF POTENTIAL AUDITS 2023/24

<u>Audit Title</u>	<u>Corporate Strategy Priorities</u>	<u>Rationale/ Risk</u>	<u>Potential Coverage</u>	<u>Risk Rating & Priority</u>	<u>Including in 22/23 Audit Plan</u>	<u>Rationale for Excluding</u>	<u>In 2023/24?</u>
Fees and Charges	Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents. Rugby Borough Council is a responsible, efficient and effective organisation	The Council may not achieve financial self sufficiency if fees and charges are not set at optimum levels.	Assurance that fees and charges are subject to regular review and set at levels which are designed to achieve the optimal level of income. Assurance that fees and charges are being applied accurately and consistently, and that income is being collected.	MEDIUM	No	Reviewed in 2016/17. Substantial assurance provided. External review completed in 2022/23 as part of the transformation programme. Completeness of income will be reviewed as part of the Sundry Debts audit.	No
Main Accounting System	Rugby Borough Council is a responsible, efficient and effective organisation	Fundamental financial system; risk of fraud, error, financial loss.	Assurance that the Main Accounting System is secure, and adequately supports the production of accurate financial statements.	LOW	No	Reliance placed on assurance work completed by external audit.	No
Non – Current (Fixed) Assets	Rugby Borough Council is a responsible, efficient and effective organisation	Fundamental financial system; risk of fraud, error, financial loss.	Valuations, additions and disposals, accuracy and completeness of accounting records.	MEDIUM	No	Reliance placed on assurance work completed by external audit.	No

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Treasury Management	Rugby Borough Council is a responsible, efficient and effective organisation	Risk register highlights risk of financial losses on investments, higher than necessary debt, and insufficient cash.	Authorisation of transactions, compliance with Treasury Management Practices, assurance that there is an appropriate strategy in place, system access controls, accuracy and completeness of accounting records.	MEDIUM	No	Carried out in 2018/19. Substantial Assurance Also reviewed in 2021/22 with substantial assurance.	No
Budget Setting & Monitoring	Rugby Borough Council is a responsible, efficient and effective organisation	Risk register highlights risk of significant budget setting errors.	Assurance that the budget setting process is robustly designed to mitigate the risk of significant error. Assurance that budget monitoring is sufficiently robust to identify and address any in year financial pressures.	MEDIUM	No	Reviewed in 2021/22; Substantial assurance.	No
Council Tax and NDR Fraud	Rugby Borough Council is a responsible, efficient and effective organisation	Risk of financial loss and reputational damage, limited internal resource capacity to undertake proactive work in this area.	Review of the design of controls in place to mitigate the risk of Council Tax and/ or NDR fraud. Proactive sample testing of a sample of accounts to confirm the operation of controls and to provide assurance that fraud is not taking place.	MEDIUM	No	Reviewed in 2016/17 and 2021/22. Substantial assurance in both cases.	No
Expenses including Members	Rugby Borough Council is a responsible, efficient and effective organisation	Risk of fraud and/ or error	Assurance that expenses processed and paid to members and officers are accurate and bona fide.	LOW	No	Completed 2020/21 Substantial assurance.	No

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NDR	Rugby Borough Council is a responsible, efficient and effective organisation	Fundamental financial system; risk of fraud, error, financial loss.	Accuracy and completeness of billing, processing and authorisation of reliefs, system access controls, maximisation of collection, accuracy and completeness of accounting records.	MEDIUM	Yes	Being reviewed in Q4 2022/23	No
Council Tax	Rugby Borough Council is a responsible, efficient and effective organisation	Fundamental financial system; risk of fraud, error, financial loss.	Accuracy and completeness of billing, system access controls, maximisation of collection, accuracy and completeness of accounting records.	MEDIUM	No	Counter fraud arrangements reviewed in 2016/17. Full audit in 2021/22; Substantial assurance.	No
Performance management and data quality	All	Risk of ineffective management, failure to achieve outcomes, inappropriate targeting of resources.	Assurance the Council's performance management framework is fit for purpose, and that data is accurate, complete and timely.	MEDIUM	No	Internal management review of performance management framework completed in 2022/23 with revised indicators.	Yes
Internal Audit	Rugby Borough Council is a responsible, efficient and effective organisation	Mandatory requirement & provides assurance that the service meets the requirements of the Public Sector Internal Audit Standards	External Quality Assessment (EQA) of the effectiveness of the service, including compliance with the Standards.	LOW	Yes	Being reviewed in Q4 2022/23	No

