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Steve Atkinson MA(Oxon) MBA FIoD FRSA
Chief Executive

Date: 01 April 2015

Hinckley & Bosworth
Borough Council

A Borough to be proud of

**To: Members of the Finance, Audit & Performance
Committee**

Miss DM Taylor (Chairman)
Mr JS Moore (Vice-Chairman)
Mr PR Batty
Mrs R Camamile

Mr PAS Hall
Mrs L Hodgkins
Mr K Morrell

Copy to all other Members of the Council

(other recipients for information)

Dear Councillor,

There will be a meeting of the **FINANCE, AUDIT & PERFORMANCE COMMITTEE** in the De Montfort Suite - Hub on **MONDAY, 13 APRIL 2015** at **6.30 pm** and your attendance is required.

The agenda for the meeting is set out overleaf.

Yours sincerely

A handwritten signature in black ink, appearing to read 'R Owen'.

Rebecca Owen
Democratic Services Officer

A G E N D A

1. APOLOGIES AND SUBSTITUTIONS
2. MINUTES OF PREVIOUS MEETING (Pages 1 - 4)
To confirm the minutes of the meeting of the Finance Audit & Performance Committee held on 23 February 2015.
3. ADDITIONAL URGENT BUSINESS BY REASON OF SPECIAL CIRCUMSTANCES
To be advised of any additional items of business which the Chairman decides by reason of special circumstances shall be taken as matters of urgency at this meeting.
4. DECLARATIONS OF INTEREST
To receive verbally from members any disclosures which they are required to make in accordance with the Council's code of conduct or in pursuance of Section 106 of the Local Government Finance Act 1992. **This is in addition to the need for such disclosure to be also given when the relevant matter is reached on the Agenda.**
5. QUESTIONS
To hear any questions in accordance with Council Procedure Rule 10.
6. INTERNAL AUDIT PROGRESS REPORT (Pages 5 - 26)
Report of CW Audit.
7. INTERNAL AUDIT ANNUAL REPORT (Pages 27 - 36)
Report of CW Audit.
8. EXTERNAL AUDIT UPDATE (Pages 37 - 44)
Report of PWC.
9. DRAFT ANNUAL AUDIT PLAN (Pages 45 - 68)
Report of the Head of Internal Audit.
10. PERFORMANCE MANAGEMENT UPDATE - 3RD QUARTER (Pages 69 - 78)
Report of the Deputy Chief Executive (Corporate Direction).
11. SERVICE REVIEW - CULTURAL SERVICES (Pages 79 - 82)
Report of the Deputy Chief Executive (Community Direction).
12. REVENUES & BENEFITS PERFORMANCE - FOLLOW-UP (Pages 83 - 88)
Report of the Deputy Chief Executive (Corporate Direction).
13. SECTION 106 CONTRIBUTIONS RECOVERY PROCESS (Verbal Report)
Verbal update in response to request at previous meeting.
14. ANY OTHER ITEMS OF BUSINESS WHICH THE CHAIRMAN DECIDES HAVE TO BE DEALT WITH AS MATTERS OF URGENCY

15. MATTERS FROM WHICH THE PUBLIC MAY BE EXCLUDED

To consider the passing of a resolution under Section 100A(4) of the Local Government Act 1972 excluding the public from the undermentioned item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 1, 6 and 10 of Schedule 12A of the 1972 Act.

16. FRAUD & CORRUPTION UPDATE (Pages 89 - 102)

Report of the Deputy Chief Executive (Corporate Direction).

Agenda Item 2

HINCKLEY AND BOSWORTH BOROUGH COUNCIL

FINANCE, AUDIT & PERFORMANCE COMMITTEE

23 FEBRUARY 2015 AT 6.30 PM

PRESENT: Miss DM Taylor - Chairman
Mr JS Moore – Vice-Chairman

Mrs R Camamile, Mr PAS Hall, Mrs L Hodgkins and Mr K Morrell

Officers in attendance: Ilyas Bham, Rebecca Owen and Katherine Plummer

394 APOLOGIES AND SUBSTITUTIONS

Apologies were submitted on behalf of Councillor Batty.

395 MINUTES OF PREVIOUS MEETING

It was moved by Councillor Camamile, seconded by Councillor Hall and

RESOLVED – the minutes of the meeting held on 12 January 2015 be confirmed and signed by the Chairman.

396 DECLARATIONS OF INTEREST

No interests were declared at this stage.

397 EXTERNAL AUDIT PLAN 2014/15

Alison Breadon of PricewaterhouseCoopers LLP presented the External Audit Plan 2014/15.

Councillor Moore arrived at 6.37pm.

Discussion took place on the de minimis threshold for reporting unadjusted misstatements which was recommended at £43,850 for the 2014/15 audit as the industry standard of 5% of overall materiality. Members were reminded that they had set the threshold at a lower figure of £25,000 for the current year. It was noted that, where fraud or other illegality was identified, this would be reported regardless of the figure. Whilst officers explained that there were not usually any unadjusted misstatements anyway, members requested that the threshold be retained as £25,000.

During presentation of and discussion on the remainder of the report, the following points were raised:

- The robust arrangements in place to identify and deal with fraud
- Non-audit work set out in the report
- A forthcoming report on assessment and risks associated with PWC having tendered to take on the internal audit service despite being outside of the year being audited.

RESOLVED –

- (i) the report be noted;
- (ii) the threshold for reporting unadjusted misstatements be set at £25,000.

398 GRANT CERTIFICATION REPORT

The Committee was presented with a report of the external auditor which provided an overview of the results of the certification work undertaken to 31 March 2014. It was reported that benefits was a complex area and as such some errors had been found in the sample that had been taken. It was explained that most were simple errors that had been corrected immediately with no impact on the customer. It was requested that the Revenues & Benefits Partnership Manager provides a monitoring report to show the errors.

RESOLVED – a report on benefit claim processing be provided to the next meeting.

399 INTERNAL AUDIT PROGRESS REPORT

Tim Ridout of CW Audit presented the audit progress report. The audits around empty council-owned residential and commercial properties, business rates fraud, financial systems, the Leisure Centre construction contract, electoral registration and building security were summarised. Members asked whether the safety of members and officers in the Council Chamber during public meetings had been reviewed, and in response it was suggested that the Estates and Asset Manager be requested to respond to the matter.

