



6 March 2026

## AUDIT AND ETHICS COMMITTEE – 26 MARCH 2026

A meeting of Audit and Ethics Committee will be held at 6pm on Thursday 26 March 2026 in the Council Chamber at the Town Hall, Rugby.

Dan Green  
Chief Executive

***Note: Councillors are reminded that they should declare the existence and nature of their interests at the commencement of the meeting (or as soon as the interest becomes apparent). If that interest is a prejudicial interest, the Councillor 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 Councillor does not need to declare this interest unless the Councillor chooses to speak on a matter relating to their membership. If the Councillor does not wish to speak on the matter, the Councillor may still vote on the matter without making a declaration***

## A G E N D A

### PART 1 – PUBLIC BUSINESS

1. Minutes.  
To confirm the minutes of the meetings held on 23 February 2026.
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.

4. External Audit Plan 2025 - 2026
5. Internal Audit Plan and Audit Charter 2026 – 27
6. Housing Benefits Audit 2023-24 (Report to Follow)
7. Update on Members Code of Conduct Complaints
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. Audit Update
2. Whistleblowing Incidents – Standing Item – to receive any updates.
3. 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 (Chair), Mr C Green (Vice-Chair), Councillors Howling, Karadiar, Maoudis, and Roodhouse.

**Named Substitutes:** Councillors Harrington, D Keeling, J Keeling and Sandison.

*If you have any general queries with regard to this agenda, please contact Charlotte Marston, Democratic Services Officer ([charlotte.marston@rugby.gov.uk](mailto:charlotte.marston@rugby.gov.uk)). Any specific queries concerning reports should be directed to the listed contact officer.*

**AGENDA MANAGEMENT SHEET**

**Report Title:** External Audit Plan 2025/26

**Name of Committee:** Audit and Ethics Committee

**Date of Meeting:** 26 March 2026

**Report Director:** Chief Officer - Finance and Performance

**Portfolio:** Finance and Performance, Legal and Governance

**Ward Relevance:** ALL

**Prior Consultation:** None

**Contact Officer:** Jon Illingworth Chief Officer Finance and Performance 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):  
 A Healthier Rugby – To support people to live healthier, longer, and more independent lives.  
 A Thriving Rugby – To deliver a thriving economy which brings Borough-wide investment and regenerates Rugby Town Centre.  
 A Greener Rugby – To protect the environment and ensure the Borough adapts to climate change.  
 A Fairer Rugby – To reduce inequalities and improve housing across the Borough.  
[Corporate Strategy 2025-2035](#)  
 This report does not specifically relate to any Council priorities but is presented to help the committee plan its work.

**Summary:** The External Audit Plan 2025/26 has been developed by the appointed external auditor (Azets) and sets out the proposed external audit work and fee relating to the annual audit at Rugby Borough Council.

<b>Financial Implications:</b>	The current proposed fee, based on the published scale fee, is £0.176m and is subject to Public Sector Accounts Authority (PSAA) approval.
<b>Risk Management/Health and Safety Implications:</b>	There are no Risk Management/Health and Safety implications for this report.
<b>Environmental Implications:</b>	There are no environmental implications for this report.
<b>Legal Implications:</b>	There are no legal implications for this report.
<b>Equality and Diversity:</b>	There are no equality and diversity implications for this report.
<b>Options:</b>	None
<b>Recommendation:</b>	The updated External Audit Plan and fee for 2024/25 be approved.
<b>Reasons for Recommendation:</b>	The External Audit Plan 2025/26 proposes an appropriate level and scope of external audit work to audit the statement of accounts and give an opinion on the Council's value for money arrangements. Appointed Auditor's work, communication of their findings and the charges relating to their work are currently governed by Public Sector Audit Appointments, the National Audit Office and the Financial Reporting Council.

**Audit and Ethics Committee - 26 March 2026**

**External Audit Plan 2025/26**

**Public Report of the Chief Officer - Finance and Performance**

**Recommendation**

The External Audit Plan and fee for 2025/26 be approved.

**1. BACKGROUND**

- 1.1. Azets, the Council's appointed external auditor, has submitted their External Audit Plan and fee proposal for the 2025/26 annual audit (attached at Appendix 1) following consultation with the Chief Officer – Finance and Performance.
- 1.2. A representative from Azets will attend the meeting and present the plan.

**Name of Meeting:** Audit and Ethics Committee

**Date of Meeting:** 26 March 2026

**Subject Matter:** External Audit Plan 2025/26

**Originating Department:** Finance and Performance

**DO ANY BACKGROUND PAPERS APPLY**  YES  NO

**LIST OF BACKGROUND PAPERS**

<b>Doc No</b>	<b>Title of Document and Hyperlink</b>

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.

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Exempt information is contained in the following documents:

<b>Doc No</b>	<b>Relevant Paragraph of Schedule 12A</b>



# Rugby Borough Council

External Audit Plan

Year ended 31 March 2026

March 2026

## Your key team members

Laura Hinsley  
Key Audit Partner  
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This report has been prepared for the sole use of those charged with governance, should not be quoted in whole or in part without our prior written consent, and should not be relied upon by third parties. No responsibility is assumed by Azets Audit Services to any third parties. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.



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## Adding value through the audit

All of our clients demand of us a positive contribution to meeting their ever-changing business needs. Our aim is to add value to the Council through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way, we aim to help the Council promote improved standards of governance, better management and decision making and more effective use of resources.

## Management responsibility

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements, as a whole, are free from material misstatement, whether caused by fraud or error.

# Introduction and audit scope

This audit plan highlights the key elements of our proposed audit strategy and provides an overview of the planned scope and timing of the statutory external audit of Rugby Borough Council ('the Council') for the year ended 31 March 2026 for those charged with governance (the Audit and Ethics Committee)

## Scope of our audit

The Code of Audit Practice 2024 ('the Code') summarises the responsibilities of auditors and what is expected from the audited body. The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for:

- ▶ **Financial statements:** forming and expressing an opinion on the Council's financial statements, which have been prepared by management with the oversight of those charged with governance; and
- ▶ **Value for money:** considering whether there are sufficient arrangements in place at the Council for securing economy, efficiency and effectiveness in its use of resources (our value for money work).

Value for money relates to assessing whether arrangements are in place to use resources efficiently in order to maximise the outcomes that can be achieved as defined by the Code of Audit Practice.

We will conduct our audit in accordance with International Standards on Auditing (ISAs) (UK), the Local Audit and Accountability Act 2014 (the 'Act') and the National Audit Office Code of Audit Practice 2024. The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Act.

The audit of the financial statements does not relieve management or the Audit and Ethics Committee of their responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We consider how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council's business and is risk-based.

*We will conduct our audit in accordance with International Standards on Auditing (ISAs) (UK), the Local Audit and Accountability Act 2014 (the 'Act') and the National Audit Office Code of Audit Practice 2024. The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Act.*

*This audit plan has been prepared for the sole use of those charged with governance and management and should not be relied upon by third parties. No responsibility is assumed by Azets Audit Services to third parties.*



# Introduction and audit scope

## Our respective responsibilities

### Management responsibilities

Your responsibilities include:

- ▶ Preparing financial statements which give a true and fair view, in accordance with the applicable financial reporting framework and relevant legislation;
- ▶ Preparing and publishing, along with the financial statements, an annual governance statement and narrative report;
- ▶ Maintaining proper accounting records and preparing working papers to an acceptable professional standard that support your financial statements and related disclosures;
- ▶ Establishing and maintaining a sound system of internal control;
- ▶ Maintaining standards of conduct for the prevention and detection of fraud and other irregularities;
- ▶ Maintaining strong corporate governance arrangements and a financial position that is soundly based;
- ▶ Establishing and maintaining an effective internal audit function;
- ▶ Ensuring the proper financial stewardship of public funds, complying with relevant legislation and establishing effective arrangements for governance, propriety and regularity.

### Auditor responsibilities

Our primary responsibility is to form and express an independent opinion on the Council's financial statements, stating whether they provide a true and fair view and have been prepared properly in accordance with applicable law and the CIPFA Code of Practice on Local Authority Accounting in the UK (the 'CIPFA Code'). We are also required to:

- ▶ Report on whether the other information included in the Statement of Accounts (including the Narrative Report and Annual Governance Statement) is consistent with the financial statements;
- ▶ Report by exception if the disclosures in the Annual Governance Statement are incomplete or if the Annual Governance Statement is misleading or inconsistent with our knowledge acquired during the audit;
- ▶ Report by exception any significant weaknesses identified in arrangements for securing value for money and a summary of associated recommendations;
- ▶ Report by exception on the use of our other statutory powers and duties; and
- ▶ Certify completion of our audit.

We will issue our Audit Findings Report and an Auditors Annual Report to the Audit and Ethics Committee setting out the findings from our work. The audit does not relieve management or the Audit and Ethics Committee of your responsibilities, including those in relation to the preparation of the financial statements.

### Statutory powers

Under the Act we have a broad range of reporting responsibilities and powers that are unique to local authorities in the United Kingdom. These include:

- ▶ Reporting matters in the public interest;
- ▶ Making written recommendations to the Council;
- ▶ Making an application to the court for a declaration that an item of account is contrary to law;
- ▶ Issuing an advisory notice;
- ▶ Making an application for judicial review; and
- ▶ Giving electors the opportunity to raise questions about your financial statements and considering and deciding upon any objections received in relation to the financial statements.



# Audit approach

## General approach

Our objective when performing an audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement and to issue an auditor's report that includes our auditor's opinion.

As part of our risk-based audit approach, we will:

- ▶ Perform risk assessment procedures including updating our understanding of the Council, including its environment, the financial reporting framework and its system of internal control;
- ▶ Review the design and implementation of key internal controls;
- ▶ Identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement level and the assertion level for classes of transaction, account balances and disclosures;
- ▶ Design and perform audit procedures responsive to those risks, to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion; and
- ▶ Exercise professional judgment and maintain professional scepticism throughout the audit recognising that circumstances may exist that cause the financial statements to be materially misstated.

We will undertake a variety of audit procedures designed to provide us with sufficient evidence to give us reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We include an explanation in the auditor's report of the extent to which the audit was capable of detecting irregularities, including fraud and respective responsibilities for prevention and detection of fraud.

## Accounting systems and internal controls

The purpose of an audit is to express an opinion on the financial statements. We will follow a substantive testing approach to gain audit assurance rather than relying on tests of controls. As part of our work, we consider certain internal controls relevant to the preparation of the financial statements such that we are able to design appropriate audit procedures. However, this work does not cover all internal controls and is not designed for the purpose of expressing an opinion on the effectiveness of internal controls. If, as part of our consideration of internal controls, we identify significant deficiencies in controls, we will report these to you in writing.



# Audit approach

## Other key areas

### Going concern: management responsibility

Management is required to make and document an assessment of whether the Council is a going concern when preparing the financial statements. The review period should cover at least 12 months from the date of approval of the financial statements. Management are also required to make balanced, proportionate and clear disclosures about going concern within the financial statements where material uncertainties exist in order to give a true and fair view.

### Related party transactions

ISA 550 requires that the audit process starts with the audited body providing a list of related parties to the auditor, including any entities under common control.

During our initial audit planning you have informed us of the individuals and entities that you consider to be related parties. Please advise us of any changes as and when they arise.

### Going concern: auditor responsibility

Under ISA (UK) 570, we are required to consider the appropriateness of management's use of the going concern assumption in the preparation of the financial statements and consider whether there are material uncertainties about the Council's ability to continue as a going concern that need to be disclosed in the financial statements.

In assessing going concern, we will consider the guidance published in the CIPFA/LASAAC Code of Practice 2025/26 (CIPFA Code) and Practice Note 10 (PN10), which focuses on the anticipated future provision of services in the public sector rather than the future existence of the entity itself.

### Use of experts

We may use audit specialists to assist us in our audit work in the following areas:

- ▶ The audit of property valuations, should the need arise during the audit;
- ▶ The audit of the actuarial assumptions used in the calculation of the defined benefit pension liability/asset.

### Additional procedures required by the National Audit Office for their Whole of Government Accounts (WGA) audit

The National Audit Office (the 'NAO') issues group audit instructions which set out additional group audit requirements. We expect the procedures for this year to be similar to previous years.

The NAO audit team for the WGA request us to undertake specific audit procedures in order to provide them with additional assurance over the amounts recorded in the Council's WGA schedules. The extent of these procedures will depend on whether the Council has been selected by the NAO as a sampled component for 2025/26. As at the date of this report, the draft instructions have not yet been issued by the NAO, and the NAO has not yet confirmed which entities will be sampled components.

We will comply with the instructions and to report to the NAO in accordance with their requirements once instructions have been issued.