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Change Management and Control	Rugby Borough Council is a responsible, efficient and effective organisation	The Council's change methodology may not be effective.	Assurance that the change management methodology is effective and delivering the desired outcomes. Assurance that the implementation of change is subject to effective risk management and control.	MEDIUM	Yes	Methodology hasn't changed. The Corporate Assurance team provides advice on various change initiatives as documented in annual plans and the annual report of internal audit.	n/a
Insurance	Rugby Borough Council is a responsible, efficient and effective organisation	The Council's insurance coverage might be inappropriate for its needs and might not represent value for money; claims processing arrangements might not be sufficiently robust.	Assurance that administration of the insurance function is efficient and effective and represents value for money.	LOW	No	Carried out Q4 2018/19. High Assurance Substantial reduction in premiums achieved through 2022/23 tender is a reflection on the risk management arrangements.	No
CIPFA Financial Management Code Action Plan	Rugby Borough Council is a responsible, efficient and effective organisation	Risk of external public criticism, reputational damage and stakeholder concern if the requirements of the Code are not met.	Assurance that the action plan is being implemented as expected.	MEDIUM	Yes	Being completed for 2021/22	No

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Growth Hub Grants – Post Payment Assurance	Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents.	New time limited discretionary scheme to support business achieve their growth plans post Covid. Administered by a third party. Risk of monies not being used for the purposes intended.	Assurance that grants have been used for the purposes intended and in line with terms and conditions.	MEDIUM	Yes	Being reviewed in Q4 2022/23.	No

Service Risks – Leisure & Well-being

<u>Audit Title</u>	<u>Corporate Strategy Priorities</u>	<u>Rationale/ Risk</u>	<u>Potential Coverage</u>	<u>Risk Rating & Priority</u>	<u>Included in 22/23 Audit Plan</u>	<u>Rationale for Excluding</u>	<u>In 2023/24?</u>
Play Service/ On Track	Residents live healthy, independent lives, with the most vulnerable protected.	There are significant income targets for the service, with the potential to significantly reduce the net costs to the community.	Assurance that there are appropriately designed processes in place to accurately and completely record income. Assurance that all service related costs have been appropriately considered and understood when setting prices. Assurance that there are suitable arrangements in place to monitor income levels and take appropriate remedial action if targets are not being met.	MEDIUM	No	Reviewed in 2017/18. Limited assurance. All activity is now coded separately. Staff costs and utilisation are being recorded and monitored by activity. Fees and charges reviewed as part of the transformation programme. Completeness of income will be reviewed as part of the Sundry Debtors audit.	No

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Benn Hall	Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents.	Operational risk register highlights risks related to fraud, error and achievement of business objectives.	Assurance that income and expenditure is appropriately accounted for, with a particular focus on ticket sales, stock control and cash receipting. Assurance that the service is being run efficiently and effectively in line with the business plan.	MEDIUM	No	Reviewed in 2017/18. Limited Assurance; however, the agreed actions were followed up in 2018/19 and found to be implemented.	Yes
RAGM – Visitor Centre	Residents live healthy, independent lives, with the most vulnerable protected.	Key front-line service. Risk of financial loss due to poor value for money, if business decisions are not soundly based.	Assurance that the Visitor Centre, including the shop, is efficiently and effectively managed.	MEDIUM	No	RAGM income completed 17/18, substantial assurance. Not high income/turnover. Considering how best to utilise the HoF space again currently.	No
Parks and Open Spaces	Residents live healthy, independent lives, with the most vulnerable protected.	Council priority to enhance local, open spaces to make them places where people want to be, might not be achieved.	Assurance that the service is being run efficiently and effectively.	MEDIUM	No	Changes to the service are being implemented. Scheduling of works being examined as part of Section 106 22/23 audit.	No