RESOLVED – the report be noted.

400 SERVICE PERFORMANCE REVIEW - RESOURCES

Members were provided with an update on the financial, performance and risk position of Finance, Estates and Asset Management, ICT and Revenues & Benefits. It was noted that some targets in Finance, Estates and Revenues & Benefits were not currently being met but that those in Finance would hopefully do so by the year end. A member highlighted the inclusion in the report of provision for customers to pay council tax over 12 months instead of ten and asked how residents were informed of this. It was agreed that a response on this point would be provided to members.

RESOLVED – the report be noted.

401 REVENUE AND CAPITAL OUTTURN - 3RD QUARTER 2014/15

The Committee was informed of the revenue and capital outturn at the end of the third quarter of 2014/15. It was reported that savings were still being forecast on the general fund and a small overspend on the Housing Revenue Account.

RESOLVED – the report be noted.

402 TREASURY MANAGEMENT - 3RD QUARTER

The Committee was informed of the Council's treasury management activity to 31 December 2014 and the above average overall return. Members were reminded that officers were constantly looking at the best ways of investing.

RESOLVED – the report be noted.

403 BUSINESS RATES & POOLING UPDATE

The Committee was informed of business rates performance for 2014/15 and was provided with an update on pooling arrangements for 2015/16. It was noted that at the end of November it was forecast that £145,000 in NNDR would be retained. With regard to the pool, members were informed that it would be reinstated which meant that the money would remain in Leicestershire and that we had a representative on the Resource Board so there was district representation to ensure use of some of the money in the districts.

RESOLVED – the report be noted.

404 AGED DEBT UPDATED - 3RD QUARTER

Members were informed of the position on sundry debts, particularly that the debt continued to decrease. Concern was expressed regarding the outstanding debt in relation to bonds given to those who would otherwise become homeless, and in response officers explained that due to the nature of the debt there was a risk of non-payment, and that it would not be in the spirit of the Anti-poverty Strategy to chase the debtors. A member asked if landlords could be informed at the time of letting their property if the tenant has a bond provided by the local authority with the agreement that they return it to HBBC at the end of the tenancy. It was agreed that this be investigated.

RESOLVED – the report be noted.

405 WORK PROGRAMME

Following consideration of the work programme for the remainder of the municipal year, members requested that robust finance training be provided for members following the election in May 2015, and also asked whether members currently paid tax on their mileage allowances. It was agreed that a response would be provided on this outside of the meeting.

(The Meeting closed at 7.30 pm)

CHAIRMAN

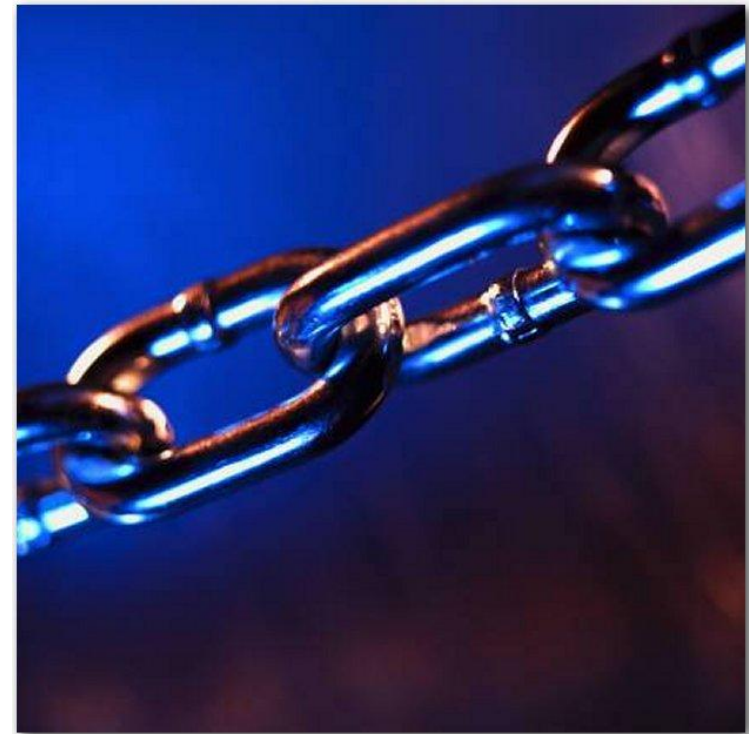
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Hinckley & Bosworth Borough Council

Internal Audit Progress Report 2014/15

April 2015

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Agenda Item 6

1. Introduction

This report summarises the work of Internal Audit for 2014/15 alongside our annual Head of Internal Audit opinion. The purpose of the report is to update the Committee on delivery of the 2014/15 audit plan and key issues arising.

2. Progress summary

The internal audit plan for the 2014/15 year totals 323.5 days (including work in relation to Leicestershire Revenues & Benefits Partnership (LRBP) systems and total days carried forward from 2013/14). Section 5 provides details of all the audit assignments included in the 2014/15 year. We have completed our planned work in time for provision of our annual internal audit opinion to support the Council's Annual Governance Statement, other than in relation to two reviews agreed with management that we would not complete, and these have not of course been charged for.

3. Summary of reviews completed

The following reviews have been completed and final reports agreed with management since the last meeting of this Committee. The tables below set out summaries of the outcomes and any high or medium risk issues raised, and agreed actions to address them.