# Audit Timeline

The following timeline indicates the key milestones of the audit:



Planning	Interim	Period end: 31 <sup>st</sup> March	Final accounts	Audit and Ethics Committee	Completion	Sign off
<ul style="list-style-type: none"> <li>▶ Identify changes in your business environment</li> <li>▶ Determine materiality</li> <li>▶ Scope the audit</li> <li>▶ Risk assessment</li> <li>▶ Planning requirements checklist to management</li> </ul>	<ul style="list-style-type: none"> <li>▶ Planning meetings with management</li> <li>▶ Document control design and effectiveness</li> <li>▶ Issue audit plan</li> <li>▶ Discuss audit plan with Audit and Ethics Committee</li> <li>▶ Early testing</li> </ul>	<ul style="list-style-type: none"> <li>▶ Management to produce accounts for audit by statutory deadline of 30 June 2026</li> </ul>	<ul style="list-style-type: none"> <li>▶ Regular updates with management</li> <li>▶ Completion of all audit testing</li> <li>▶ Review of Narrative Report and Annual Governance Statement</li> <li>▶ Conclude on significant risk areas</li> <li>▶ Report observations on other risk areas, management judgements</li> <li>▶ Draft Audit Findings Report</li> <li>▶ Close-out meeting with management</li> </ul>	<ul style="list-style-type: none"> <li>▶ Discuss audit findings with Audit and Ethics Committee</li> <li>▶ Issue draft Audit Findings (ISA260) report</li> </ul>	<ul style="list-style-type: none"> <li>▶ Subsequent events procedures</li> <li>▶ Management representation letter</li> <li>▶ Receive IAS19 assurance letter from pension fund auditor</li> <li>▶ Sign financial statements</li> <li>▶ Issue Auditor's Annual Report</li> </ul>	<ul style="list-style-type: none"> <li>▶ Sign audit report opinion</li> <li>▶ Issue delayed audit certificate</li> </ul>



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# Materiality

## We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements

Judgments about materiality are made in the light of surrounding circumstances and are affected by our perception of the financial information needs of users of the financial statements, and by the size or nature of a misstatement, or a combination of both.

Whilst our audit procedures are designed to identify misstatements which are material to our audit opinion, we also report to those charged with governance and management any uncorrected misstatements of lower value errors to the extent that our audit identifies these.

Under ISA (UK) 260 we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA (UK) 260 defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

An omission or misstatement is regarded as material if it would reasonably influence the users of the financial statements. The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of the Council and the needs of the users. When planning, we make professional judgements about the size of misstatements which we consider to be material, based on our knowledge of the Council, considering factors such as financial stability, expectations of readers and stakeholders, sector developments and financial reporting requirements. In determining materiality, we consider the level of misstatement that could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Our determination of materiality:

- ▶ Informs the scope of our audit and audit procedures
- ▶ Informs the sample sizes required for substantive testing
- ▶ Informs our consideration in evaluation the effect of actual and projected misstatements in the financial statements

Materiality is revised as our audit progresses, should we become aware of any information that would have caused us to determine a different amount had we known about it during our planning.

We also consider whether any specific items of account require a separate, lower materiality. We have determined that no specific materiality levels needed to be set for this audit.



# Materiality

The table below highlights the levels of materiality determined at the planning stage of the audit:

	Council £000	Explanation
Overall materiality for the financial statements	1,369	This is 2% of gross revenue expenditure based on the prior year audited financial statements. This is a common measure for calculating materiality for councils as the primary interest of users of the Council's financial statements is in the cost of providing services, how the Council manages its spending and where the Council has expended its income during the year.
Performance materiality	889	Performance materiality has been set at 65% of overall materiality. This is based on the internal control environment of the Council and reflects our risk assessed knowledge of the potential for errors occurring. It is intended to reduce, to an acceptably low level, the probability that cumulative undetected and uncorrected misstatements exceed materiality for the financial statements as a whole.
Trivial threshold	68	This is set at 5% of the overall materiality calculation. Individual errors above this threshold are communicated to those charged with governance.

**Clearly trivial:** matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria;

**Material:** an omission or misstatement that would reasonably influence the users of the financial statements.



# Significant risks of material misstatement

## Significant risks at the financial statement level

The table below summarises significant risks of material misstatement at the financial statement level. These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Significant risk	Audit approach
<p><b>Management override of controls</b></p> <p>Auditing Standards require auditors to treat management override of controls as a significant risk on all audits. This is because management is in a unique position to perpetrate fraud by manipulating accounting records and overriding controls that otherwise appear to be operating effectively.</p> <p>Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities.</p> <p>Specific areas of potential risk including manual journals, management estimates and judgements and one-off transactions outside the ordinary course of the business.</p> <p><b>Risk of material misstatement:</b> Very high</p>	<p>Procedures we will perform to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> <li>• Documenting our understanding of the journals posting process and evaluating the design effectiveness and implementation of management controls over journals;</li> <li>• Analysing the journals listing and determining the criteria for selecting high risk and/or unusual journals;</li> <li>• Testing high risk and/or unusual journals posted during the year and after the draft accounts stage back to supporting documentation for appropriateness, corroboration and to ensure approval has been undertaken in line with the Council’s journals policy;</li> <li>• Gaining an understanding of the key accounting estimates and critical judgements made by management. We will also challenge assumptions and consider for reasonableness and indicators of bias which could result in material misstatement due to fraud; and</li> <li>• Evaluating the rationale for any changes in accounting policies, estimate or significant unusual transactions.</li> </ul>



# Key audit findings: significant risks

## Significant risks at the assertion level for classes of transaction, account balances and disclosures

The following tables summarise significant risks of material misstatement at the assertion level for classes of transaction, account balances and disclosures

Significant risk	Audit approach
<p><b>Fraud in revenue recognition (rebutted)</b></p> <p>Material misstatement due to fraudulent financial reporting relating to revenue recognition is a rebuttable presumed risk in ISA (UK) 240.</p> <p>Having considered the nature of the revenue streams at the Council, we consider that the risk of fraud in revenue recognition can be rebutted due to the following:</p> <ul style="list-style-type: none"> <li>• There is little incentive to manipulate revenue recognition;</li> <li>• Opportunities to manipulate revenue recognition are very limited;</li> <li>• The culture and ethical frameworks of local authorities mean that all forms of fraud are seen as unacceptable</li> </ul> <p>Therefore, we do not consider this to be a significant risk for the Council.</p> <p><b>Inherent risk of material misstatement:</b></p> <ul style="list-style-type: none"> <li>• Revenue and debtors: Low</li> </ul>	<p>We do not consider this to be a significant risk for the Council and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.</p> <p>Standard audit procedures we will perform to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> <li>• Documenting our understanding of the Council’s systems for income to identify significant classes of transactions, account balances and disclosures with a risk of material misstatement in the financial statements;</li> <li>• Evaluating the Council’s accounting policies for recognition of income and compliance with the CIPFA Code;</li> <li>• Substantively testing material income streams using analytical procedures and sample testing of transactions recognised for the year; and</li> <li>• Performing substantive testing of year-end debtors using tests of detail by ensuring they can be traced to appropriate supporting evidence.</li> </ul>



# Key audit findings: significant risks

Significant risk	Audit approach
<p><b>Fraud in expenditure recognition (rebutted)</b></p> <p>Due to the presumption that there are risks of fraud in expenditure recognition, we are required to evaluate which types of expenditure, expenditure transactions or assertions give rise to such risks.</p> <p>We have considered Practice Note 10, which comments that for certain public bodies, the risk of manipulating expenditure could exceed the risk of manipulating revenue. We have therefore considered the risk of fraud in expenditure at the Council for all expenditure streams and concluded that there is not a significant risk. This is due to the low fraud risk in the nature of the underlying nature of the transactions, the high predictability of certain expenditure streams, such as payroll or interest, or the immaterial nature of the expenditure streams both individually and collectively.</p> <p>Our consideration of expenditure streams also included capital expenditure and similarly we concluded that there is not a significant risk. Capital expenditure transactions are likely to be larger and subject to more scrutiny, reducing the risk of improper recognition.</p> <p><b>Inherent risk of material misstatement:</b></p> <ul style="list-style-type: none"> <li>Expenditure and creditors: Low</li> </ul>	<p>We do not consider this to be a significant risk for the Council and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.</p> <p>Standard audit procedures we will perform to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> <li>Documenting our understanding of the Council’s systems for expenditure to identify significant classes of transactions, account balances and disclosures with a risk of material misstatement in the financial statements;</li> <li>Verifying that the operating expenses included within the financial statements are complete by substantively testing post year-end invoices received and cash payments made;</li> <li>Evaluating the Council’s accounting policies for recognition of expenditure and compliance with the CIPFA Code;</li> <li>Performing substantive testing of expenditure and the associated payables using tests of detail and analytical procedures by ensuring they can be traced to appropriate supporting evidence; and</li> <li>Performing substantive testing of year-end creditors using tests of detail by ensuring they can be traced to appropriate supporting evidence.</li> </ul>



# Key audit findings: significant risks

Significant risk	Audit approach
<p><b>Valuation of other land and buildings (key accounting estimate)</b></p> <p>Revaluation of operational land and buildings should be performed in line with the revised revaluation requirements for 2025/26 onwards set out in the CIPFA Code. The Council has adopted the following approach to its land and buildings valuations for 2025/26 onwards: a full revaluation of 100% of the portfolio in 2025/26, followed by a transition to rolling programme with use of indexation in intervening years from 2027/28, to ensure compliance with the revised requirements set out in the 2025/26 CIPFA Code. Management engaged the services of a qualified valuer, Bruton Knowles, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS) to undertake any valuations required as of 31 March 2026.</p> <p>The valuations involve a wide range of assumptions and source data and are therefore sensitive to changes in market conditions. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external expert valuers and the methods, assumptions and source data underlying the fair value estimates. This represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of operational land and buildings as a significant risk.</p> <p>We will further pinpoint this risk to specific assets, or asset types, on receipt of the draft financial statements and the year-end updated asset valuations, to those assets where the valuation movement falls outside of our expectations, there are significant changes to any of the key assumptions or the year-end valuation is considered material.</p> <p><b>Inherent risk of material misstatement:</b></p> <ul style="list-style-type: none"> <li>Other land and Buildings (valuation and allocation): High</li> </ul>	<p>Procedures we will perform to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> <li>Evaluating management processes, controls and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work;</li> <li>Evaluating the competence, capabilities and objectivity of the valuation expert;</li> <li>Considering the basis on which the valuations are carried out and challenging the key assumptions applied;</li> <li>Evaluating the reasonableness of the valuation movements for assets revalued during the year, with reference to market data;</li> <li>For unusual or unexpected valuation movements, testing the information used by the valuer to ensure it is complete and consistent with our understanding;</li> <li>Ensuring revaluations made during the year have been input correctly to the fixed asset register and the accounting treatment within the financial statements is correct;</li> <li>Evaluating the assumptions made by management for any assets not revalued or indexed during the year and how management are satisfied that these are not materially misstated; and</li> <li>Engaging our own valuations expert, where necessary, to assess any judgemental assumptions used that underpin the final valuations.</li> </ul>



# Key audit findings: significant risks

Significant risk	Audit approach
<p><b>Valuation of Council dwellings (key accounting estimate)</b></p> <p>Revaluation of council dwellings should be performed with sufficient regularity so that carrying amounts are not materially misstated. The Council carries out a rolling programme of revaluations to ensure that the carrying value is not materially different from the fair value. Council dwellings are valued using the beacon method, which aggregates the vacant possession value of each unit of housing stock based on the value of a beacon or sample property. A discount factor is applied to reflect the lower rent yield from social housing compared to market rates. Management engaged the services a qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS) to undertake these valuations as of 31 March 2026.</p> <p>The valuations involve a wide range of assumptions and source data and are therefore sensitive to changes in market conditions. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external expert valuers and the methods, assumptions and source data underlying the fair value estimates. This represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of council dwellings as a significant risk.</p> <p>We will further pinpoint this risk to specific assets, or asset types, on receipt of the draft financial statements and the year-end updated asset valuations, to those assets where the valuation movement falls outside of our expectations, there are significant changes to any of the key assumptions or the year-end valuation is considered material.</p> <p><b>Inherent risk of material misstatement:</b></p> <ul style="list-style-type: none"> <li>• Council dwellings (valuation and allocation): High</li> </ul>	<p>Procedures we will perform to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> <li>• Evaluating management processes, controls and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work;</li> <li>• Evaluating the competence, capabilities and objectivity of the valuation expert;</li> <li>• Considering the basis on which the valuations are carried out and challenging the key assumptions applied;</li> <li>• Evaluating the reasonableness of the valuation movements for assets revalued during the year, with reference to market data;</li> <li>• For unusual or unexpected valuation movements, testing the information used by the valuer to ensure it is complete and consistent with our understanding;</li> <li>• Testing a sample of Beacon properties in respect of council dwellings, to consider whether their valuation assumptions are appropriate and representative of other Beacon properties within the Beacon group;</li> <li>• Ensuring revaluations made during the year have been input correctly to the fixed asset register and the accounting treatment within the financial statements is correct;</li> <li>• Evaluating the assumptions made by management for any assets not revalued during the year and how management are satisfied that these are not materially different to the current value; and</li> <li>• Engaging our own valuations expert, where necessary, to assess any judgemental assumptions used that underpin the final valuations.</li> </ul>



# Key audit findings: significant risks

Significant risk	Audit approach
<p><b>Valuation of the defined benefit pension net liability / asset – IAS19 (key accounting estimate)</b></p> <p>The pension fund net liability/asset is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions. An actuarial estimate of the net defined benefit pension liability/asset is calculated on an annual basis under IAS 19 ‘Employee Benefits’, and on a triennial funding basis, by an independent firm of actuaries with specialist knowledge and experience. The triennial estimates are based on the most up to date membership data held by the pension fund and a roll forward approach is used in intervening years, as permitted by the CIPFA Code. 2025/26 is the first year after the latest triennial valuation in 2025.</p> <p>The calculations involve a number of key assumptions, such as discount rates and inflation and local factors such as mortality rates and expected pay rises. The estimates are highly sensitive to changes in these assumptions and the calculation of any asset ceiling when determining the value of a pension asset (where relevant). ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external experts (the actuary) and the methods, assumptions and source data underlying the estimates.</p> <p>This represents a key accounting estimate made by management within the financial statements due to the size of the gross asset and liability values involved, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of the net pension liability/asset as a significant risk.</p> <p><b>Inherent risk of material misstatement:</b></p> <ul style="list-style-type: none"> <li>• Pension fund net liability / asset (valuation and allocation): High</li> </ul>	<p>Procedures we will perform to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> <li>• Evaluating managements processes for the calculation of the estimate, the instructions issued to management’s expert (the actuary) and the scope of their work;</li> <li>• Evaluating the competence, capabilities and objectivity of the actuary;</li> <li>• Assessing the controls in place to ensure that the data provided to the actuary by the Council and their pension fund was accurate and complete;</li> <li>• Evaluating the methods, assumptions and source data used by the actuary in their valuations, with the support of an auditors’ expert;</li> <li>• Testing the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;</li> <li>• If the pension fund is in surplus, ensuring that any asset recorded in the financial statements, and any additional liabilities for secondary contributions have been accounted for correctly in line with the requirements of IFRIC 14;</li> <li>• Obtaining assurances from the pension fund auditor as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements; and</li> <li>• Ensuring pension valuation movements for the year and related disclosures have been correctly reflected in the financial statements.</li> </ul>



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# Key audit findings: other risks

## Other material transactions and balances

Under International Standards on Auditing, “irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure”. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as those adopted for the risks identified in this report.