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Service Risks – Growth & Investment

<u>Audit Title</u>	<u>Corporate Strategy Priorities</u>	<u>Rationale/ Risk</u>	<u>Potential Coverage</u>	<u>Risk Rating & Priority</u>	<u>Included in 22/23 Audit Plan</u>	<u>Rationale for Excluding</u>	<u>In 2023/24?</u>
Planning Development and Enforcement	Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents.	Operational risk register highlights high level of officer judgement involved in decision making, and this could lead to inconsistent treatment and decision making. Risk of fraud/ corruption/ bribery.	Assurance that planning admin, management and enforcement processes are consistently applied, efficiently and effectively, in line with the framework of Council policies and statutory requirements.	MEDIUM	No	Planning development income reviewed in 2021/22; High assurance. External review of service organisation currently being conducted; will reconsider in one year.	No
Economic Development	Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents.	New team formed to support corporate strategy delivery. Strategic risk register highlights numerous risks which the team will be helping to manage.	Assurance that the team is appropriately organised and delivering its borough objectives efficiently and effectively.	High	Not applicable	The team has only just been formed so it is too early to evaluate its effectiveness. Will look to schedule an audit in 2024.	No
Land Charges	Rugby Borough Council is a responsible, efficient and effective organisation	Risk of financial loss and/ or reputational damage.	Maintenance and update of the land charges register, efficient and timely completion of search requests, accuracy and completeness of land charge search income, system access controls.	LOW	No	Data is transferring to a central government as part of a national digitalisation exercise.	No

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Building Control	Rugby Borough Council is a responsible, efficient and effective organisation	Risk of financial loss and reputational damage.	Assurance that charging is timely and accurate, and that income is collected in full and correctly accounted for. Service managed by Warwick District.	LOW	No	Audit completed by Warwick District Council in 2018/19 and 2022/23. Report reviewed and no significant issues identified.	No
Section 106 Agreements	Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents.	Risk that works are not planned and scheduled prior to agreements expiring.	Assurance that the requirements, as detailed in the agreements are being seen through to completion.	MEDIUM	Yes	Being reviewed in Q4 2022/23	No

Service Risks – Legal & Governance

<u>Audit Title</u>	<u>Corporate Strategy Priorities</u>	<u>Rationale/ Risk</u>	<u>Potential Coverage</u>	<u>Risk Rating & Priority</u>	<u>Included in 22/23 Audit Plan</u>	<u>Rationale for Excluding</u>	<u>In 2023/24?</u>
Legal Services	Rugby Borough Council is a responsible, efficient and effective organisation	Risk register highlights risks of failure to deliver prompt service and to meet deadlines.	Timeliness of service provision, prioritisation of workload, efficiency and effectiveness.	LOW	No	New case management system implemented to digitalise processes. More efficient and risks around document management have reduced.	No

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Elections	Rugby Borough Council is a responsible, efficient and effective organisation	Risk of legal and reputational damage	Assurance that elections are managed efficiently and effectively to ensure the smooth running of elections.	LOW	No	Completed in 18/19. High Assurance.	No
Stocks and Stationery	Rugby Borough Council is a responsible, efficient and effective organisation	Risk of theft and/ or poor value for money	Assurance sought that procurement processes are being correctly followed, that best value is obtained when purchasing supplies, and that the issue of stationery is appropriately controlled.	LOW	No	Reviewed in 2016/17. Substantial assurance. Expenditure is relatively low in this area and has reduced due to increased digitalisation.	No
Equalities Act 2010 Compliance	Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents. Residents live healthy, independent lives, with the most vulnerable protected.	The Council is currently accredited as 'excellent'. Risk of non compliance with legislation and loss of the accreditation resulting in reputational damage.	Equality Framework for Local Government, quality of Equality Impact Assessments, Employee Awareness, recruitment practices, review of evidenced outcomes.	LOW	No	Reviewed in 2016/17 Dedicated officer in post. Reaccredited in 2020/21. EQAs examined as part of Impact Assessments 22/23 audit.	No

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Service Risks – Communities & Homes