Review	Summary	Level of assurance				
Main Accounting	This audit examined the arrangements for administering key controls with regards to the Council's general ledger system. A Significant Assurance Opinion was provided, with 3 low level recommendations made. The individual level of assurance for each system control objective reviewed is provided below.	Significant				
System control objective	Level of Assurance					
	Full	Significant	Moderate	Limited	No	
1. All input (including feeder systems) is properly controlled and verified and processing is complete, accurate and timely.		✓				
2. All output is appropriate and enables the production of accurate final accounts.	✓					
3. Access to system functions is restricted to authorised personnel and the security and integrity of the system is maintained.	✓					

Review	Summary	Level of assurance				
Housing Allocations	This audit examined the key control objectives relating to compliance with, and delivery of, the Council's Housing Allocations Policy. A Significant Assurance Opinion was provided, with 4 medium and 1 low level recommendations made. The individual level of assurance for each system control objective reviewed is provided below.	Significant				
System control objective	Level of Assurance					
	Full	Significant	Moderate	Limited	No	
1. Approved, current Allocations Policy and supporting procedures are in place.	✓					
2. Arrangements for receiving applications, assessing and banding applicants ensure compliance with allocations/CBL policy and procedures.		✓				
3. Arrangements for allocating properties to prospective tenants ensure compliance with policy, ie take proper account of the prospective tenants band and the suitability of the properties in question.		✓				
4. Management has ongoing assurance that the policy is complied with in respect of the above control objectives.		✓				

The 4 medium level recommendations, and management responses, are as follows:

System Control Objective 2: Arrangements for receiving applications, assessing and banding applicants ensure compliance with allocations/CBL policy and procedures.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
<u>2.1 Annual Review of Applications</u>	The Council used to conduct annual renewals of applications but has not done so since 2010. Annual reviews would enable the Council to ensure applicants are still in the correct category of housing (identifying any who no longer meet eligibility criteria). We do note however that the policy confirms that it is the home seekers' responsibility to keep the Council informed of any changes to their housing circumstances.	Applicants may not be assessed as the correct priority and so miss out on housing opportunities. Opportunity to deal more efficiently with applications.	3	Officers should consider reinstating an annual review of applicants' circumstances.	The Housing options manager in recently reviewing the service had proposed to reinstate the annual renewal process.	Housing Options Officer	September 2015

System Control Objective 3: Arrangements for allocating properties to prospective tenants ensure compliance with policy, ie take proper account of the prospective tenants band and the suitability of the properties in question.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
<u>3.1 Visits to Applicants</u>	There is a requirement for applicants to provide information regarding the condition of their current accommodation and any medical conditions. This information is not always provided and so cannot be taken into account when reviewing the housing application. A visit to applicants as part of the registration process would enable housing officers to appropriately assess living conditions, the standard of accommodation and extent of any issues affecting the housing support required.	The true extent of an applicant's circumstances may not be known and priority level not assessed adequately.	3	Officers should consider increasing the number of visits made to new applicants to enable the matters referred to, to be addressed.	The Housing options manager after recently reviewing the service has instigated visits for applications for those with a welfare or medical need. This is to be further considered to visit every new applicant to discuss housing options if capacity allows.	Housing Options Manager	Implemented with further improvements to be implemented by December 2015

System Control Objective 4: Management has ongoing assurance that the policy is complied with in respect of the above control objectives

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
<u>4.2 Assurance processes</u>	There is no management/supervisory assurance process to review officer assessments of applications and banding decisions, allocations to properties or nominations to Housing Associations.	Assessments of applications, banding decisions, allocations of properties and nominations to Housing Associations may not be done correctly or consistently.	3	An assurance process should be introduced to review samples of officer assessments of applications and banding decisions, allocations to properties and nominations to Housing Associations.	Housing Options manager to introduce a check of a sample of officers assessments and discuss at one to ones.	Housing Options Manager	July 2015

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
4.3 Compliance with policies around advertising properties	<p>The allocations policy states that - "Up to 10% of general needs vacancies and a minimum of 10% of sheltered vacancies from each district will be advertised across the sub-region. Anyone who is a home seeker on any of the seven Councils housing registers in this sub-region can be considered for these properties."</p> <p>The system has no standard reports to enable management information to be produced to monitor either of these policy requirements, and thus the Council is not currently in a position to know if it is complying.</p>	The Council may not comply with policies around advertising to the sub-region.	3	Management information should be produced to enable officers to monitor the advertising of vacancies to ensure that the policies relating to the advertising of properties in the sub-region are adhered to.	To be discussed at Subregional CBL group as this should be monitored subregionally. To report and review as necessary.	Housing Options Manager	July 2015

Review	Summary	Level of assurance				
Housing Repairs and Maintenance	This audit examined the effectiveness of arrangements for recording, maintaining and using key housing stock condition data and administering the associated IT system, a focus requested by management. A Moderate Assurance Opinion was provided, with 3 high level recommendations made. The individual level of assurance for each system control objective reviewed is provided below.	Moderate				
System control objective	Level of Assurance					
	Full	Significant	Moderate	Limited	No	
1. The Council has efficient and effective processes for recording and updating housing stock condition data on the Integrator system and the Orchard system.			√			
2. Adequate staff capacity and skill is in place to administer and manage the Integrator system.			√			
3. Robust and effective arrangements are in place for producing timely, useful, complete and accurate information from Integrator to inform the Capital Programme and HRA Business Plan and its review.			√			

The 3 high level recommendations, and management responses, are as follows:

System Control Objective 1: The Council has efficient and effective processes for recording and updating housing stock condition data on the Integrator system and the Orchard system / System Control Objective 3: Robust and effective arrangements are in place for producing timely, useful, complete and accurate information from Integrator to inform the Capital Programme and HRA Business Plan and its review.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
1.1 Stock Condition Data	<p>A 20% stock condition survey was carried out in 2012 by Savills who input the data into the Integrator System and extrapolated it across the other properties depending on property architypes and location. The Asset Maintenance Surveyor was recruited in 2012 to work alongside Savills and was responsible for updating and reconciling the Orchard and Integrator Systems. He left in October 2014. From his files, there is no evidence that the two systems were regularly reconciled.</p> <p>Audit testing of a sample of planned major works carried out during 2012/13 and 2013/14 found that:</p> <ul style="list-style-type: none"> 2012/13 - 10/15 jobs had not been updated on the attributes tab of the Orchard System and 6/15 had not been updated on the Integrator System. 2013/14 - 11/15 jobs had not been updated on the attributes tab of the Orchard System and 8/15 had not been updated on the Integrator System. 	Out of date / incomplete information shown on the systems.	2	<p>a) An exercise should be carried out to ensure that all planned major works have been correctly recorded on the Integrator System.</p> <p>b) Reconciliations of the two systems should be carried out on a regular basis.</p>	Accepted.	Julie Kenny	<p>June 2015</p> <p>Commencing June 2015 once all works have been entered onto Integrator</p>