# IT Audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audit and assess the relevant IT general controls (ITGCs) in place to mitigate them.

Our audit will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach, we will perform the indicated level of assessment:

IT Application	Audit area	Planned level of IT audit assessment
General ledger (Unit4 Agresso)	Financial reporting, expenditure, payables, income, receivables, journals	ITGC assessment (design and implementation effectiveness only)
Active Directory	Network access and authentication	ITGC assessment (design and implementation effectiveness only)



# Value for money

We are required to consider whether the Council has established proper arrangements to secure economy, efficiency and effectiveness in its use of resources, as set out in the NAO Code of Practice 2024 and the requirements of Auditor Guidance Note 3 ('AGN 03').

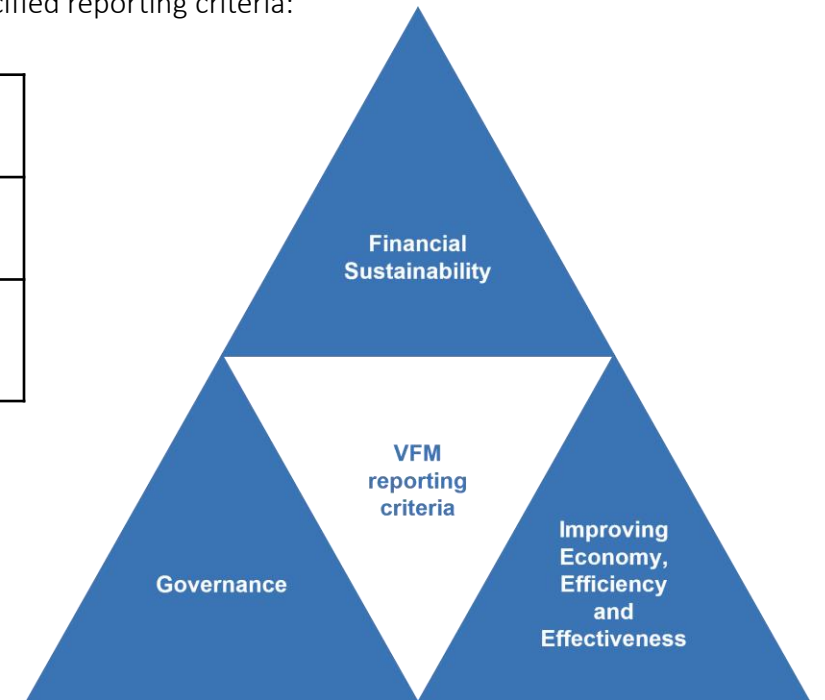
NAO Auditor Guidance Note 03 'Auditors' Work on Value for Money Arrangements' ("AGN 03") was updated and issued on 14 November 2024 and requires us to provide an annual commentary on arrangements, which will be published as part of the Auditor's Annual Report. Such commentary will highlight any significant weaknesses in arrangements, along with recommendations for improvements.

When reporting on such arrangements, the Code of Practice requires us to structure our commentary under three specified reporting criteria:

Financial sustainability	How the body plans and manages its resources to ensure it can continue to deliver its services
Governance	How the body ensures it makes informed decisions and properly manages risk
Improving economy, efficiency and effectiveness	How the body uses information about its costs and performance to improve the way it manages and delivers its services

As part of the planning process, we are required to perform procedures to identify potential risks of significant weaknesses in the Council's arrangements to secure VFM through the economic, efficient and effective use of its resources.

We are required to re-evaluate this risk assessment during the course of the audit and, where appropriate, update our work to reflect emerging risks or findings that may suggest a significant weakness in arrangements. We may make recommendations following the completion of our work.



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# Value for money

## Risks of significant weakness

We have carried out an initial risk assessment to identify any risks of potential significant weakness in respect of the three specific areas of proper arrangements using the guidance contained in AGN 03. We will re-evaluate this risk assessment during the course of the audit and, where appropriate, update our work to reflect emerging risks or findings that may suggest a significant weakness in arrangements.

For 2025/26 the National Audit Office has signalled its intention to expand the scope of the work required under the Code of Audit Practice 2024 to require auditors to consider specific, additional arrangements relating to local government reorganisation. Our work will be extended to include this expanded scope.

The risks we have identified are detailed in the table in the next page along with the further procedures we will perform.



# Value for money

Reporting criteria	2024/25 significant weaknesses reported?	2025/26 planning: risk of significant weakness identified?	Risk based procedures include but are not limited to the following:
<p><b>Financial sustainability</b> How the body plans and manages its resources to ensure it can continue to deliver its services</p>	No	No	Whilst we have not identified, at this stage, any risks of significant weakness, we will consider as part of our review the arrangements in place around the Council's financial planning, including but not limited to the capacity to achieve recurrent savings.
<p><b>Governance</b> How the body ensures it makes informed decisions and properly manages risk</p>	No	No	We have not at this stage identified any risks of significant weakness that require specific audit procedures. However, as noted in our 2024/25 Auditor's Annual Report, we will consider the Council's governance and decision-making arrangements for the Town Centre Regeneration Programme as part of our review.
<p><b>Improving economy, efficiency and effectiveness</b> How the body uses information about its costs and performance to improve the way it manages and delivers its services</p>	No	No	We have not at this stage identified any risks of significant weakness that would require specific audit procedures. However, we have been informed of an inspection undertaken and finalised by the Regulator of Social Housing in late February 2026. The inspection report provides the Council with a grading that highlights significant improvement requirements in certain areas of service delivery. As part of our work, we will consider the Council's arrangements for the delivery of this service.



# Audit team and requirements

## Your core audit team

Key Audit Partner	Audit Manager	Assistant Manager
<p>Laura Hinsley <a href="mailto:Laura.Hinsley@azets.co.uk">Laura.Hinsley@azets.co.uk</a></p> <p>Laura is the key contact for senior management and has overall responsibility for audit quality and the audit opinion and value for money assessment.</p>	<p>Reshma Ravikumar <a href="mailto:Reshma.Ravikumar@azets.co.uk">Reshma.Ravikumar@azets.co.uk</a></p> <p>Reshma is responsible for the overall management of the audit and quality assurance of audit work. She is the key contact for the finance team management. Reshma will also lead on our value for money work. She is responsible for meeting with Officers and Members and reviewing the arrangements for obtaining value for money.</p>	<p>Charlotte Amos <a href="mailto:Charlotte.Amos@azets.co.uk">Charlotte.Amos@azets.co.uk</a></p> <p>Charlotte leads the on and off-site audit visits. She is the key day-to-day contact for the finance team.</p>

## Our expectations and requirements

For us to be able to deliver the audit in line with the agreed fee and timetable, we require the following:

- ▶ Draft financial statements to be produced to a good quality by the deadlines you have agreed with us. These should be complete including all notes, the Narrative Report and the Annual Governance Statement;
- ▶ The provision of good quality working papers at the same time as the draft financial statements. These will be discussed with you in advance to ensure clarity over our expectations;
- ▶ The provision of agreed data reports at the start of the audit, fully reconciled to the values in the accounts, to facilitate our selection of samples for testing
- ▶ Ensuring staff are available and on site (as agreed) during the period of the audit;
- ▶ Prompt and sufficient responses to audit queries within two working days to minimise delays.

The audit process is underpinned by effective project management to ensure we co-ordinate and apply our resources efficiently to meet your deadlines. It is therefore essential that the audit team and the Council's finance team work closely together to achieve this timetable.



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# Independence, objectivity and other services provided

The Ethical Standards and ISA (UK) 260 require us to give you full and fair disclosure of matters relating to our independence. In accordance with our profession's ethical requirements and further to our audit plan issued confirming audit arrangements we confirm that there are no further facts or matters that impact on our integrity, objectivity and independence as auditors that we are required or wish to draw to your attention. We consider an objective, reasonable and informed third party would take the same view.

We confirm that Azets Audit Services and the engagement team complied with the FRC's Ethical Standard. We confirm that all threats to our independence have been properly addressed through appropriate safeguards and that we are independent and able to express an objective opinion on the financial statements. In addition, we have complied with the National Audit Office's Auditor Guidance Note 01, which sets out supplementary guidance on ethical requirements for auditors of public sector bodies.

In particular:

- Non-audit services: There are no non-audit services provided for the Council by Azets Audit Limited.
- Contingent fees: No contingent fee arrangements are in place for any services provided.
- Gifts and hospitality: We have not identified any gifts or hospitality provided to, or received from, any member of the Council, senior management or staff.
- Relationships: We have no other relationships with the Council, its directors, senior managers and affiliates, and we are not aware of any former partners or staff being employed, or holding discussions in anticipation of employment, as a director, or in a senior management role covering financial, accounting or control related areas.

## Non-audit service fees

No other services are provided by Azets to the Council.



# Fees

Our estimated fees for the year ending 31 March 2026 are shown to the right.

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's Ethical Standard (revised 2024). These stipulate the Partner must set a fee sufficient to enable the resourcing of the audit with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

PSAA set a fee scale for each audit that assumes the audited body has sound governance arrangements in place, has been operating effectively throughout the year, prepares comprehensive and accurate draft accounts and meets the agreed timetable for audit. This fee scale is reviewed by PSAA each year and adjusted, if necessary, based on auditors' experience, new requirements, or significant changes to the audited body. The fee may be varied above the fee scale to reflect the circumstances and local risks within the audited body.

This fee is estimated based on our understanding at this point in time and may be subject to change. Our planned fee is on the basis that our expectations set out on pages 5 and 29 are met.

It is our policy to bill for overruns or scope extensions e.g., where we have incurred delays, deliverables have been late or of poor quality, where key personnel have not been available, or we have been asked to do extra work.

The PSAA contract stipulates that fees must be raised upon completion of specific milestones:

- ▶ Issue of prior year's draft Auditor's Annual Report or Opinion issued, but not before 1 December
- ▶ Issue of the Draft Audit Plan
- ▶ Completion of 50% of planned hours
- ▶ Completion of 75% of planned hours



Audit fees	Proposed fee £
Scale fee: for the audit of the Council financial statements	176,288
Value for money: additional work required to meet the NAO's Code requirements in respect of the arrangements for local government reorganisation	TBC
<b>Total audit fees</b>	<b>TBC</b>

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here: [Fee Variations Overview - PSAA](#).

Our fee estimate also assumes that you will engage suitably competent experts to assist management in the following areas:

- ▶ Actuarial valuation of the defined benefit pension liability
- ▶ RICS compliant valuation of land and buildings and investment property



**AGENDA MANAGEMENT SHEET**

**Report Title:** Rugby Borough Council - Internal Audit Plan 2026-27 & Audit Charter

**Name of Committee:** Audit and Ethics Committee

**Date of Meeting:** 26 March 2026

**Report Director:** Chief Officer - Finance and Performance

**Portfolio:** Finance and Performance, Legal and Governance

**Ward Relevance:** Not applicable

**Prior Consultation:**

**Contact Officer:** Martin Shipley - Interim Corporate Assurance Manager

**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):  
 A Healthier Rugby – To support people to live healthier, longer, and more independent lives.  
 A Thriving Rugby – To deliver a thriving economy which brings Borough-wide investment and regenerates Rugby Town Centre.  
 A Greener Rugby – To protect the environment and ensure the Borough adapts to climate change.  
 A Fairer Rugby – To reduce inequalities and improve housing across the Borough.  
[Corporate Strategy 2025-2035](#)  
 This report does not specifically relate to any Council priorities but is presented to help the committee fulfil its functions.

**Summary:** To consider and approve the proposed Internal Audit Plan & Audit Charter for 2026/27 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.

<b>Financial Implications:</b>	None directly
<b>Risk Management/Health and Safety Implications:</b>	None directly
<b>Environmental Implications:</b>	None directly
<b>Legal Implications:</b>	None directly
<b>Equality and Diversity:</b>	None directly
<b>Options:</b>	Not applicable
<b>Recommendation:</b>	That the proposed Internal Audit Plan & Audit Charter for 2026/27 is considered and approved for implementation, subject to any changes agreed by the Committee.
<b>Reasons for Recommendation:</b>	To consider the proposed Internal Audit Plan & Audit Charter for 2026/27. Global Internal Audit Standard (GIAS) 9.4 requires the Chief Audit Executive (CAE) to create an internal audit plan that supports the achievement of the organisation's objectives.