<u>Audit Title</u>	<u>Corporate Strategy Priorities</u>	<u>Rationale/ Risk</u>	<u>Potential Coverage</u>	<u>Risk Rating & Priority</u>	<u>Included in 22/23 Audit Plan</u>	<u>Rationale for Excluding</u>	<u>In 2023/24?</u>
Benefits	Rugby Borough Council is a responsible, efficient and effective organisation	Fundamental financial system; risk of fraud, error, financial loss.	Assurance that payments are processed accurately and correctly, that accounting records are accurate and complete, that overpayments are recovered, and that the system is secure.	MEDIUM	No	Not applicable. Last audit completed in 2018/19 – Substantial assurance.	Yes
Homelessness and Housing Options	Residents live healthy, independent lives, with the most vulnerable protected.	Risk of statutory requirements not being met leading to reputational damage and adverse media coverage.	Assurance that the Council is efficiently and effectively fulfilling its statutory duties to prevent homelessness in accordance with the Homelessness Reduction Act 2017.	MEDIUM	No	Housing options being integrated with the Housing Advice and Benefits Team in 2023. Will schedule an audit for 2024/25, which will focus on allocations. Advisory review in 2023/24 focussed on use of Homelessness Prevention grant funding.	Yes
Grants to Community Groups and Lottery	Residents live healthy, independent lives, with the most vulnerable protected.	Risk of fraudulent use of grant monies.	Assurance that grant monies are being used for the purposes intended and that expected outcomes are being achieved.	MEDIUM	No	Reviewed in 2018/19. Limited Assurance. Action plan implemented with strengthened governance. Grants were paused during the pandemic. Administration of the Lottery is managed by a third party.	No

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Independent Living Service	Residents live healthy, independent lives, with the most vulnerable protected.	The service might not meet the needs of stakeholders and charges might be insufficient to cover expenditure.	Assurance that residents are receiving the service that they are paying for, and that quality and effectiveness of the service has been maintained following a restructure.	MEDIUM	No	Audit completed in 2018/19. Substantial assurance. Changes being made to the service; will consider an audit for 2023/24. Completeness of income to be reviewed as part of the Sundry Debtors audit.	No
CCTV	Rugby Borough Council is a responsible, efficient and effective organisation	Risk of data protection requirements being breached.	Assurance that all camera locations have been assessed, that data protection impact assessments have been completed, and that access to the system and images is effectively controlled.	MEDIUM	No	A corporate security review has recently been completed; an audit at this time is considered not to be of additional value.	No

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Housing Rents	Rugby Borough Council is a responsible, efficient and effective organisation	Fundamental financial system; risk of fraud, error, financial loss.	Accuracy and completeness of billing, system access controls, arrangements to ensure accuracy and completeness of accounting records. Evaluation to provide assurance that the benefits of the new CX system are being realised as per the original business case.	MEDIUM	Yes	Recovery and customer care elements reviewed in 2018/19, which resulted in Limited Assurance. Audit completed 2019/20 on housing rent arrears. Limited Assurance. A further arrears management audit in 2021/22 resulted in Substantial assurance. This audit, deferred from 2022/23, will focus on accuracy and completeness of billing and accounting records, and benefits realisation following implementation of the new system.	Yes
Travellers - Woodside	Residents live healthy, independent lives, with the most vulnerable protected.	Risk of failure to protect, engage with and support the local community.	Assurance that the Council's management of travellers' sites is compliant with the relevant legislation, and that the Council provides the same standards of management and support services to travellers' sites as to customers in other forms of social housing.	MEDIUM	No	Provision is currently under review; will reconsider in one year.	No

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Service Risks – Regulation & Safety