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
<u>1.2 Capital Programme – Underlying Assumptions</u>	<p>The Council maintains a list of how often various elements of the housing stock should be replaced e.g. roofs every 70 years, kitchens every 25 years.</p> <p>The Asset Maintenance Surveyor was responsible for producing the reports from the Integrator System showing when various elements of major works are required. Although he left in October 2014, his files and reports have been retained.</p> <p>It was noted that there is a difference between the number due for major works shown on the Integrator system and the number budgeted for in the capital programme for 2014/15. It is understood that this is to smooth the peaks and troughs over the years and due to certain assumptions being made. However, these assumptions have not been formally documented.</p>	The capital programme may not be adequate to maintain properties to the required standard.	2	Any underlying assumptions that provide the basis for the capital programme should be formally documented.	Accepted. Detailed notes of the process will be included as part of the next budget setting process.	Julie Kenny	October 2015

System Control Objective 2: Adequate staff capacity and skill is in place to administer and manage the Integrator system.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
<u>2.1 Integrator System Administration</u>	The Integrator system was purchased in 2010 and is used to record the condition of the Council's housing stock. It is due to become unsupported later in the year and the Council needs to decide whether to purchase the new browser based system either with or without an interface to the Orchard system or whether to use an Orchard module for stock condition.	Absence of skill in using the main stock condition system.	2	An Integrator Systems Administrator should be nominated and consideration given to sourcing training to enable them to input data into the system and to extract information for planning and budgeting purposes.	<p>Accepted. The Service's Super User for Orchard will become the System Administrator for Integrator and training sourced.</p> <p>The replacement Housing Repairs Investment Manager will</p>	Julie Kenny	April 2015

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
	<p>At present any work done to a property needs to be updated in the Integrator system and the Orchard system manually/separately as there is no interface.</p> <p>There is currently no Systems Administrator in post following the departure of the Asset Maintenance Surveyor in October 2014. Five members of staff have access to the system but do not use it on a daily basis and feel that they do not have sufficient knowledge of the system to interrogate it and run the reports necessary to aid planning and budgeting.</p> <p>It is understood that the Housing Repairs Manager is due to leave in March 2015 and his replacement due to be recruited in February 2015. One of the requirements of the job will be to fulfil the role of the previous Asset Maintenance Surveyor.</p>				start with the service on 20 th April 2015 and is being tasked with the development of the Asset Management Strategy and procurement of a replacement Asset Maintenance system.		

Review	Summary	Level of assurance				
Asset Control	This audit was requested by management, and examined the arrangements for ensuring security of portable, valuable grounds maintenance and street cleaning assets based at Jubilee House site. A Significant Assurance Opinion was provided, with 2 medium and 4 low level recommendations made. The individual level of assurance for each system control objective reviewed is provided below.	Significant				
System control objective	Level of Assurance					
	Full	Significant	Moderate	Limited	No	
1. Valuable portable equipment is securely stored whilst at the depot.		√				
2. Suitable asset controls operate in relation to the issue and return of valuable portable equipment from store to employees and back into store.		√				
3. Such equipment is securely retained whilst away from the depot		√				
4. The Council has assurance that all expected equipment is in its possession at any given time.			√			

The 2 medium level recommendations, and management responses, are as follows:

System Control Objective 1: Valuable portable equipment is securely stored whilst at the depot.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
1.1 Key Register	Portable equipment is stored in the following locations: <ul style="list-style-type: none"> • locked cage at the depot, Jubilee House • locked yard at the depot, Jubilee House • locked garage at Hollycroft Park • 2nd chapel building at the cemetery A number of staff hold keys to the various locations but a key register is not maintained.	Lack of accountability.	3	A key register should be maintained, and staff should be required to sign for keys in their possession.	Agree, Key Register to be reviewed and maintained by Street Scene Services Team. Three sites Jubilee Building Hollycroft Park Ashby Rd Cemetery	Tony Cunnington Jackie Lee	3 months (end of May 2015) / ongoing

System Control Objective 4: The Council has assurance that all expected equipment is in its possession at any given time.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
4.2 Stock Write-Off	<p>A Machine Log Spreadsheet records all assets and highlights any that are missing, stolen or have been scrapped. The spreadsheet is updated following stock checks and Machine Details Sheets completed to record the details of any to be written-off.</p> <p>We undertook an exercise to ensure that Machine Details Sheets had been completed for all items noted as missing or stolen and that notes adequately detailed incidents, investigations carried out, conclusions reached and actions taken.</p> <p>Sheets had only been completed for 7/17 items listed as missing or stolen and none had been signed by the relevant manager.</p>	<p>Lack of audit trail</p> <p>Missing items not adequately investigated</p>	3	<p>a) Machine Details Sheets should be completed for all assets noted as missing, stolen or decommissioned and should adequately detail investigations carried out, conclusions reached and actions taken.</p> <p>b) Sheets should be signed by the Green Spaces Manager approving the write-off.</p>	<p>Agree to recommendation</p> <p>Agree to recommendation</p>	<p>Tony Cunnington</p> <p>Ian Pinfold</p>	3 months (end of May 2015)

Review	Summary	Level of assurance				
Development Management	This audit examined the Council's arrangements for operation of, and compliance with, planning policy and procedures, and the processing of applications and associated income. A Significant Assurance Opinion was provided, with 5 medium and 3 low level recommendations made. The individual level of assurance for each system control objective reviewed is provided below.	Significant				
System control objective	Level of Assurance					
	Full	Significant	Moderate	Limited	No	
1. The Council has a planning policy and supporting procedures in place to ensure that development complies with national, regional and local requirements.		√				
2. Planning applications are accurately processed and approved in a timely manner in line with Council policy.		√				
3. All planning fee income is collected accurately, promptly and in full.	√					
4. The integrity of the planning system is maintained.		√				
5. Accurate, relevant and timely management information is produced and reported appropriately.	√					

The 5 medium level recommendations, and management responses, are as follows:

System Control Objective 2: Planning applications are accurately processed and approved in a timely manner in line with Council policy.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
<u>2.1 Receipt of applications</u>	It was noted that the field on Uniform for the date that the application is received records the validation date rather than the date that the application is received. Although the QMC does record this information, the absence of this date on Uniform makes monitoring delays between receipt of the application and validation difficult to achieve.	Difficult to monitor delays in validating applications.	3	The date that applications are received should be recorded on Uniform and should be clearly distinguishable from the date validated.	Actions have already been taken to deal with this issue. The received date will be used in both Uniform and Anite to register the date applications are received.	Simon Atha, Principal Planning Officer	Already commenced. All systems and process updated to reflect changes by September 2015.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
<u>2.2 Processing times</u>	<p>The processing times for the various stages of planning application from initial receipt through to determination were reviewed for a sample of 15 applications chosen at random from the period April 2014 to January 2015. The purpose of the review was to establish whether there are any delays or inefficiencies in the existing process that could be addressed by the current move towards involving Planning Officers at the earliest available opportunity in the process. The following issues were noted:</p> <ul style="list-style-type: none"> • one application was not allocated to a Technician until 13 days after its receipt. The time taken from receipt to allocation of a Technician could not be determined in three other instances due to at least one of the dates not being recorded. • The sample included 9 applications that were initially invalid. In four instances delays ranging between 8 and 15 days were noted from the time that the Technician received the application to the date that invalid letters were sent out. • 3 applications were noted where delays ranging between 30 and 37 days between date validated to date published on weekly list. • 4 applications were noted where delays between 10 and 30 days were apparent between date of validation and date of allocation to a case officer. • One delay of 21 days was noted between date of recommendation and date of sign off by a senior officer. 	Delays in processing application may impact on performance. Opportunities to deliver a more efficient service may be lost.	3	<p>The results of our sample testing highlighted that whilst the Council performs well against targets for processing applications within deadlines, there may be opportunities to improve the efficiency of application processing cycle.</p> <p>It is recommended that monitoring reports be developed from Uniform that track the time taken between key stages of the application process to ensure that the proposed changes to the process deliver expected benefits in terms of speeding up the overall processing time and delivering a more efficient service.</p>	<p>Action has already been taken to address this issue with the delay in validating and allocating applications. More resources have been put in place through the recruitment of Planning Assistants. Authorisation is being sought to continue to have this resource for the next financial year to ensure performance is kept at a high level.</p> <p>As part of the validation process review that is currently being undertaken steps will be included to ensure accurate and up-to-date reporting can be pulled from the system to enable managers to be able to respond to delays quickly and to divert resources if necessary.</p>	Simon Atha, Principal Planning Officer	Ongoing as part of process review but aim to have improved procedures to deal with reporting by September 2015.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
<u>2.4 Time extensions</u>	At the time of audit there had been approximately 200 time extensions during the 2014/15 year. Sample testing of 10 extensions highlighted that there were valid reasons for these extensions in each instance. It was however noted that one extension was not signed by the applicant, one was raised after the date that the initial determination date had been exceeded and two applicant signatures had not been redacted on Anite. Separate testing on a random sample of 15 applications highlighted two applications that exceeded the target determination date by 5 and 45 days respectively, where evidence that time extensions had been requested could not be located. A further instance was also noted where the time extension agreement saved on Anite included a signature from an HBBC representative but not from the applicant.	Lack of prior agreement for time extensions. Non-compliance with information governance requirements.	3	Time extensions should be arranged prior to expiry of original determination date targets and should be signed by both parties. Signatures should be redacted when placed on Anite.	Extension of Time Agreements are routinely being used by officers to enable effective performance management. The process will be reviewed and officers trained to ensure they are aware of the process to enable effective governance.	Simon Atha, Principal Planning Officer & Alison White, Senior Administration Officer	By May 2015
<u>2.5 Document retention on Anite</u>	Sample testing highlighted one instance where an appeals questionnaire was not available on Anite and another instance where a QMC form had been saved on Anite against the wrong application number.	Reduced management trail for key documents.	3	Staff should be reminded of the requirement to ensure that all relevant documentation is saved accurately on the Anite system. Discussions at the exit meeting indicated that it may be possible, at the point when an application has been determined, to include a pop-up box on Uniform reminding officers of the need to check that all appropriate documentation is saved on Anite.	Whilst it is not possible to eliminate all human error officers will be reminded of the need to ensure documentation is indexed correctly to the right file to ensure transparency and effective governance is maintained.	Simon Atha, Principal Planning Officer	By end of May 2015

System Control Objective 4: The integrity of the planning system is maintained.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
4.1 System access controls	<p>Review of system access capabilities highlighted that:</p> <ul style="list-style-type: none"> two members of staff who work for Blaby District Council (shared land charges service) have sufficient levels of access to create planning applications. six members of staff (including three from ICT) have supervisor level access to the system, which enables the ability to correct reports, update templates and change code lists. Discussions with the System Administrator indicated that whilst a certain level of cover is needed to complete these tasks, at least one member of staff who currently has this level of access does not need it. six members of the Planning team currently have Superuser access, which allows additional access capabilities to pre-planning application, appeals and enforcement screens. Whilst it is likely that these team members require this enhanced level of access, this should be kept under review. It was noted that there is some inconsistency in who currently has this role, with some Principal Planning Officers having this role whilst others do not. Two Planning Administrators and one Compliance Officer do currently have this role. 	Inappropriate levels of access to the Uniform system	3	Current access levels on the Uniform system should be reviewed and amended as necessary in accordance with the audit's findings. Access levels should also be reviewed in the light of the recent planning application process review.	All current levels of system access will be reviewed with the System Administrator as part of the planning application process review.	Simon Atha, Principal Planning Officer	By September 2015

Orchard System implementation review/project management framework

We carried out a review on the implementation of an upgrade to the Orchard housing system and issued a briefing report to management highlighting some learning points for consideration. We did not provide an overall assurance opinion in this case. We included a review of the revised Project Management Framework that has recently been produced and were able to conclude that it provides clarity on the processes that should be followed, depending on the value of the project being delivered.

Sickness absence management

We carried out a review on the policy framework, and compliance, in relation to the management of sickness absence. We have agreed a briefing report and action plan with management which sets out a number of recommendations aimed at supporting the effectiveness of, and compliance with, the proposed revised Attendance Management Framework. We did not provide an overall assurance opinion in this case.

Information Governance

This review aimed to assess key elements of the Council's arrangements regarding the governance and security of information. The audit concluded that the information governance arrangements regarding electronically maintained personal and sensitive data are generally effective. We have agreed a briefing report and action plan with management, with recommendations aimed at enhancing the Council's arrangements in this context. We did not provide an overall assurance opinion in this case.