**Please select - 26 March 2026**

**Report Title: Rugby Borough Council - Internal Audit Plan 2026-27  
& Audit Charter**

**Public Report of the Chief Officer - Finance and Performance**

**Recommendation**

That the proposed Internal Audit Plan for 2026/27 is considered and approved for implementation, subject to any changes agreed by the Committee.

**1. Purpose of the Report**

- 1.1 To consider the proposed Internal Audit Plan & Audit Charter for 2026/27. Global Internal Audit Standard (GIAS) 9.4 requires the Chief Audit Executive (CAE) to create an internal audit plan that supports the achievement of the organisation's objectives.
- 1.2 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.

**2. Report Detail**

- 2.1 The Audit Plan has been drawn up by the Audit Manager in consultation with the Council's Leadership Team. The Plan details where Internal Audit is proposing to allocate its resources over the financial year 2026/27.
- 2.2 This process involves a risk assessment of the Council's key operations with reference to the Council's key risks and objectives which helps to inform how audit will allocate resources.
- 2.3 The Plan and Charter also detail the audit approach and coverage that the Council can expect from the Internal Audit Service. The Audit and Ethics Committee is requested to consider priorities and the proposed allocation of audit resources for 2026/27.

**Name of Meeting:** Audit and Ethics Committee  
**Date of Meeting:** 26 March 2026  
**Subject Matter:** RBC - Internal Audit Plan 2026-27 & Audit Charter  
**Originating Department:** Finance and Performance

**DO ANY BACKGROUND PAPERS APPLY**       YES       NO

**LIST OF BACKGROUND PAPERS**

Doc No	Title of Document and Hyperlink

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



# Rugby Borough Council – Internal Audit Plan 2026-27 & Audit Charter

Audit & Ethics Committee: 26<sup>th</sup> March 2026

**Providing Internal  
Audit Services for**



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Approach to Audit Planning	6
Types of Audit Work	7
Appendix A - Audit Plan Detail	9
Appendix B - Internal Audit Charter	11

## Our Vision

To bring about improvements in the control, governance and risk management arrangements of our Partners by providing cost effective, high quality internal audit services.

## Contacts

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Derby, DE1 2FS



## Introduction

### Purpose of Report

**The purpose of this report is for the Board to approve the Internal Audit Charter and Annual Internal Audit Plan for 2026-27.**

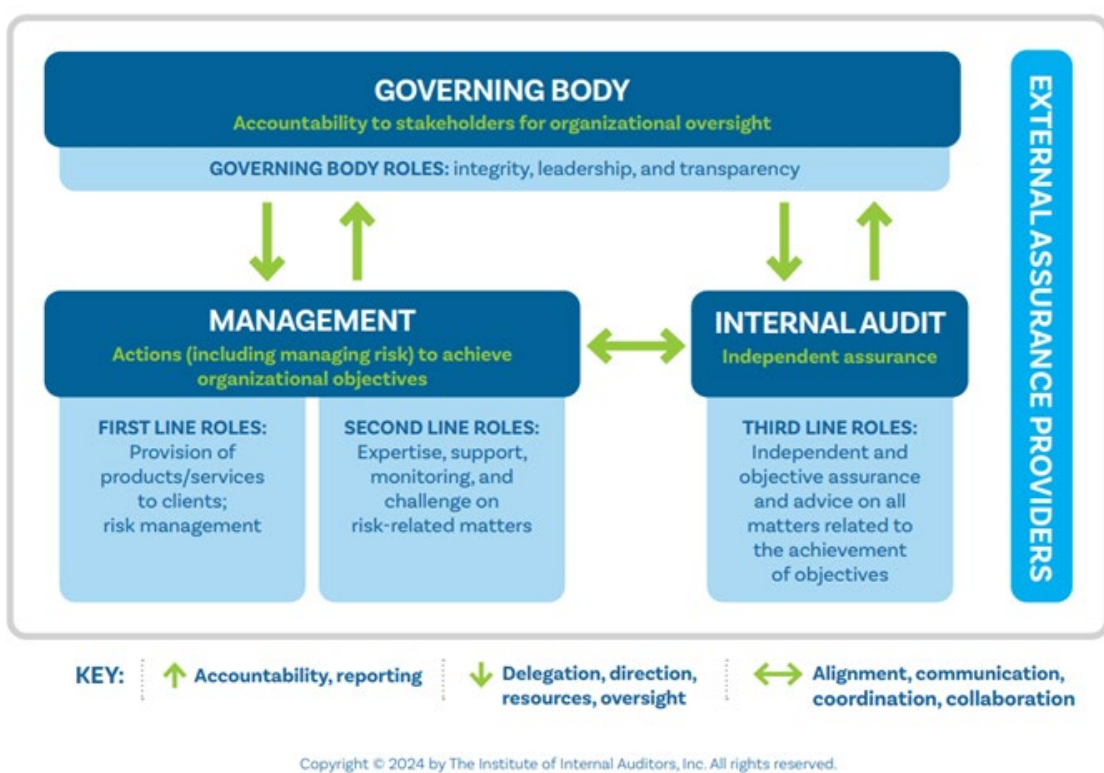
### Role of Internal Audit

All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2015.

The Council's Internal Audit service is provided by Central Midlands Audit Partnership (CMAP). The Partnership was formed as a Joint Board under section 101 of the Local Government Act 1972. It currently serves 11 public sector organisations and Derby City Council is the host authority. The current legal agreement between the Partners runs until 31<sup>st</sup> March 2030, although Local Government Reorganisation (LGR) will supersede those arrangements. From 1<sup>st</sup> April 2026 CMAP will cease delivery of service to one client organisation.

Internal Audit provides the Audit & Ethics Committee and senior management with objective assurance on the Council's overall control environment, comprising the systems of governance, risk management, and internal control and highlights control weaknesses together with recommendations for improvement. This helps senior management demonstrate that they are managing the Council effectively. Internal Audit's work significantly contributes to the Council's statutory Annual Governance Statement (AGS).

Internal Audit is part of the Council's governance framework which can be summarised in the three lines model shown below.



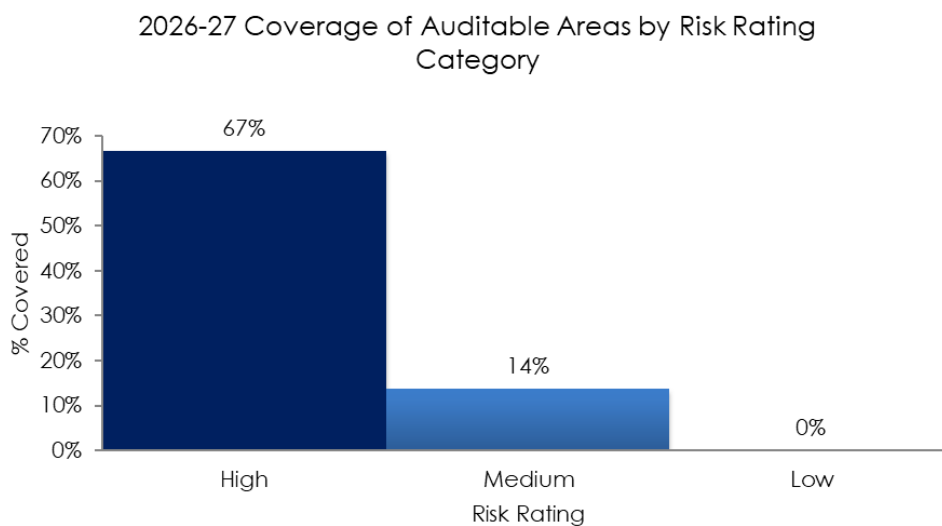
## Rugby Borough Council – Audit Plan 2026-27

### Internal Audit Plan

Global Internal Audit Standard (GIAS) 9.4 requires the Chief Audit Executive (CAE) to create an internal audit plan that supports the achievement of the organisation's objectives. The CAE must base the internal audit plan on a documented assessment of the organisation's strategies, objectives, and risks. This assessment must be informed by input from the board and senior management as well as the CAE's understanding of the organisation's governance, risk management, and control processes. The assessment must be performed at least annually. In this instance, the Chief Audit Executive is Martin Shipley, Audit Manager.

The annual Audit Plan sets out proposals on how this will be achieved in the year ahead. It is a flexible Plan that allows Internal Audit to respond to emerging and changing risks during the year.

The Audit Plan must incorporate sufficient work to enable the Chief Audit Executive to give an opinion on the adequacy of the Council's overall control environment. Equally Internal Audit must be adequately resourced with the necessary level of skilled and experienced staff to deliver the Audit Plan.



Progress in completing the audit plan, will be submitted to the Audit & Ethics Committee as part of regular Internal Audit Progress reports.

### Internal Audit Charter

An Internal Audit Charter is a formal document that defines internal audit's purpose, authority, responsibility and position within an organisation. The Internal Audit Charter describes how internal audit will provide value to the Council, the nature of the services it will provide and the specific focus or emphasis required of internal audit to help the Council achieve its objectives.

GIAS 6.2 requires the Chief Audit Executive to develop and maintain an internal audit charter that specifies, at a minimum, the internal audit function's:

- Purpose of Internal Auditing.
- Commitment to adhering to the Global Internal Audit Standards.

## Rugby Borough Council – Audit Plan 2026-27

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- Mandate, including scope and types of services to be provided, and the board's responsibilities and expectations regarding management's support of the internal audit function.
- Organisational position and reporting relationships.

A copy of the current Internal Audit Charter is attached at [Appendix B](#). It is the role of the Audit & Ethics Committee to review and approve the 'Internal Audit Charter' on an annual basis.

## Approach to Audit Planning

Internal Audit takes into account the Council's risk management framework, including using risk appetite levels set by management for the different activities or parts of the Council. If a framework does not exist, Internal Audit must determine its own judgment of risks following a thorough consultation process. We endeavour to consult with relevant managers to further understand the risk areas where internal audit assurance will be appropriate.

A risk based audit plan has been compiled in consultation with the Council's Management, using the Council's risk registers and CMAP's bespoke risk assessment model which considers the following 8 measures of risk

<b>Impact</b>	<b>Materiality</b>	Potentially, how much money could the Council lose if this area is not properly controlled?
	<b>Criticality</b>	How critical is this function to the effective running of the Council's core activities?
	<b>Sensitivity</b>	How important is this area in the opinion of senior management and the Board?
	<b>Strategic Effect</b>	How does this function affect the Council's long term aims and objectives?
<b>Likelihood</b>	<b>Changes</b>	What changes (staffing, procedural, IT, legislative) has this area been subject to?
	<b>Complexity</b>	How complex is the area under review?
	<b>Review Process</b>	How often is this area reviewed by audit and other agencies?
	<b>Inherent Risks</b>	How susceptible is this area to fraud and irregularity?

Once the scores for each of the 94 auditable areas identified have been input to the risk model, along with the date when the area was last audited, the risk model will automatically generate a plan of suggested audit coverage. Senior management are consulted on the proposed plan and their views are taken account of before producing the final, ranked list of areas to audit. This year's risk assessment identified 6 High risk areas, 73 Medium risk areas and 15 Low risk areas.

## Types of Audit Work

**Key Financial Systems Audit** - Much of internal audit's assurance work comes from the review of the risks and controls associated with the Council's financial systems. External Audit will also review the work on the key financial systems to assist them when determining their opinion on Council's annual accounts.

**Systems / Risk Based Audits** - The auditor's prime role is to review the internal control systems developed by management to mitigate operational risks and report upon the adequacy of those controls (see below for control examples). A Council's overall internal control system is the product of all of those systems and processes that the Council has created to deliver its business objectives, both financial and non-financial.

### Control categories with examples



Source: Chartered Institute of Internal Auditors – Resources – Control

**IT Audit** – Typically our IT auditing coverage focuses on the following:

- **Infrastructure** - Infrastructure audits cover perimeter defences, authentication, management and monitoring, and devices. Infrastructure audits help provide assurance that the organisation's private network is protected from internet attacks, unauthorised or inappropriate access via local or remote attacks, and also ensure the Council has the necessary monitoring and incident analysis to maintain and analyse the Network.
- **Applications** - Application audits cover thin and fat client applications, and both internal (Intranet) or external (Web) applications. Applications audits typically focus on CIAA (**C**onfidentiality, **I**ntegrity, **A**vailability and **A**ccountability risks) to ensure attackers cannot exploit vulnerabilities to gain unauthorised access to sensitive corporate data.

**Governance/Ethics Reviews** - The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled. Internal Audit reviews corporate systems such as Risk Management, Health & Safety, Data Quality, Anti –Fraud and should consider organisational ethics, values and culture.

## Rugby Borough Council – Audit Plan 2026-27

**Procurement/Contract Audit** - Procurement involves the process of acquisition from third parties and spans the whole life cycle from the initial concept (determining the need), through buying and delivery, to the end of a service contract. The audit approach to procurement should primarily concern the Council's corporate procurement strategy and associated management structures and processes, including contract procedure rules and detailed procurement guidance.

### Client Support/Consultancy Work

The scope of the consultancy service that CMAP can offer is constrained by our skills set. Accordingly, consultancy work is likely to be on areas where the control framework is in development or subject to changes. The advice offered by Internal Audit in its consultancy role may include advising on the design and implementation of new policies, processes, and systems; providing forensic/analytic services; providing training; and facilitating discussions about risks, controls and governance arrangements.