<u>Audit Title</u>	<u>Corporate Strategy Priorities</u>	<u>Rationale/ Risk</u>	<u>Potential Coverage</u>	<u>Risk Rating & Priority</u>	<u>Included in 22/23 Audit Plan</u>	<u>Rationale for Excluding</u>	<u>In 2023/24?</u>
Licensing	Rugby Borough Council is a responsible, efficient and effective organisation	Risk of non compliance with statutory requirements, inaccurate and/ or incomplete income.	Mapping of amended procedures and provision of assurance that efficient and effective controls are in place to comply with all legislative requirements.	MEDIUM	Yes	Audit completed in 2022/23; Substantial Assurance.	No
Car Parking and Enforcement	Rugby Borough Council is a responsible, efficient and effective organisation	Risk of financial loss, reputational damage, complaints, adverse media coverage.	Assurance that income is accounted for correctly and in full.	LOW	No	Enforcement audit completed in 2018/19. Income collection examined in Completeness of Income Audit in 2019/20. Both resulted in Substantial assurance.	No
Pest Control	Rugby Borough Council is a responsible, efficient and effective organisation	Risk of financial loss, reputational damage	Accuracy and completeness of income and expenditure, compliance with statutory obligations, value for money.	LOW	No	Considered low risk at present. One man, not high value/cost.	No

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Food Safety	Rugby Borough Council is a responsible, efficient and effective organisation	Change in regulatory requirements. Risk of reputational damage and stakeholder concern if the Council is seen to be failing to protect the public	Assurance that inspection regimes are being delivered efficiently and effectively to protect the public. Assurance that schedules are designed so that the new requirements implemented by the Food Standards Agency, to ensure all visits are completed within two years, will be met.	LOW	Yes	Audit being completed in 2022/23	No
Environmental Health	Rugby Borough Council is a responsible, efficient and effective organisation	Risk of reputational damage if a quality service is not delivered.	Assurance that the service is being delivered efficiently and effectively in a way which protects the public.	LOW	No	Fly tipping, high interest among stakeholders and high cost to Council (clean up). Measures often result in only a small number of prosecutions, although other options are also deployed including fixed penalty notices. Considered low risk at present. Reconsider in one year.	No

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Crematorium and Cemeteries	Rugby Borough Council is a responsible, efficient and effective organisation	Risks of poor governance and financial control.	<p>Review of the governance and operation of the Joint Venture with Daventry District Council. Assurance that recharges are appropriate and that any surplus is fairly distributed between the two authorities.</p> <p>Review of the efficiency and effectiveness of the services with a focus on compliance with Council finance and procurement rules.</p>	HIGH	No	<p>Internal audit review completed by Daventry District Council in 2019/20 resulted in Full assurance. However, some governance concerns emerged in 2022/23. Recent changes in the management of the service.</p> <p>A number of commercialisation opportunities exist but still in early development.</p>	Yes
Community Safety Partnership	Residents live healthy, independent lives, with the most vulnerable protected.	Corporate priority of protecting the public might not be achieved.	Assurance that the partnership is delivering its action plans and expected outcomes. Assurance that statutory requirements under the Crime and Disorder Act are being fulfilled.	MEDIUM	No	<p>A new 'Safe' Strategy is being developed currently, starting at Board level first. Looking to improve engagement, become more strategic in focus and then cascade down the groups which operate under the CSP.</p> <p>Will consider an audit for 2023/24</p>	No

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Warden Services	Residents live healthy, independent lives, with the most vulnerable protected.	Risk of reputational damage if a quality service is not delivered.	Assurance that the service is being run efficiently and effectively.	LOW	No	Broad scope of role is unusual although not felt to be high risk. Will consider an audit for 2023/24.	No

Service Risks – Operations & Traded Services

<u>Audit Title</u>	<u>Corporate Strategy Priorities</u>	<u>Rationale/ Risk</u>	<u>Potential Coverage</u>	<u>Risk Rating & Priority</u>	<u>Included in 22/23 Audit Plan</u>	<u>Rationale for Excluding</u>	<u>In 2023/24?</u>
Fleet Management	Rugby is an environmentally sustainable place, where we work together to reduce and mitigate the effects of climate change. Rugby Borough Council is a responsible, efficient and effective organisation	Risk of loss of operator's licence, significant area of expenditure, risk of accidents if vehicles are poorly maintained.	Compliance with operator licence regulations, value for money, planning of the fleet to ensure that operational needs are met, compliance with safety standards including vehicle checks and maintenance, purchasing and disposals. To include a review of controls around fuel usage, and assurance that the WSU garage is being run in a way which secures value for money in compliance with procedure rules.	MEDIUM	No	Reviewed in 2017/18. Limited assurance. Action plan subsequently implemented.	Yes