ICT Services Contract review

As part of our assurance role in relation to this project we have provided advisory input to management in relation to current risks, and made recommendations regarding these for management consideration.

Equalities

We reviewed the arrangements the Council has in place to ensure compliance with its equality duties, and have agreed a briefing report with management, including an action plan to address our recommendations. We did not provide an overall assurance opinion in this case.

We have issued several draft reports on our work on the following. Where we have issued assurance opinions at this stage, these are reflected in Section 5 of this progress report and in the annual opinion report provided separately on this agenda, where appropriate.

Flexible working – draft report is with management

Waste Collection/Recycling VFM – draft report is with management

Housing Rents – draft report is with management

Parking Enforcement – draft report is with management

Budgetary Control/Medium Term Financial Strategy - draft report is with management

4. Recommendation tracking

CW Audit Services has implemented a system for tracking the actioning of agreed Internal Audit recommendations, as a management assurance tool for the Council and specifically this Committee. Managers are responsible for updating actions taken and other key information directly on the system. A further update for the Committee is provided below. This refers to all actions agreed and due by 27/3/15, which were made in 2013/14 or later or carried forward into 2013/14 audit year as still outstanding at that time.

The first table below represents the status of such agreed actions due to be implemented by 27/3/15, the second table the age of the outstanding recommendations (based on the original date due for implementation). The status shown is as advised by the relevant manager/Head of Service and does not imply that Internal Audit have verified the status, albeit where we have followed up our prior year recommendations we have dealt with these as closed or implemented where possible. Members will note that the number of outstanding actions is reducing and now stands at 8, and no high risk issues are currently outstanding, which is a very positive position.

Summary	1 Critical	2 High	3 Medium	4 Low	Total
Due by 27/3/15	-	5	113	90	208
Implemented	-	4	95	79	178
Closed (eg system changed)	-	1	14	7	22
Not completed yet	-	-	4	4	8

Time overdue for actions o/s or not complete	1 Critical	2 High	3 Medium	4 Low	Total
Less than 3 months	-	-	-	1	1
3 – 6 months	-	-	1	1	2
Greater than 6 months	-	-	3	2	5
Total	-	-	4	4	8

We have been asked to set out further details of any outstanding high risk issues or any issues over 6 months overdue. The high risk issues (in this case, none) and the issues more than 6 months overdue are as follows:

Review	Recommendation	Risk Rating	Response	Current Status per update
2011/12 Homelessness	<u>Orchard System</u> The Council should ensure there is a review of the effectiveness of the Orchard system for the Homelessness function.	3	A review of the Orchard system was planned. January 2012 - Jo Wykes	Review in progress in conjunction with orchard update. A further update is required to be able to complete the P1E statistical monitoring and this will not be released until June 2015. Amendments have been made as an interim measure. Revised implementation date - 30/6/15
2013/14 Council Tax (LRBP)	<u>VOA and CT system reconciliation</u> The discrepancies (identified by the audit) should be investigated and rectified.	4	We are working with the Valuation Office to reconcile the difference. We understand that our records are correct. 31/3/14 – Claire Stone, CT Team Leader	Overall the bands balance with the VOA a file has been received back from VOA with anomalies to reference numbers next step is to work on those. Revised date 31/3/15

Review	Recommendation	Risk Rating	Response	Current Status per update
2012/13 Housing Repairs	<p><u>Tenant Recharge Policy</u></p> <p>The Council should consider introducing a tenant recharge policy that holds tenants accountable for the cost of repairs that have arisen through their negligence and ensure that processes are in place to enforce this.</p>	3	<p>A Recharge Policy will be introduced as part of the revised conditions of tenancy.</p> <p>30/11/12 - Ian Parsons, Housing Repairs Manager</p>	<p>Approval given at Executive on the 17th Dec for implementation on 1st April 2015</p> <p>Revised date 1/4/15</p>
2012/13 Housing Repairs	<p><u>Repairs Administration</u></p> <p>The Council should ensure that when implementing hand held devices, it automates as many processes as possible in order to reduce current administrative burden and improve overall efficiency.</p>	3	<p>The new Orchard Direct Works Module has been procured to assist with streamlining processes. Once in place, this should reduce the amount of manual processes as handheld devices will be used by engineers to receive and complete jobs.</p> <p>30/4/13 -Ian Parsons, Housing Repairs Manager</p>	<p>Implementation of Direct works module in progress, go live date June 2015</p> <p>Revised date 1/6/15</p>
2012/13 Case Management System	<p><u>Reports</u></p> <p>Management should monitor how the reporting tool is utilised on the IKEN system and ensure that reports that are required are fully utilised.</p>	4	<p>The use of the reporting tool will be included in the Post implementation review and a check made that sufficient use of the reporting function is being made.</p> <p>30/11/13 – Emma Horton, Legal Services Manager</p>	<p>With training have been undertaken in January 2015 the team will shortly start time recording on all matters, which will allow better utilisation of the reports. This will be revisited once the system has been used more fully in 6 months.</p> <p>Revised date 17/7/15</p>

5. 2014/15 Internal Audit plan

Description of audit	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Current Status	Assurance level
Key Corporate Project assurance – Bus Station, MIRA/RGF and HRA Investment Plan projects	✓	✓	✓	✓	Complete	N/A
Efficiency/VFM reviews (Waste collection/recycling in 2014/15)			✓	✓	Draft advisory report issued	N/A
Fees and charges review	✓				Final report issued	Narrative/advisory
Budgetary Control/MTFS				✓	Draft report issued	Significant*
Main Accounting			✓		Final report issued	Significant
Council Tax – Leicestershire Revenues & Benefits Partnership			✓		Final report issued	Significant
Business Rates – Leicestershire Revenues & Benefits Partnership			✓		Final report issued	Significant
Benefits – Leicestershire Revenues & Benefits Partnership			✓	✓	Final report issued	Significant
Financial Systems key controls			✓		Final report issued	Full/significant
Information Governance		✓	✓		Final briefing report issued	Narrative opinion
Orchard Housing System upgrade review		✓	✓		Final briefing report issued	Narrative