To support the Council, time has also been set aside in the Audit Plan for the following:

**Audit Management** – There are certain management tasks that are specific to each Partner organisation, such as, reporting to Audit Committee, Audit Risk Assessment & Planning etc. These require a contingency of time to be planned.

**Advice & Emerging Issues** - On an ad-hoc basis, Audit is called upon to provide risk and control advice on issues throughout the Council. This consultancy work is a very important service and requests for Audit input are considered to be a good measure of the quality of the Audit service and of the satisfaction of our clients.

**Anti-Fraud/Probity/Investigations** - Internal audit has an important role to play in ensuring that management has effective systems in place to detect and prevent corrupt practices within the Council. Internal audit's role includes promoting anti-fraud best practice, testing and monitoring systems through probity work and advising on change where it is needed. Internal Audit also may be involved, on a consultancy basis, in the investigation of suspected internal fraud, theft or major irregularity (where there is some form of alleged financial irregularity, which may have resulted in financial loss to the Council).

**Follow-up Audits** - Internal Audit is committed towards ensuring that control improvements are achieved and all agreed actions are acted upon. We have developed a recommendation tracking database, which allows us to monitor, follow-up and report upon the status of all management's actions in respect of agreed audit recommendations.

**Brought Forward Jobs** - A number of incomplete audits from the 2025-26 Audit Plan will need to be concluded in 2026-27.



## Appendix A - Audit Plan Detail

With all Warwickshire Councils entering into the transition phase for Local Government Reorganisation (LGR), it is considered prudent to set aside a contingency of audit plan time to consider and address any related issues and risks arising throughout 2026-27.

Our risk assessment of the Council's activities, in consultation with senior management, has concluded that the following audits will be undertaken in 2026-27:

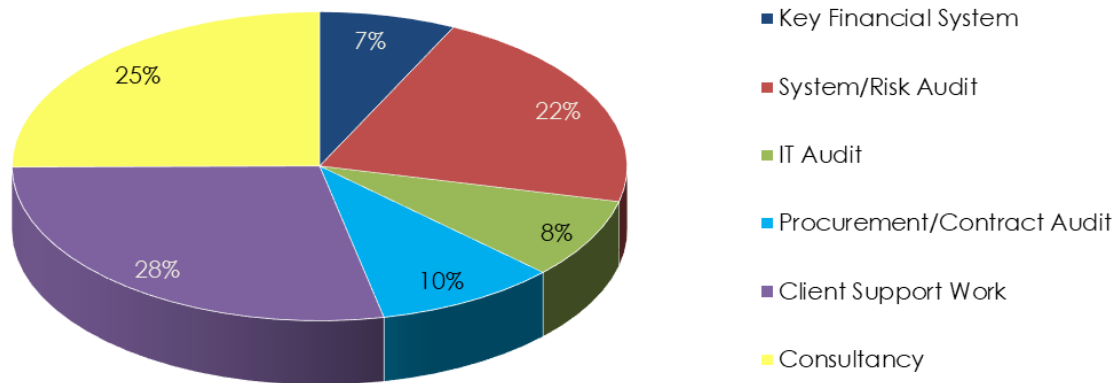
Audit Plan Assignments	Risk Rating	Indicative Quarter
<b>Key Financial Systems Reviews</b>		
PCI & DSS Compliance ( <i>Payment Card Industry &amp; Data Security Standards</i> )	Medium	Q2
Housing Rents /Rent Arrears - <b>2025/26 deferral</b>	Medium	Q2
<b>Procurement/Contract Reviews</b>		
Large Scale Change /Building Projects ( <i>Rugby Central</i> ) - <b>2025/26 deferral</b>	High	Q3/Q4
Procurement /Contract Management	High	Q3/Q4
<b>System/Risk Reviews</b>		
Data Quality & Performance Management	Medium	Q4
Homelessness - Quality Assurance Framework ( <i>Chief Officer Request</i> )	Medium	Q1
Responsive Maintenance ( <i>Housing Repairs</i> ) - <b>2025/26 deferral</b>	Medium	Q1/Q2
Clear Voids Process ( <i>Chief Officer Request</i> )	Medium	Q3/Q4
Trade Waste	Medium	Q2
WSU Garage /Fleet Management ( <i>Works Services Unit</i> )	High	Q1
<b>Consultancy</b>		
Grant Management & Certification	Medium	Q1- Q4
System Transition ( <i>CMAAP Partnership</i> )	Medium	Q1
Local Government Reorganisation Contingency	High	Q1- Q4
<b>IT Audit Reviews</b>		
IT Cyber Security	High	Q3
Data Protection /GDPR ( <i>Records Management</i> )	Medium	Q3

The detailed scopes of each audit assignment will be agreed with the relevant managers nearer the commencement of the audit. The cost of the Internal Audit Service for 2026-27 is estimated to be £178,000.

# Rugby Borough Council – Audit Plan 2026-27

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Audit Plan 2026-27 per Type of Audit



## Appendix B - Internal Audit Charter

### Purpose & Mission

The purpose of Rugby Borough Council's internal audit service is to provide independent, objective assurance and consulting services designed to add value and improve the Council's operations. The mission of internal audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight. The internal audit service helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

### Role of Internal Audit

The role of the Internal Audit Service includes:

- Supporting the delivery of the Council's strategic objectives by providing risk-based and objective assurance on the adequacy and effectiveness of governance, risk management and internal controls.
- Championing good practice in governance through assurance, advice and contributing to the Council's annual governance review.
- Advising on governance, risk management and internal control arrangements for major projects, programmes and system changes.
- Governance oversight of the Council's collaborative and arm's-length arrangements.

Rugby Borough Council's Internal Audit Service is provided by the Central Midlands Audit Partnership (CMAP). Derby City Council acts as the host authority for CMAP.

CMAP's Internal Audit Service is most effective when:

- a) Internal auditing is performed by competent professionals in conformance with Internal Audit Standards, which are set in the public interest.
- b) The Internal Audit Service is independently positioned with direct accountability to the Council's Leadership Team and its Audit & Ethics Committee.
- c) Internal auditors are free from undue influence and committed to making objective assessments.

### Commitment to Adhering to the Global Internal Audit Standards in the UK Public Sector

CMAP will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards. This will take into account:

- a) the CIPFA Application Note, which provides a framework for the practice of internal audit in the UK public sector when taken together with the Global Internal Audit Standards;
- and
- b) the CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government, which complements the Global Internal Audit Standards from the perspective of the “Head of Internal Audit”. Overall, this means that the Internal Audit Service will adhere to the “Global Internal Audit Standards in the UK Public Sector”.

The Chief Audit Executive will report periodically to Leadership Team and the Audit & Ethics Committee regarding CMAP's conformance with the Standards, Application Note, and CIPFA Code, which will be assessed through a quality assurance and improvement programme.

## Authority – Internal Audit Mandate

The mandate for CMAP's provision of the internal audit service is found in two pieces of legislation:

### [Section 151 of the Local Government Act 1972](#)

Requires that authorities ‘make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs’. The Financial Standing Orders (Constitution – Part 3g) state that [4.4(a)] ‘The Chief Financial Officer shall be the Responsible Officer for: (a) The proper administration of the Council's financial affairs in accordance with Section 151 of the Local Government Act 1972.’

Articles of the Constitution (Constitution – part 1) further stipulate that ‘The Council will establish an Audit & Ethics Committee’ which ‘will conduct its proceedings in accordance with the Council Standing Orders set out in Part 3a of this constitution.’ The Standing Orders (Constitution – part 3a) stipulate this committee will ‘deal with matters which are neither reserved to the Council nor are executive functions (as set out in Part 2a of this constitution).’ Terms of Reference of the Council, Cabinet, Scrutiny Committee and regulatory committees (Constitution – part 2a) specify the key functions required for [8] ‘Oversight of internal and external audit matters, the council's arrangements for corporate governance and risk management and any other arrangements for the maintenance of probity’.

### [The Accounts and Audit Regulations 2015](#)

Part 2: Internal Control, Section 5: Internal Audit requires that a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

Any officer or member of a relevant body must, if required to do so for the purposes of internal audit –

- a) make available such documents and records; and
- b) supply such information and explanation

as are considered necessary by those conducting the internal audit.

In this regulation “documents and records” includes information recorded in an electronic form.

The Internal Audit Service’s authority is created by its direct reporting relationship to the Leadership Team and the Audit & Ethics Committee. Such authority allows for unrestricted access.

The Leadership Team and Audit & Ethics Committee authorises the Internal Audit Service to:

- a) Have full and unrestricted access to all functions, data, records, information, physical property, and personnel that it considers necessary to fulfil its responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- b) Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function’s objectives.
- c) Obtain assistance from specialised services from within or outside Rugby Borough Council to complete internal audit services.

Internal Audit will be appropriately staffed in terms of numbers, qualification levels and experience. The Chief Audit Executive will report on the adequacy of resources to the Council’s s151 Officer and to the Audit & Ethics Committee.

## Independence, Organisational Position, and Reporting Relationships

The Chief Audit Executive will ensure that the internal audit service remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Chief Audit Executive determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

The Audit & Ethics Committee authorises the internal audit service to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.

- Obtain assistance from the necessary personnel of the Council, as well as other specialised services from within or outside the Council, in order to complete the engagement.

## Independence & Objectivity

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for the organisation or its affiliates.
- Initiating or approving transactions external to the internal audit service.
- Directing the activities of any organisation employee not employed by the internal audit service, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

Where the Chief Audit Executive has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

The Chief Audit Executive will confirm to the Audit & Ethics Committee, at least annually, the organisational independence of the internal audit service.

The Chief Audit Executive will disclose to the Audit & Ethics Committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

## Organisational Position and Reporting Relationships

The Chief Audit Executive will report functionally to the Audit & Ethics Committee and administratively (i.e. day-to-day operations) to the Council's s151 Officer.

In order to establish, maintain, and assure that the Council's internal audit service has sufficient authority to fulfil its duties, the Audit & Ethics Committee will:

- Approve the internal audit service's charter and mandate.
- Approve the risk-based internal audit plan.
- Receive communications from the Chief Audit Executive on the internal audit service's performance relative to its plan and other matters.
- Make appropriate inquiries of management and the Chief Audit Executive to determine whether there is inappropriate scope or resource limitations.
- The Chief Audit Executive will have unrestricted access to, and communicate and interact directly with, the Audit & Ethics Committee, including in private meetings without management present.

The Chief Audit Executive will report periodically to senior management and the Audit & Ethics Committee regarding:

- The internal audit service's purpose, authority, and responsibility.
- The internal audit service's plan and performance relative to its plan.
- The internal audit service's conformance with The Institute of Internal Auditors' (IIA) Code of Ethics and Standards, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Audit & Ethics Committee.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to the organisation.

## Scope of Internal Audit Activities

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Audit & Ethics Committee, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes at the Council. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of the Council's strategic objectives are appropriately identified and managed.
- The actions of the Council's employees and contractors are in compliance with its policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.

- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the organisation.
- Information and the means used to identify, measure, analyse, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

The Chief Audit Executive coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The internal audit service may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the internal audit service does not assume management responsibility.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

## Responsibility of Chief Audit Executive

The Chief Audit Executive has the responsibility to:

- Submit to the Audit & Ethics Committee, a risk-based internal audit plan for review and approval.
- Communicate to senior management and the Audit & Ethics Committee the impact of resource limitations on the internal audit plan.
- Review and adjust the internal audit plan, as necessary, in response to changes in the organisation's business, risks, operations, programmes, systems, and controls.
- Communicate to senior management and the Audit & Ethics Committee any significant interim changes to the internal audit plan.
- Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- Follow up on engagement findings and corrective actions, and report periodically to senior management and the Audit & Ethics Committee any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure the internal audit service collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the internal audit charter.

- Ensure trends and emerging issues that could impact the organisation are considered and communicated to senior management and the Audit & Ethics Committee as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Establish and ensure adherence to policies and procedures designed to guide the internal audit service.
- Ensure adherence to the organisation's relevant policies and procedures, unless such policies and procedures conflict with the internal audit charter. Any such conflicts will be resolved or otherwise communicated to senior management and the Audit & Ethics Committee.
- Ensure conformance of the internal audit service with the Standards, with the following qualifications:
  - If the internal audit service is prohibited by law or regulation from conformance with certain parts of the Standards, the Chief Audit Executive will ensure appropriate disclosures and will ensure conformance with all other parts of the Standards.
  - When the Standards are used in conjunction with requirements issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), the Chief Audit Executive will ensure that the internal audit service conforms with the Standards, even if the internal audit service also conforms with the additional requirements of CIPFA.

## Quality Assurance & Improvement Programme (QAIP)

The internal audit service will maintain a quality assurance and improvement programme that covers all aspects of the internal audit service. The program will include an evaluation of the internal audit service's conformance with the Standards and an evaluation of whether internal auditors apply The IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of the internal audit service and identify opportunities for improvement.

The Chief Audit Executive will communicate to senior management and the Audit & Ethics Committee on the internal audit service's quality assurance and improvement programme, including results of internal assessments (both on-going and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation.