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Transport – Fuel Usage	Rugby Borough Council is a responsible, efficient and effective organisation Rugby is an environmentally sustainable place, where we work together to reduce and mitigate the effects of climate change	Risk of fuel loss due to theft and/ or poor value for money.	Assurance that appropriate controls are operated to mitigate the risk of fuel theft, either by officers or by members of the public.	MEDIUM	No	To be included in the Fleet Management audit.	Yes
Trade Waste	Rugby Borough Council is a responsible, efficient and effective organisation	Risk of financial loss, reputational damage due to failure to deliver a quality service.	Accuracy and completeness of billing, value for money of the service, financial sustainability of the service, collection and recovery of outstanding income.	MEDIUM	No	Completeness of billing and recovery arrangements reviewed in 2019/20. Audit completed 21/22 and squad in place as part of Transformation programme. Likely to be system admin changes; will consider an audit in one year's time.	No

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Refuse & Recycling	Rugby Borough Council is a responsible, efficient and effective organisation Rugby is an environmentally sustainable place, where we work together to reduce and mitigate the effects of climate change	Risk of substantial reputational damage if a quality service is not delivered, or if the Council breaches statutory requirements.	Assurance that the service is operating efficiently and effectively, including compliance with applicable regulations.	MEDIUM	No	External review of service health & safety arrangements planned in the next few months. The 2023/24 review, which will be completed towards the end of the financial year, will focus on providing assurance that the agreed action plan arising from the review has been effectively implemented.	Yes
Street Cleansing	Rugby Borough Council is a responsible, efficient and effective organisation	Risk of reputational damage if a quality service is not delivered.	Assurance that the service is being run efficiently and effectively.	LOW	No	Considered low risk at present, will reconsider in one year.	No

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WSU Garage	Rugby Borough Council is a responsible, efficient and effective organisation Rugby is an environmentally sustainable place, where we work together to reduce and mitigate the effects of climate change	Expenditure might not represent value for money. Risk of reputational damage if facilities are used inappropriately by officers.	Assurance that the garage is being run efficiently and effectively, in compliance with applicable health and safety regulations. Assurance that expenditure represents value for money.	MEDIUM	No	Included in the scope of the Fleet Management audit – see above.	Yes
Streetscene	Rugby Borough Council is a responsible, efficient and effective organisation	Operational risk register highlights the risk of deterioration of assets.	Assurance that the bridge inspection regime is being operated as expected, and that repairs and maintenance is carried out in an effective and timely manner. Review of expenditure to provide assurance that it is efficient and effective, including a review of whether or not such spend is based upon necessity.	MEDIUM	No	Changes in the service management expected in 2023; will look to schedule an audit in 2024/25.	No

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<u>Audit Title</u>	<u>Corporate Strategy Priorities</u>	<u>Rationale/ Risk</u>	<u>Potential Coverage</u>	<u>Risk Rating & Priority</u>	<u>Included in 22/23 Audit Plan</u>	<u>Rationale for Excluding</u>	<u>In 2023/24?</u>
Tenant Recharges including Voids	Rugby Borough Council is a responsible, efficient and effective organisation	Risk of the Council not invoicing for repairs which should be the responsibility of the tenant.	Assurance that recharges are accurate and complete, and correctly reflect the Council's expenditure incurred when carrying out repairs. Assurance that there are appropriate arrangements in place to maximise the collection of outstanding income.	MEDIUM	No	Reviewed in 2018/19. Limited Assurance. Action plan implemented. Relatively minor system with income of less than £20k p.a.	No
Housing Repairs including Handyman and Voids	Rugby Borough Council is a responsible, efficient and effective organisation	New system implemented in May 2022	Assurance that the new TF system is delivering its expected outcomes. Assurance that appropriately designed controls are in place, consistently applied. To include a review of performance management arrangements, stock control, and implementation of the service improvement plan.	MEDIUM	No	Reviewed in 2018/19. Substantial assurance. New system implemented in 2022/23.	Yes