Description of audit	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Current Status	Assurance level
ICT Services Contract				✓	Advisory input provided	N/A
Corporate Governance - Equalities			✓		Final briefing report issued	Narrative
Payroll & Expenses		✓			Final report issued	Significant
Electoral Register		✓	✓		Review complete; reports issued	Narrative
Human Resources – Sickness Absence Management			✓		Final briefing report issued	Narrative
Housing Rents				✓	Draft report issued	Significant*
Homelessness/Allocations				✓	Final report issued	Significant
Development Control (Process Review)			✓	✓	Final report issued	Significant
Section 106 agreements/contributions		✓			Final report issued	Significant
Planning Policy/delivery				✓	Agreed with management to be dropped from plan	N/A
Management of staff flexible working			✓	✓	Draft report issued	Narrative*
Housing Repairs & Maintenance				✓	Final report issued	Moderate
Car Parks (follow up of 2013/14 review)		✓			Final report issued	Significant
Parking Enforcement		✓			Draft briefing report issued	N/A

Description of audit	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Current Status	Assurance level
Asset Control				✓	Final report issued	Significant
Whistleblowing – additional review		✓			Completed	N/A
Site security – additional review			✓		Final report issued	N/A
Leisure Centre construction – additional review			✓	✓	Final letter issued	Significant

*Opinion at draft report stage

In addition we have carried out at management request, a brief advisory/assurance review on staff mileage claims, similarly on CCTV and testing to support our certification in relation to Homes & Communities Agency funding compliance regarding empty homes schemes.

cw audit services

**Hinckley & Bosworth
Borough Council**

Annual Internal Audit Report 2014/15
March 2015

Getting value from your service



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1 Introduction

This annual report provides my opinion (see section 2) as the Head of Internal Audit to Hinckley & Bosworth Borough Council. It also summarises the activities of Internal Audit for the period 1st April 2014 to 31st March 2015.

The Council is required by law (Accounts & Audit Regulations 2011) to maintain an adequate and effective system of internal audit of its accounting records and internal control systems in accordance with proper internal audit practices. The Public Sector Internal Audit Standards (PSIAS) require the Head of Internal Audit to provide a written report to those charged with governance, to support the Annual Governance Statement, (AGS), setting out:

- An opinion on the overall adequacy and effectiveness of the organisation's control environment ;
- Disclose any qualifications to that opinion, together with the reasons for that qualification;
- Present a summary of the work carried out by Internal Audit during the year from which the opinion is derived, including any reliance that is being placed upon third party assurances;
- Draw attention to any issues the Head of Internal Audit deems particularly relevant to the Annual Governance Statement (AGS)
- Consider delivery and performance of the Internal Audit function against that planned;
- Comment on compliance with these Standards and the results of any quality assurance programme.

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The Council should consider my opinion, together with management assurances, its own knowledge of the organisation and assurances received throughout the year from other review bodies (such as External Audit) when producing its AGS.

My opinion takes into account the range of individual opinions arising from risk-based audit assignments that have been reported throughout the year. An internal audit plan was developed to provide you with independent assurance on the adequacy and effectiveness of systems of control across a range of financial and organisational areas. **A summary of the work we have performed and delivery against the plan is provided in section 3.**

2 Annual Head of Internal Audit Opinion

Roles and responsibilities

The organisation is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements.

Internal Audit provides an independent and objective opinion to the organisation on the control environment and plays a vital part in advising the organisation whether these arrangements are in place and operating correctly.

The Annual Governance Statement (AGS) is an annual statement by the Leader and Chief Executive, that recognises, records and publishes an authority's governance arrangements.

In accordance with PSIAS, the Head of Internal Audit (HoIA) is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes (i.e. the organisation's system of internal control). This is achieved through a risk-based plan of work, agreed with management and approved by the Finance, Audit and Performance Committee, which should provide a reasonable level of assurance, subject to the inherent limitations described below. The Head of Internal Audit's role is also covered by the CIPFA Guidance on the Role of the Head of Internal Audit; we consider we comply with the content of this Guidance.

The opinion does not imply that Internal Audit have reviewed all risks and assurances relating to the organisation. The opinion is substantially derived from the conduct of risk-based plans. As such, it is one component that the organisation takes into account in making its AGS.

The Head of Internal Audit Opinion

My opinion is set out as follows:

1. Overall opinion;
2. Basis for the opinion;

My **overall opinion** is that **significant** assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, some weakness in the design and/or inconsistent application of controls put the achievement of particular objectives at risk.

The **basis** for forming my opinion is as follows:

1. An initial assessment of the design and operation of the underpinning risk management framework and supporting processes; and
2. An assessment of the range of individual opinions arising from risk-based audit assignments contained within internal audit risk-based plans that have been reported throughout the year. This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses.
3. Any reliance that is being placed upon third party assurances.

3 Work undertaken during the year

Summary of assurances provided

During the course of the year we have conducted work to provide assurance over financial, governance and operational systems. Appendix One summarises the assurance levels we have given.

Delivery of the plan

An internal audit plan for 2014/15 was developed to provide you with independent assurance on the adequacy and effectiveness of systems of control across a range of financial and organisational areas. To achieve this our internal audit plan was divided into two broad categories; work on the financial systems that underpin your financial processing and reporting and then broader risk focused work driven essentially by principal risk areas that had been identified in your risk register. A summary of work undertaken is included below:

- During the year we have undertaken reviews of your core financial systems (including budgetary control/medium term financial strategy, general ledger and financial transactions) and given full or significant assurance with regard to the management of risk in these areas.
- We have undertaken a number of pieces of work on areas of principal risk. In general we have been able to conclude that these systems are robust and operate in a good control environment.

It is my view, taking account of the respective levels of assurance provided for each audit review, an assessment of the relevant weighting of each individual assignment and the extent to which agreed actions have been implemented, that you have a generally sound system of internal control.

We are pleased to report that our work has not highlighted any weaknesses that should be regarded as Significant Internal Control Issues that would require disclosure within your AGS.

We did however identify some weaknesses in control that caused us to limit the level of assurance we could give in the following areas:

- Housing Repairs & Maintenance – we provided moderate assurance regarding the effectiveness of arrangements to record, administer and use housing stock condition data, and noted the risk this presented with regard to the capital programme. Management has agreed an action plan to address our recommendations, and the implementation of the agreed actions now forms part of the monitoring by, and reporting to, Finance Audit & Performance Committee.