Central Midlands  
Audit Partnership

**AGENDA MANAGEMENT SHEET**

**Report Title:** Housing Benefit Assurance Process Audit Report 2023/24

**Name of Committee:** Audit and Ethics Committee

**Date of Meeting:** 26 March 2026

**Report Director:** Chief Financial Officer

**Portfolio:** Finance and Performance, Legal and Governance

**Ward Relevance:** ALL

**Prior Consultation:** None

**Contact Officer:** Richard Moore, Revenues and Benefits Manager  
richard.moore@rugby.gov.uk

**Public or Private:** Public

**Report Subject to Call-In:** No

**Report En-Bloc:** No

**Key Decision:** No

**Corporate Priorities:** This report relates to the following priority(ies):  
 A Healthier Rugby – To support people to live healthier, longer, and more independent lives.  
 A Thriving Rugby – To deliver a thriving economy which brings Borough-wide investment and regenerates Rugby Town Centre.  
 A Greener Rugby – To protect the environment and ensure the Borough adapts to climate change.  
 A Fairer Rugby – To reduce inequalities and improve housing across the Borough.  
[Corporate Strategy 2025-2035](#)  
 This report does not specifically relate to any Council priorities but

**Summary:** This report outlines the findings of the 2023/24 Housing Benefit Subsidy Assurance Process Audit

**Local Government Reorganisation Implications:** None

**Financial Implications:** There are no financial implications for this report.

<b>Risk Management/Health and Safety Implications:</b>	There are no risk management implications for this report.
<b>Environmental Implications:</b>	There are no environmental implications for this report.
<b>Legal Implications:</b>	There are no legal implications for this report
<b>Equality and Diversity:</b>	There are no equality and diversity implications for this report.
<b>Options:</b>	None
<b>Recommendation:</b>	That the Housing Benefit Assurance Process audit relating to the 2023/24 financial year be considered.
<b>Reasons for Recommendation:</b>	There are no significant areas of concern highlighted in the report in respect of the work carried out by the team in 2023/24.

**Audit and Ethics Committee - 26 March 2026**

**Housing Benefit Assurance Process Audit Report 2023/24**

**Public Report of the Chief Officer - Finance and Performance**

**Recommendation**

To consider the Housing Benefit Subsidy Assurance Process Audit report relating to the 2023/24 financial year.

1. Executive Summary

- 1.1 This summary outlines the findings of the 2023/24 Housing Benefit Subsidy Assurance Process Audit.
- 1.2 The audit, conducted KPMG, is carried out annually on behalf of the DWP, to ensure the accuracy of the Council's HB subsidy claim of approximately £21million.
- 1.3 The audit confirms that while the councils subsidy claim is largely accurate, there were specific recurring errors in data entry, such as incorrect recording of income, misclassified expenditure and assessment errors.
- 1.4 The final report was received from KPMG in January 2026 and was significantly later than would ordinarily be expected due to lack of HBAP auditors in the arena which causes national delays.

**Name of Meeting:** Please select

**Date of Meeting:** 1 March 2025

**Subject Matter:**

**Originating Department:** Please select

**DO ANY BACKGROUND PAPERS APPLY**  YES  NO

**LIST OF BACKGROUND PAPERS**

<b>Doc No</b>	<b>Title of Document and Hyperlink</b>

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.

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Exempt information is contained in the following documents:

<b>Doc No</b>	<b>Relevant Paragraph of Schedule 12A</b>



KPMG LLP  
Consulting  
4<sup>th</sup> Floor  
EastWest  
Tollhouse Hill  
Nottingham  
NG1 5FS  
United Kingdom

### **Housing Benefit Subsidy Team**

House Delivery Division  
DWP Business Finance & Housing Delivery  
Directorate  
Room B120D  
Warbreck House  
Blackpool  
Lancashire  
FY2 0UZ

Jon Illingworth  
Section 151 Officer  
Rugby Borough Council  
Town Hall  
Evreux Way  
Rugby  
CV21 2RR

September 2025

Dear Jon,

### **Agreed-upon Procedures Report to Rugby Borough Council and the Department for Work and Pensions of factual findings in relation to the Housing Benefit Subsidy claim form MPF720A for the year ended 31 March 2024.**

#### **Purpose of this Agreed-upon Procedures Report and Restriction on Use and Distribution**

This report is produced in accordance with the terms of our engagement letter with Rugby Borough Council dated 18 June 2024, and the standardised engagement terms in Appendix 2 of Housing Benefit (Subsidy) Assurance Process (“**HBAP**”) Module 1 for year ending March 2024 issued by the Department for Work and Pensions (“**DWP**”) for the purpose of reporting to the Section 151 Officer of Rugby Borough Council (the “**Local Authority**”) and the DWP.

Our report is prepared solely for the confidential use of the Local Authority and the DWP and solely for the purpose of facilitating the claim for Housing Benefit Subsidy on form MPF720A dated 4 August 2025.

This report should not be copied, referred to or disclosed, in whole (save as otherwise permitted by the standardised engagement terms) or in part, without our prior written consent. Without assuming or accepting any responsibility or liability in respect of this report to any party other than the Local Authority and the DWP, we acknowledge that the Local Authority and/or the DWP may be required to disclose this report to parties demonstrating a statutory right to see it.

This report is designed to meet the agreed requirements of the Local Authority and the DWP as described in the DWP HBAP reporting framework instruction for financial year ending March 2024.

This report should not therefore be regarded as suitable to be used or relied on by any other party for any purpose or in any context. Any party other than the Local Authority and the DWP which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so entirely at its own risk. To the fullest extent permitted by law, we accept no responsibility or liability in respect of our work or this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by the reliance of anyone other than the addressees on our work or this report.

### **Local Authority's Responsibilities**

As Section 151 Officer of the Local Authority, you have responsibilities under the Income-related Benefits (Subsidy to Authorities) Order 1998. You are also responsible for ensuring that the Local Authority maintains accounting records which disclose with reasonable accuracy, at any time, the financial position of the Local Authority. It is also the Section 151 Officer's responsibility to extract relevant financial information from the Local Authority's accounting records, obtain relevant information held by any officer of the Local Authority and complete the attached form MPF720A in accordance with the relevant framework set out by the DWP.

The Section 151 Officer of the Local Authority and the DWP have acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Section 151 Officer is responsible for the completion of the MPF720A and is the signatory on the Local Authority's certificate on claim form MPF720A.

### **Our Responsibilities**

For the purpose of the HBAP engagement we have been provided with a signed copy of form MPF720A 2023-24 dated 4 August 2025 by the Section 151 Officer.

We conducted our engagement in accordance with HBAP Modules 1 and 6 for financial year ending March 2024 issued by the DWP, which highlight the terms under which DWP has agreed to engage with reporting accountants.

Our engagement was carried out in accordance with the DWP reporting framework instruction and in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-upon Procedures Engagements* issued by the International Auditing and Assurance Standards Board. The purpose of the engagement is to perform the specific test requirements determined by the DWP on the defined sample basis as set out in HBAP Modules of the HBAP reporting framework instruction on the Local Authority's form MPF720A dated 4 August 2025, and to report the factual findings, which are the factual results of those procedures to the Local Authority and the DWP. We make no representation regarding the appropriateness of the agreed-upon procedures.

The results of the agreed-upon procedures are reported in Appendices A, B, C and D.

The procedures specified in DWP's HBAP reporting framework instruction do not constitute an examination made in accordance with generally accepted auditing or review standards or an assurance engagement performed in accordance with any standards applicable to

assurance, the objective of which would be the expression of assurance on the contents of the Local Authority's claim for Housing Benefit Subsidy on form MPF720A. Accordingly, we do not express such assurance. Had we performed additional procedures, or had we performed an audit or review of the Local Authority's claim for Housing Benefit Subsidy on form MPF720A in accordance with generally accepted auditing or review standards or an assurance engagement performed in accordance with any standards applicable to assurance, other matters might have come to our attention that would have been reported to you. This report relates only to the Local Authority's form MPF720A and does not extend to any financial statements of the Local Authority, taken as a whole.

### **Professional Ethics and Quality Control**

We have complied with the ethical requirements in the ICAEW Code of Ethics issued by the Institute of Chartered Accountants in England and Wales. For the purpose of this engagement, there are no independence requirements with which we are obliged to comply.

The firm applies International Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Summary of HBAP report**

#### **Summary of Initial Testing**

##### **Cell 011: NHRA Rent Rebates:**

- One case where expenditure was misclassified in Cells 014 and 015 since the Local Authority used the incorrect tenancy type. See Appendix A for more details.
- Four cases where an overpayment was misclassified. See Appendix A for more details.

##### **Cell 055: HRA Rent Rebates:**

- Two cases where private pension was incorrectly calculated causing underpayments and overpayments of Housing Benefit. See Appendix A for more details.
- Two cases where an overpayment was misclassified. See Appendices A and C for more details.

##### **Cell 094: Rent Allowances:**

- Three cases where eligible rent was incorrectly calculated. See Appendix A for more details.

### **Completion of Modules**

The Specific Test Requirements set out in Module 1 Appendix 3 have been completed, including testing required by Modules 2 and 5 as detailed below.

#### **Completion of Module 2**

We have completed testing of the Module 2 and no issues were identified.

### **Completion of Module 5**

We have completed the questionnaire for the appropriate software supplier and no issues were identified.

### **Summary of testing arising from Cumulative Assurance Knowledge and Experience (“CAKE”)**

In line with the requirements of HBAP Modules we have undertaken CAKE testing based upon the preceding HBAP report. Where appropriate the Local Authority has completed testing of the sub-populations for:

- Cell 027: NHRA Misclassification of expenditure
- Cell 055: Rent Rebates Assessment of Earned Income
- Cell 055: Rent Rebates Miscalculation of Eligible Rent
- Cell 055: Rent Rebates Assessment of Pension Credit Savings
- Cell 055: Rent Rebates Assessment of Private Pension
- Cell 055: Rent Rebates Assessment of Self-Employed Income
- Cell 067: Rent Rebates Misclassification of Overpayments
- Cell 094: Rent Allowance Assessment of Child Tax Credit
- Cell 094: Rent Allowance Assessment of Earned Income
- Cell 094: Rent Allowance Miscalculation of Eligible Rent
- Cell 214/225: Modified Schemes Rent Rebates
- Cell 214/225: Modified Schemes Rent Allowance

We have re-performed a sample of the Authority’s testing and confirm the tests we have carried out concur with the Authority’s results. The results of this testing can be found in the appropriate appendix.

No errors were found in the extended testing in relation to:

- Cell 055: Rent Rebates Miscalculation of Eligible Rent
- Cell 055: Rent Rebates Assessment of Pension Credit Savings
- Cell 067: Rent Rebates Misclassification of Overpayments
- Cell 214/225: Modified Schemes Rent Allowance

As such these areas of testing are now considered closed.

For the form MPF720A dated 4 August 2025 for the year ended 31 March 2024 we have completed the specific test requirements detailed in the DWP reporting framework instruction HBAP and have identified the results set out in Appendices A, B, C and D.

Yours faithfully,

**KPMG LLP**  
*Chartered Accountants*

7<sup>th</sup> Floor  
EastWest  
Tollhouse Hill  
Nottingham  
NG1 5FS  
United Kingdom

XX September 2025

Name for enquiries: Thomas Tandy

*Attachments:*

Appendix A Exceptions/Errors found

Appendix B Observations

Appendix C Amendments

Appendix D Other Matters

## Appendix A Exceptions/Errors found

### Cell 027: NHRA Misclassification of Expenditure

Population Total: £504,431

Population: 245

Subpopulation Total: £34,685

Subpopulation: 121

Headline Cell: £504,431

The 2022/23 HBAP Accountants Report identified that the Local Authority had incorrectly assessed the classification of expenditure in Cell 027. Given the nature of the population and the errors reported in the 2022/23 HBAP Accountants Report, an additional random sample of 40 cases from Cell 027 was selected to confirm whether expenditure has been classified correctly. The additional testing identified:

- 2 cases (total combined error value £41.33) in which expenditure was incorrectly treated as a technical overpayment. The impact of these errors is that Cell 027 is overstated by £41.33 with a corresponding understatement in Cell 028. [731560 and 730730]

Our initial testing of a sample of 20 random cases from Cell 011 included 7 cases with expenditure within Cell 027 from which no errors were identified.

### Overpaid and Misclassified Expenditure

Sample	Movement / brief note of error:	Value of Subpopulation	Sample error:	Sample value:	Percentage error rate (to two decimal places):	Cell adjustment:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV X CT]
<b>Initial sample – 7 cases</b>	Cell 027: Misclassification of Expenditure	£34,685	£0	£2,573		
<b>Additional testing sample – 40 cases</b>	Cell 027: Misclassification of Expenditure	£34,685	(£41)	£12,403		
<b>Combined sample - 47 cases</b>	<b>Cell 027: Misclassification of Expenditure</b>	<b>£34,685</b>	<b>(£41)</b>	<b>£14,976</b>	<b>-0.28%</b>	<b>(£96)</b>
<b>Adjustment:</b>	Cell 027 is overstated	£34,685	(£41)	£14,976	<b>-0.28%</b>	<b>(£96)</b>
<b>Corresponding Adjustment:</b>	Cell 028 is understated					<b>£96</b>

**Cell 028: NHRA Misclassification of Expenditure**

**Population Total: £504,431**

**Population: 245**

**Subpopulation Total: £27,809**

**Subpopulation: 120**

**Headline Cell: £504,431**

Our initial testing identified that the Local Authority had misclassified expenditure in Cell 028. This initial testing identified:

- 4 cases (total combined error value £949.50) where expenditure was misclassified as an eligible overpayment rather than a technical overpayment. The result is that Cell 028 is overstated by £949.50 with a corresponding understatement of £921.61 in Cell 027, £14.74 understatement in Cell 023 and £13.15 understatement in Cell 012. [727909, 717926, 723188 and 733317]

Given the nature of the population and the errors identified in our initial testing, a random sample of 40 cases was selected to confirm whether expenditure had been correctly classified in Cell 028. The results of the additional testing identified:

- 17 errors (total combined error value £4,013.18) where expenditure had been misclassified as an eligible overpayment rather than a technical overpayment. The result is that Cell 028 is overstated by a total of £4,013.18 with a corresponding understatement in Cell 027.