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Housing Repairs Stock Control	Rugby Borough Council is a responsible, efficient and effective organisation	New system. Robust stock control procedures are fundamental to ensure that the service runs efficiently, that material costs are appropriately controlled, and that opportunities for theft or fraud are minimised.	Assurance that appropriately designed and embedded stock control and stock taking procedures are in place.	MEDIUM	No	Reviewed in 2017/18. Substantial assurance. New system implemented in 2022/23.	Yes

Service Risks – Digital & Communications

<u>Audit Title</u>	<u>Corporate Strategy Priorities</u>	<u>Rationale/ Risk</u>	<u>Potential Coverage</u>	<u>Risk Rating & Priority</u>	<u>Included in 22/23 Audit Plan</u>	<u>Rationale for Excluding</u>	<u>In 2023/24?</u>
ICT Disaster Recovery/ Backup Procedures	Rugby Borough Council is a responsible, efficient and effective organisation	Loss or outage of various systems is highlighted on the risk register; could cause significant disruption to services.	Appropriate arrangements in place to ensure, in the event of a disaster, that systems are restored in a prioritised and timely manner, and that there are appropriate arrangements to prevent loss of data.	MEDIUM	No	Reviewed in 2018/19. Substantial assurance. Systems Resilience reviewed in 2022/23; Substantial assurance.	No

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IT Systems Admin	Rugby Borough Council is a responsible, efficient and effective organisation	There might not be effective and controlled administration of the Council's IT network.	Administration of software and systems, including user access rights. Specific focus on administration of user account creation and deletion.	MEDIUM	No	Full review in 2016/17, substantial assurance provided. IT security audit completed in 2019/20 – Substantial assurance	No
IT Helpdesk	Rugby Borough Council is a responsible, efficient and effective organisation	Fundamental back office service. Ineffective service could lead to service disruption.	Assurance that the helpdesk service is managed efficiently and effectively, within its agreed level of resources, in a way which meets the needs of the Council.	MEDIUM	No	Reviewed in 2016/17 with substantial assurance provided. Audit completed in 2021/22; Substantial assurance.	No
Payment Card Industry Data Security Standards Compliance	Rugby Borough Council is a responsible, efficient and effective organisation	Failure to comply with standards leading to reputational damage and loss of ability to process card payments.	General review of compliance with the standards across the Council.	MEDIUM	No	Reviewed in 2016/17 and again in 2021/22.	No
IT Security including Cyber	Rugby Borough Council is a responsible, efficient and effective organisation	Risk of data loss or theft, substantial reputational damage. Highlighted in the Fraud Risk Review.	Assurance that appropriately embedded IT Security measures are in place. Assurance that the risks of fraud by IT officers who may have enhanced access to Council systems are appropriately mitigated.	MEDIUM	No	Completed 2019/20 Substantial assurance. The Council's IT network has been independently accredited as having satisfactory defences against cyber-attack.	No

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IT Strategy, Governance & Policies	Rugby Borough Council is a responsible, efficient and effective organisation	Effective ICT Governance is vital in ensuring that the ICT team are fully engaged with all services areas, can meet their needs and, in return, service areas also work in line with the Council's ICT requirements.	Assurance that appropriate and embedded ICT governance arrangements are in place, including strategy and policies. To include a joint ICT/ HR review of policies including ICT security and code of conduct, and agile working. Review of arrangements in place to ensure agile staff are being effectively managed.	MEDIUM	No	<p>Full audit completed in 2015/16. Substantial assurance.</p> <p>New policy framework implemented in 2020/21 with consultancy support from Internal Audit.</p> <p>Data Protection audit completed in 2022/23.</p> <p>Will schedule an internal audit review of service plan delivery for 2024/25.</p>	No
IT Business Continuity	Rugby Borough Council is a responsible, efficient and effective organisation	Risk of substantial service disruption and reputational damage.	Assurance that the IT Business Continuity Plan, which is undergoing review, is fit for purpose and has been adequately tested.	MEDIUM	No	<p>Audited 2019/20 Substantial assurance.</p> <p>Systems resilience follow up review scheduled for 2023/24.</p>	No

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IT Financial Processes	Rugby Borough Council is a responsible, efficient and effective organisation	<p>Risk of inefficient non joined up processes resulting in reduced value for money.</p> <p>Advisory review to support the transformation programme in line with the organisation objectives set out in the corporate strategy.</p>	Review and evaluation of the efficiency and effectiveness of financial processes and workflows currently undertaken by officers in the IT & Digital Services team, and Customer Service Centre. Identification of any areas of waste, inefficiency or duplication of controls, and any areas of potential control weakness.	LOW	Yes	Reviewed in 2022/23	No
System Resilience	Rugby Borough Council is a responsible, efficient and effective organisation	<p>Loss or outage of various systems is highlighted on the risk register; this could cause significant disruption to services.</p> <p>A network infrastructure review is currently being carried out.</p>	Assurance that there are appropriate arrangements in place to ensure that the Council's network and systems are resilient and can be restored in a prioritised and timely manner, and that there are appropriate arrangements to prevent loss of data.	MEDIUM	Yes	<p>Reviewed in 2022/23; Substantial assurance</p> <p>The Chief Officer has requested a further audit to provide assurance that the action plan has been implemented.</p>	Yes

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Customer Service Centre Demand Management	Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents. Rugby Borough Council is a responsible, efficient and effective organisation	Key area of the Corporate Strategy. Strategic Risk Register highlights a number of causes which could impact on the success of the Strategy.	Review organisational arrangements in place to ensure that customers are attended to in a fair consistent and timely manner. Assurance that customer use of self service digitalisation is being actively promoted, and that the service is operating efficiently and effectively.	MEDIUM	No	Audit completed 2019/20 Substantial assurance. 2023/24 review to provide assurance that the Council is on track to deliver the outcomes envisaged in the Customer Access Strategy.	Yes
Apprentices	Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents.	Apprenticeship scheme may not be effective.	Assurance that the apprenticeship scheme requirements are being complied with and take-up is being maximised. Review of the level of retention of apprentices and arrangements to ensure their integration within the organisation.	LOW	No	Considered low risk at present; will reconsider in one year.	No

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Service Risks – Executive Directors

<u>Audit Title</u>	<u>Corporate Strategy Priorities</u>	<u>Rationale/ Risk</u>	<u>Potential Coverage</u>	<u>Risk Rating & Priority</u>	<u>Included in 22/23 Audit Plan</u>	<u>Rationale for Excluding</u>	<u>In 2023/24?</u>
Absence Management	Rugby Borough Council is a responsible, efficient and effective organisation	Risk register highlights the risk of adverse impacts on services and teams caused by sickness absence.	Assurance that policy and procedures are appropriately designed, and consistently applied to ensure that absence is effectively managed.	MEDIUM	No	Reviewed in 2018/19. Substantial assurance. New Occupational Health provider being procured and Management Team tasked with monitoring and oversight; will reconsider in one year.	No
Recruitment and Selection	Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents.	Risk of fraud/ corruption. Recruitment may not meet the needs of the Council e.g. if the officer does not have the skills or potential to carry out the duties of the post.	Review of design and compliance with recruitment and selection procedures.	LOW	No	Considered low risk at present; will reconsider in one year.	No
Payroll	Rugby Borough Council is a responsible, efficient and effective organisation	Fundamental financial system; risk of fraud, error, financial loss.	Payroll processing including deductions, administration of starters and leavers, system access controls, accuracy and completeness of accounting records.	MEDIUM	No	Full audit completed in 2015/16. Substantial assurance. Full Audit completed 2020/21. High assurance.	No

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HR Capability and Disciplinary	Rugby Borough Council is a responsible, efficient and effective organisation	CANDO values and behaviours framework would not be effective without being underpinned by capability and disciplinary procedures.	<p>Assurance that there is a consistently embedded and effective framework in place for managing capability and disciplinary.</p> <p>Analysis of cases to establish whether there are any recurring themes, how the Council learns lessons from such cases, and how they are used to reinforce the values and behaviours framework.</p>	MEDIUM	No	<p>2019/20 Consultancy completed.</p> <p>HR policy framework currently under review. Will look to schedule an audit for 2024/25 once the new framework has been implemented.</p>	No