## Overpaid and Misclassified Expenditure

Sample	Movement / brief note of error:	Value of Subpopulation	Sample error:	Sample value:	Percentage error rate (to two decimal places):	Cell adjustment:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV X CT]
<b>Initial sample – 8 cases</b>	Cell 028: Misclassification of Expenditure	£27,809	(£950)	£1,308		
<b>Additional testing sample – 40 cases</b>	Cell 028: Misclassification of Expenditure	£27,809	(£4,013)	£8,007		
<b>Combined sample - 4 cases</b>	<b>Cell 028: Misclassification of Expenditure</b>	<b>£27,809</b>	<b>(£4,963)</b>	<b>£9,316</b>	<b>-53.27%</b>	<b>(£14,814)</b>
<b>Adjustment:</b>	Cell 028 is overstated	£27,809	(£4,963)	£9,316	<b>-53.27%</b>	<b>(£14,814)</b>
<b>Corresponding adjustments:</b>	Cell 012 is understated					<b>£39</b>
	Cell 023 is understated					<b>£44</b>
	Cell 027 is understated					<b>£14,731</b>

### Cell 055: Rent Rebates Assessment of Private Pension

**Population Total: £5,369,027**

**Population: 1,195**

**Subpopulation Total: £995,893**

**Subpopulation: 267**

**Headline Cell: £5,369,027**

The 2022/23 HBAP Accountants Report identified that the Local Authority had incorrectly assessed private pension. Given the nature of the population and the errors reported in the 2022/23 HBAP Accountants Report, an additional random sample of 40 cases with private pensions was selected to confirm whether the assessment was correct. The additional testing identified:

- 1 case (total error value £429.12) where the private pension amount was entered incorrectly, resulting in Cell 061 being overstated by £429.12 with a corresponding understatement in Cell 065. [\[721236\]](#)
- 1 case (total error value £27.40) where private pension was incorrectly assessed, resulting in Cell 061 being underpaid by £27.40. Since there is no eligibility to subsidy for benefit which has not been paid, this case does not affect subsidy and

has not, therefore, been classified as an error for subsidy extrapolation purposes. [723397]

- 1 case where the private pension amount was mistyped by the Local Authority. This error resulted in no impact on the value of benefit paid or subsidy claimed. [702064]

In addition, this case included one period where there was insufficient supporting information to agree the pension amount. We have, therefore, been unable to assess the impact of this case upon subsidy, however as the total income is below the total applicable amounts removing this pension line has no impact on subsidy.

Our initial testing of a sample of 20 cases selected from Cell 055 identified 4 cases with private pension from which the following errors were identified:

- 1 case (total error value £0.96) where benefit was overpaid since the Local Authority input the private pension figure incorrectly resulting in an overstatement of Cell 061 by £0.96 with a corresponding understatement in Cell 065. [711478]
- 1 case where benefit was underpaid due to the incorrect assessment of private pension. The result is that Cell 061 is understated by a combined total of £1.32. As there is no eligibility to subsidy for benefit which has not been paid, these periods do not affect subsidy and have not, therefore, been classified as errors for subsidy extrapolation purposes. [707297]

This error was included in the previous year's HBAP Accountants Report.

## Overpaid Expenditure

Sample	Movement / brief note of error:	Value of Subpopulation	Sample error:	Sample value:	Percentage error rate (to two decimal places):	Cell adjustment:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV X CT]
<b>Initial sample – 4 cases</b>	Cell 055: Assessment of Private Pension	£995,893	(£1)	£18,271		
<b>Additional testing sample – 40 cases</b>	Cell 055: Assessment of Private Pension	£995,893	(£429)	£146,686		
<b>Combined sample - 44 cases</b>	<b>Cell 055: Assessment of Private Pension</b>	<b>£995,893</b>	<b>(£430)</b>	<b>£164,957</b>	<b>-0.26%</b>	<b>£2,597</b>
<b>Adjustment:</b>	Cell 061 is overstated	£995,893	(£430)	£164,957	-0.26%	(£2,597)
<b>Corresponding adjustment:</b> Cell 065 is understated <b>£2,597</b> <b>Corresponding adjustment:</b>	Cell 065 is understated					<b>£2,597</b>

### Cell 067: Rent Rebates Misclassification of Overpayments

**Population Total: £5,369,027**

**Population: 1,195**

**Subpopulation Total: £47,298**

**Subpopulation: 207**

**Headline Cell: £5,369,027**

The 2022/23 HBAP Accountants Report identified that the Local Authority had misclassified overpayments in Cell 067. Given the nature of the population and the errors reported in the 2022/23 HBAP Accountants Report, an additional random sample of 40 cases with overpayments from Cell 067 was selected to confirm whether the overpayments had been correctly classified. The additional testing identified no further errors.

Our initial testing of a random sample of 20 cases selected from Cell 055 identified 2 cases with overpayments in Cell 067, from which the following error was identified:

- 1 case where overpaid expenditure was misclassified as an eligible overpayment rather than a DWP error overpayment, resulting in an overstatement of Cell 067 by £77.92 with a corresponding understatement in Cell 063. [74013]

This error was included in the previous year's HBAP Accountants Report.

## Misclassified Expenditure

Sample	Movement / brief note of error:	Value of Subpopulation	Sample error:	Sample value:	Percentage error rate (to two decimal places):	Cell adjustment:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV X CT]
<b>Initial sample – 2 cases</b>	Cell 067: Misclassification of Overpayments	£47,298	(£78)	£182		
<b>Additional testing sample – 40 cases</b>	Cell 067: Misclassification of Overpayments	£47,298	£0	£9,542		
<b>Combined sample - 42 cases</b>	<b>Cell 067: Misclassification of Overpayments</b>	£47,298	<b>((£78))</b>	<b>£9,724</b>	<b>0.80%</b>	<b>£379</b>
<b>Adjustment:</b>	Cell 067 is overstated	£47,298	(£78)	£9,724	-0.80%	(£379)
<b>Corresponding adjustment:</b>	Cell 063 is understated					£379

### Cell 094: Rent Allowance Assessment of Earned Income

**Population Total: £6,915,531**

**Population: 1,160**

**Subpopulation Total: £394,158**

**Subpopulation: 100**

**Headline Cell: £6,915,531**

The 2022/23 HBAP Accountants Report identified that the Local Authority had incorrectly assessed earned income. Given the nature of the population and the errors reported in the 2022/23 HBAP Accountants Report, an additional random sample of 40 cases with earned income was selected to confirm whether the assessment was correct. These errors resulted in both current year and prior year overpayments. The additional testing identified:

- 1 case (total error value £24.62) where benefit is overstated since the Local Authority allowed 100% of the pension value in error. The result is that Cell 103 is overstated by £24.62 with a corresponding understatement in Cell 113. [\[724427\]](#)
- 1 case (total error value £0.27) where the Local Authority incorrectly calculated net earnings, resulting in both current year and prior year overpayments. The net impact of the current year error is to overstate Cell 103 by £0.10 with a corresponding understatement in Cell 114.

The net impact of the prior year errors is to understate Cell 121 by £0.40. [\[713752\]](#)

- 1 case (total error value £0.69) where the Local Authority mistyped a gross earnings value. The result is that Cell 102 is overstated by £0.69 with a corresponding understatement in 113.  
In addition, this case included one period where the mistype of a gross value resulted in Cell 114 being understated by £0.23 and another period where this error had no impact on the amount of housing benefit claimed. Since there is no eligibility to subsidy for benefit which has not been paid, these periods do not affect subsidy and have not, therefore, been classified as errors for subsidy extrapolation purposes. [712551]
- 1 case (total error value £7.22) where the Local Authority incorporated an earnings value which did not exist. The result is that Cells 094 and 103 are underpaid by £7.22. As there is no eligibility to subsidy for benefit which has not been paid, this case does not affect subsidy and has not, therefore, been classified as an error for subsidy extrapolation purposes. [716137]
- 1 case (total error value £18.30) where the national insurance value was mistyped resulting in an underpayment of benefit in Cells 094 and 102 by £18.30. As there is no eligibility to subsidy for benefit which has not been paid, this error does not affect subsidy and has not, therefore, been classified as an error for subsidy extrapolation purposes. [709836]

Our initial testing of a sample of 20 cases selected from Cell 094 identified 4 cases with earned income from which no errors were identified.

This error was included in the previous year's HBAP Accountants Report.

### Overpaid Expenditure

Sample	Movement / brief note of error:	Value of Subpopulation	Sample error:	Sample value:	Percentage error rate (to two decimal places):	Cell adjustment:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV X CT]
<b>Initial sample – 1 case</b>	Cell 094: Assessment of Earned Income	£394,158	£0	£13,505		
<b>Additional testing sample – 40 cases</b>	Cell 094: Assessment of Earned Income	£394,158	(£26)	£170,848		
<b>Combined sample - 41 cases</b>	Cell 094: Assessment of Earned Income	£394,158	<b>(£26)</b>	<b>£184,353</b>	<b>-0.01%</b>	<b>(£55)</b>
<b>Adjustments:</b>	Cell 102 is overstated	£394,158	(£1)	£184,353	<b>0.00%</b>	<b>(£1)</b>

	Cell 103 is overstated	£394,158	(£25)	£184,353	-0.01%	(£53)
	Cell 121 is overstated	£394,158	(£0)	£184,353	0.00%	(£0)
<b>Corresponding adjustment:</b>	Cell 113 is understated	£394,158	£25	£184,353	0.01%	£54
	Cell 114 is understated	£394,158	(£1)	£184,353	0.00%	£1

**Cell 094: Rent Allowance Miscalculation of Eligible Rent**

**Population Total: £6,915,531**

**Population: 1,160**

**Subpopulation Total: £6,915,531**

**Subpopulation: 1,160**

**Headline Cell: £6,915,531**

The 2022/23 HBAP Accountants Report identified that the Local Authority had incorrectly calculated eligible rent. Given the nature of the population and the errors reported in the 2022/23 HBAP Accountants Report, an additional random sample of 40 cases was selected to confirm whether the calculation of eligible rent was correct. The additional testing identified:

- 1 case (total error value £15.86) where the Local Authority did not increase the rent in error, resulting in an underpayment of Cells 094 and 102 by £15.86. As there is no eligibility to subsidy for benefit which has not been paid, this case does not affect subsidy and has not, therefore, been classified as an error for subsidy extrapolation purposes. [64817]

Our initial testing of a random sample of 20 cases selected from Cell 094 identified 20 cases with eligible rent 3 errors resulting in both current year and prior year overpayments were identified:

- 1 case (total error value £184.71) where the Local Authority incorrectly calculated eligible rent, resulting in an overstatement of Cell 102 by £184.71 with a corresponding understatement in Cell 113. There is no impact on cell 094.

In addition, in relation to a separate period, the miscalculation of eligible rent also resulted in an underpayment of Cells 094 and 102 by £4.46. Since there is no eligibility to subsidy for benefit which has not been paid, this case does not affect subsidy and has not, therefore, been classified as an error for subsidy extrapolation purposes. [724617]

- 1 case (total error value £8.22) where the benefit was underpaid since the Local Authority did not apply the appropriate rent increase. The result is that Cells 094 and 102 are understated by £8.22. As there is no eligibility to subsidy for benefit which has not been paid, this case does not affect subsidy and has not, therefore, been classified as an error for subsidy extrapolation purposes. [707177]

- 1 case where the incorrect assessment of rent has led to multiple errors in the assessment of housing benefit resulting in both under and overpayment of benefit. The impact of the errors made is as follows:
  - Overstatement of prior year overpaid expenditure in cell 121 of £55.54. The impact of the error is to overstate cell 121 only.
  - Overpayment of housing benefit of £30.76. The impact of the error is to overstate cell 102 with a corresponding understatement of cell 113. There is no impact on cell 094.
  - Misclassification of current year overpaid benefit in cell 114. The net impact of this error is to overstate cell 114 by £371.71, with a corresponding understatement of cell 102. There is no impact on cell 094.

This error was included in the previous year's HBAP Accountants Report.

### Overpaid and Misclassified Expenditure

Sample	Movement / brief note of error:	Cell Population Total: Cell 094	Sample error:	Sample value:	Percentage error rate (to two decimal places):	Cell adjustment:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV X CT]
<b>Initial sample – 20 cases</b>	Cell 094: Miscalculation of Eligible Rent	£6,915,531	(£)	£143,009		
<b>Additional testing sample – 40 cases</b>	Cell 094: Miscalculation of Eligible Rent	£6,915,531	(£587)	£228,123		
<b>Combined sample - 60 cases</b>	<b>Cell 094: Miscalculation of Eligible Rent</b>	£6,915,531	<b>(£587)</b>	<b>£371,132</b>	<b>-0.16%</b>	<b>(£10,938)</b>
<b>Adjustments:</b>	Cell 102 is overstated	£6,915,531	(£215)	<b>£371,132</b>	<b>-0.06%</b>	<b>(£4,006)</b>
	Cell 114 is overstated	£6,915,531	(£372)	<b>£371,132</b>	<b>-0.10%</b>	<b>(£6,932)</b>
<b>Corresponding adjustments:</b>	Cell 113 is understated	£6,915,531	£215	<b>£371,132</b>	<b>0.06%</b>	<b>£4,006</b>
	Cell 102 is understated	£6,915,531	£372	<b>£371,132</b>	<b>0.10%</b>	<b>£6,932</b>
<b>Non Corresponding adjustment:</b>	Cell 121 is overstated	£6,915,531	£56	<b>£371,132</b>	<b>0.02%</b>	<b>£1,043</b>

## Appendix B Observations

### Claim Form Testing

There was a delay in signing the claim form since the Local Authority undertook an investigation into the eligible and ineligible elements of the Independent Living service charge. The Section 151 Officer has provided the following statement:

‘Based upon the information I have received, this return is correct. However, the information that has been presented to help me sign this form may not accurately reflect guidance. We are investigating the nature and extent of any departure from the guidance and its impact on previous claims and will contact you again in due course.’

Further to the statement above and concluding our investigations regarding the HB subsidy claims 2023/2024 and 2024/2025, we can confirm that there are no concerns regarding the eligibility of the spend and the claim forms are correct.’

The Section 151 Officer agreed to sign the 2023/24 claim form on 4 August 2025.

### Cell 055: Rent Rebates Assessment of Self-Employed Income

**Population Total: £5,369,027**

**Population: 1,195**

**Subpopulation Total: £38,477**

**Subpopulation: 13**

**Headline Cell: £5,369,027**

The 2022/23 HBAP Accountants Report identified that the Local Authority had incorrectly assessed self-employed income. Given the nature of the population and the errors reported in the 2022/23 HBAP Accountants Report, an additional sample of 100% of cases with self-employed income was selected from Cell 055 to confirm whether self-employed income had been correctly assessed. This additional testing identified:

- 1 case (total case value £5,077) where self-employed income was incorrectly assessed due to incorporating a value which cannot be justified. This error had no impact upon Cells 055 and 061. As there is no eligibility to subsidy for benefit which has not been paid, this case does not affect subsidy and has not, therefore, been classified as an error for subsidy extrapolation purposes. [701813]

Our initial testing of a random sample of 20 cases selected from Cell 055 identified 1 case with self-employed income from which no errors were identified.

This error was included in the previous year’s HBAP Accountants Report.

**Cell 094: Rent Allowance Assessment of Child Tax Credit**

**Population Total: £6,915,531**

**Population: 1,160**

**Subpopulation Total: £329,942**

**Subpopulation: 88**

**Headline Cell: £6,915,531**

The 2022/23 HBAP Accountants Report identified that the Local Authority had incorrectly assessed child tax credit. Given the nature of the population and the errors reported in the 2022/23 HBAP Accountants Report, an additional random sample of 40 cases was selected to confirm whether the assessment of child tax credit was correct. The additional testing identified:

- 1 case (total error value £1,041.03) where the Local Authority underpaid benefit as they did not use the most up-to-date child tax credit figures available. The result is that Cell 102 is understated by £1,041.03. As there is no eligibility to subsidy for benefit which has not been paid, this case does not affect subsidy and has not, therefore, been classified as an error for subsidy extrapolation purposes. [711843]

Our initial testing of a random sample of 20 cases selected from Cell 094 included no cases with child tax credit and, therefore, no errors were identified.

This error was included in the previous year's HBAP Accountants Report.

## Appendix C Amendments

### HBAP Module 1 – test 4

Our review of the in-year reconciliation cells has identified a difference in relation to cells 011 and 037, as outlined in the table below:

Cell Number	Cell Value (£)
011 – Non HRA Total Expenditure	£504,431
Cell 037 – Non HRA In Year Reconciliation	£504,578
Difference (£)	£147

The Authority have investigated the difference and identified that an omission has been made from cell 011 (Non HRA Total Expenditure). Expenditure in cell 011 should be £504,578.

Cell 011 has been amended in the final claim form dated XXX, and as a result, cells 011 and 037 are now in balance.

#### **Cell 014/015: NHRA Misclassification of Expenditure**

**Population Total: £504,431**

**Population: 245**

**Subpopulation Total: £169,323**

**Subpopulation: 90**

**Headline Cell: £504,431**

Our initial testing identified that the Local Authority had misclassified expenditure in Cells 014 and 015 due to using the incorrect tenancy type. The initial testing identified:

- 1 case (total error value £2,793.32) where the Local Authority had applied the incorrect property type. The result is that Cell 014 is overstated by £2,463.30 and Cell 015 by £330.02 with a corresponding understatement of £2,793.32 in Cell 023. [717534]

Given the nature of the population and the errors identified in our initial testing, a 100% sample was selected from Cells 014 and 015 to confirm whether the correct tenancy type had been applied. The additional testing identified:

- 3 cases (total combined error value £1,982.70) where expenditure was incorrectly classified as short-term leased and self-contained licensed accommodation when this should have been other NHRA expenditure attracting full-rate subsidy. The result is that Cell 014 is overstated by £1,690.74 and Cell 015 by £291.96 with a corresponding understatement of £1,982.70 in Cell 023. [734883, 734359 and 724745]
- 1 case (total error value £2,335.75) where the claim was misclassified as NHRA tenure when the expenditure was attributable to a private property. The result is that Cell 011 is overstated by £2,335.75, Cell 014 by £664.64 and Cell 015 by

£1,671.11 with a corresponding understatement of £2,335.75 in Cells 094 and 102. [729871]

The impact of the errors identified above are reflected in the amendment made to Form MPF720A dated XXX.

**Cell 055: Rent Rebates Assessment of Earned Income**

**Population Total: £5,369,027**

**Population: 1,195**

**Subpopulation Total: £77,793**

**Subpopulation: 35**

**Headline Cell: £5,369,027**

The 2022/23 HBAP Accountants Report identified that the Local Authority had incorrectly calculated earned income. Given the nature of the population and the errors reported in the 2022/23 HBAP Accountants Report, a 100% sample of cases with earned income from Cell 055 was selected to confirm whether earned income had been calculated correctly. The additional testing identified:

- 1 case (total error value £0.70) where earned income was incorrectly assessed due to a typographical error. The result is that Cell 061 is overstated by £0.70 and Cell 065 is understated by a corresponding amount. [717912]
- 1 case (total error value £10.64) where earned income was incorrectly assessed since the Local Authority incorrectly treated a national insurance refund as a deduction. The result is that Cell 061 is overstated by £10.64 with a corresponding understatement in Cell 065.

In addition, this case also identified one period where the incorrect assessment of earned income above resulted in Cell 067 being understated by £10.64 and a separate period where the error had no impact on subsidy. Since there is no eligibility to subsidy for benefit which has not been paid, these periods do not affect subsidy and have not, therefore, been classified as errors for subsidy extrapolation purposes. [721234]

- 1 case (total error value (£0) where earned income was incorrectly assessed since the Local Authority applied a pension deduction which was too high. There was no impact on Cells 055 and Cell 061. [11051]
- 1 case (total error value £1.68) where earned income was incorrectly assessed since the Local Authority mistyped a value. The result is that Cell 072 is understated by £1.68. [714753]

Our initial sample of 20 random cases from Cell 055 identified 1 case with earned income from which no errors were identified.

This error was included in the previous year's HBAP Accountants Report.

The impact of the errors identified above are reflected in the amendment made to Form MPF720A dated XXX.

### **Cell 066: Rent Rebates Misclassification of Overpayments**

**Population Total: £5,369,027**

**Population: 1,195**

**Subpopulation Total: £2,467**

**Subpopulation: 12**

**Headline Cell: £5,369,027**

Our initial testing identified that the Local Authority had misclassified expenditure in Cell 066. The initial testing identified:

- 1 case (total error value £36.61) where expenditure in Cell 066 was misclassified as a technical overpayment rather than an eligible claimant error overpayment, resulting in an overstatement of Cell 066 by £36.61 with a corresponding understatement in Cell 067. [707297]

Given the nature of the population and the errors identified in our initial testing, a sample of 100% of cases from Cell 066 was selected to confirm whether expenditure had been classified correctly. The additional testing identified:

- 3 cases (total combined error value £701.46) where expenditure was misclassified as a technical overpayment rather than an eligible claimant error overpayment despite the Local Authority inputting the incorrect tenancy end date. The result is that Cell 066 is overstated by a total of £701.46 with a corresponding understatement in Cell 067. [10061, 722109 and 731307]

The impact of the errors identified above are reflected in the amendment made to Form MPF720A dated XXX.

### **Cell 214/225: Modified Schemes Rent Rebates**

**Population Total: £5,369,027**

**Population: 1,195**

**Subpopulation Total: £5,921**

**Subpopulation: 3**

**Headline Cell: £5,369,027**

The 2022/23 HBAP Accountants Report identified that the Local Authority had incorrectly uprated war pension expenditure in Cells 214 and 225. Given the nature of the population and the errors reported in the 2022/23 HBAP Accountants Report, a 100% sample was selected from Cells 214 and 225 to confirm whether war pension expenditure had been correctly uprated. The additional testing identified:

- 1 case where war disablement pension was incorrectly uprated resulting in an overstatement of Cells 214 and 225 by £7.71 with a corresponding understatement in Cells 055 and 061. [8211]
- 1 case where war disablement pension was incorrectly uprated. This error resulted in no impact to the value of expenditure in Cells 214 and 225. Since there is no eligibility to subsidy for benefit which has not been paid, this case does not affect subsidy and has not, therefore, been classified as an error for subsidy extrapolation purposes. [723240]

This error was included in the previous year's HBAP Accountants Report.

The impact of the errors identified above are reflected in the amendment made to Form MPF720A dated XXX.

## **Appendix D Other Matters**

No other matters identified in 2023/24.

**AGENDA MANAGEMENT SHEET**

**Report Title:** Update on Standards - complaints, reappointment of Independent Persons and procedure for investigating complaints

**Name of Committee:** Audit and Ethics Committee

**Date of Meeting:** 26 March 2026

**Report Director:** Monitoring Officer

**Portfolio:** Finance and Performance, Legal and Governance

**Ward Relevance:** No

**Prior Consultation:** No

**Contact Officer:** John Murphy, Chief Officer, Legal & Governance, Monitoring Officer

**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):  
 A Healthier Rugby – To support people to live healthier, longer, and more independent lives.  
 A Thriving Rugby – To deliver a thriving economy which brings Borough-wide investment and regenerates Rugby Town Centre.  
 A Greener Rugby – To protect the environment and ensure the Borough adapts to climate change.  
 A Fairer Rugby – To reduce inequalities and improve housing across the Borough.  
[Corporate Strategy 2025-2035](#)  
 This report does not specifically relate to any Council priorities but

**Summary:** To update on Standards complaints.

**Financial Implications:** There are no direct costs incurred.

**Local Government Reorganisation implications:** None.

<b>Risk Management/Health and Safety Implications:</b>	There are none.
<b>Environmental Implications:</b>	None
<b>Legal Implications:</b>	As detailed in the report.
<b>Equality and Diversity:</b>	The Council has duly considered the relevant Equality and Diversity implications, and none are directly arising.
<b>Options:</b>	As detailed in the report
<b>Recommendation:</b>	As detailed in the report
<b>Reasons for Recommendation:</b>	As detailed in the report

Please select - 26 March 2026

**Update on Code of Conduct Complaints**

**Public Report of the Monitoring Officer**

**Recommendations:**

1. To note the update on the Code of Conduct complaints.

**1. Update on Code of Conduct Complaints**

**Executive Summary**

1.To update the Audit & Ethics Committee on complaint cases regarding alleged breaches of the Code of Conduct.

**Recommendations**

2. That the Audit & Ethics Committee note the progress of any outstanding complaints.

**Details**

3. Progress since the last meeting in relation to Code of Conduct complaints is set out in the below table

<b>Ref</b>	<b>RBC/Parish</b>	<b>Allegation/Complaint</b>	<b>Outcome</b>
MO2/25	RBC	Member actions at public event. Subject responding to the allegations.	Matter continues.
MO5/25	RBC	Historic allegations regarding behaviour of member when visiting a private dwelling. Independent Person recommended no further action. Monitoring Officer agreed with Independent Person. All parties informed.	Matter closed.

MO6/25	Shilton & Barnacle PC	Alleged unacceptable language used towards member of the public. Subject is responding to the complaint.	Matter ongoing.
MO7&8 (conjoined)	RBC & Brinklow PC	Alleged unacceptable language and behaviour at public meeting. Subjects are responding to the complaints.	Matter ongoing.

## Implications

4. In the writing of this report, taking into account financial, legal, staffing, risk, equality and diversity, climate change, and any other key issues, there are no significant implications.

## Background Papers

Constitution – Code of Conduct #1 – [Constitution - part four: Codes of conduct and complaints - Rugby Borough Council](#)

## Background Papers

Code of Conduct Complaints Procedure - #6 [Constitution - part four: Codes of conduct and complaints - Rugby Borough Council](#)

Report Author: John Murphy – Chief Officer Legal & Governance (Monitoring Officer)

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Telephone: 07522 61961

**Name of Meeting:** Audit and Ethics Committee

**Date of Meeting:** 26 March 2026

**Subject Matter:** Code of Conduct complaints - update

**Originating Department:** Legal and Governance

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

**LIST OF BACKGROUND PAPERS**

<b>Doc No</b>	<b>Title of Document and Hyperlink</b>
1	RBC Constitution – weblink in report

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.

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Exempt information is contained in the following documents:

<b>Doc No</b>	<b>Relevant Paragraph of Schedule 12A</b>