Third party assurances

In arriving at our overall Annual Head of Internal Audit Opinion, we have not sought to place reliance on any third party assurances.

Following up of actions arising from our work

All recommendations and agreed actions have been subject to an ongoing recommendation tracking process facilitated by CW Audit Services, but completed by the relevant managers responsible for implementing the recommendations. This is undertaken on a self-assessment basis, but is supplemented by our independent follow-up reviews where this is deemed necessary (for example following the issuance of a limited or moderate assurance report). A summary of the recommendation tracking results for the 2014/15 year is included as Appendix 2 to this report.

In addition elements of our work involve annual coverage of key areas of control for the organisation, such as in relation to key financial systems, and in such cases we also routinely follow up previously-agreed actions at each review.

Closing remarks

I have discussed and agreed this Annual Report and Head of Internal Audit Opinion with the Finance, Audit & Performance Committee. Further detailed findings, conclusions and recommendations in the areas covered by our internal audit plan are covered within the progress reports and individual assignment reports that have been issued to the Committee during the year.

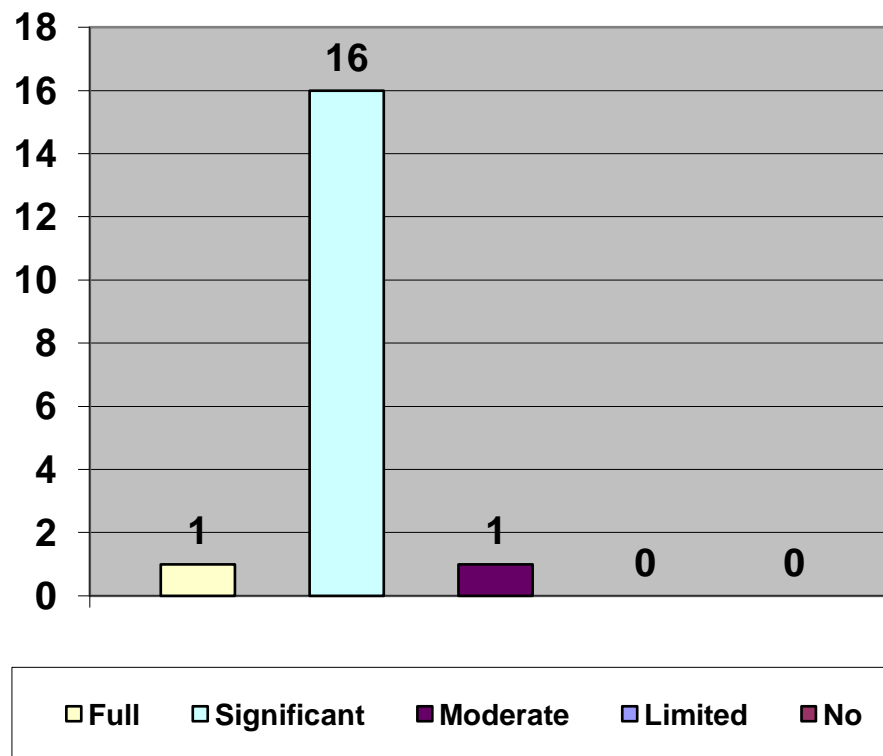
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Levels of Assurance – Individual Audit Assignments

Audit Review	Level of Assurance
Corporate Project assurance	N/A
Efficiency/VFM reviews (Waste collection/recycling in 2014/15)	N/A
Fees and charges review	Narrative/advisory
Budgetary Control/MTFS	Significant*
Main Accounting	Significant
Council Tax – Leicestershire Revenues & Benefits Partnership	Significant
Business Rates – Leicestershire Revenues & Benefits Partnership	Significant
Benefits – Leicestershire Revenues & Benefits Partnership	Significant
Financial Systems key controls	Full/significant
Information Governance	Narrative opinion
Orchard Housing System upgrade review	Narrative
ICT Services Contract review	N/A
Corporate Governance - Equalities	Significant*
Payroll & Expenses	Significant
Electoral Register	Narrative
Human Resources – Sickness Absence Management	Narrative
Housing Rents	Significant*
Homelessness/Allocations	Significant
Development Control (Process Review)	Significant
Section 106 agreements/contributions	Significant
<i>Planning Policy/delivery</i>	N/A
Management of staff flexible working	Narrative*
Housing Repairs & Maintenance	Moderate
Car Parks (follow up of 2013/14 review)	Significant
Parking Enforcement	N/A
Asset Control	Significant
Whistleblowing – additional review	N/A
Site security – additional review	N/A
Leisure Centre construction – additional review	Significant

Review in italics dropped from plan by agreement.

*at draft report stage



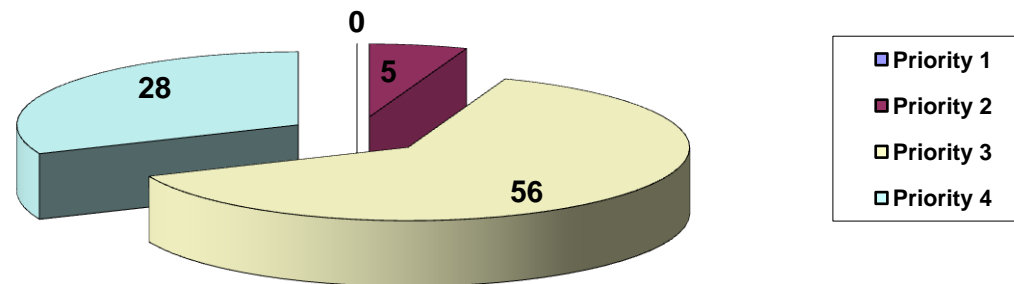
Key to assurance levels

Level of assurance	Criteria
Full	No significant risk issues identified
Significant	Exposure to levels of risk that may only impair the effectiveness of the system or process under review
Moderate	Exposure to levels of risk that render some elements of the system's control environment undeliverable
Limited	Exposure to unacceptable level of risk that could have a serious impact upon the system or process under review
No	Exposure to unacceptable levels of risk that could have a serious impact upon the organisation as a whole

Summary of Internal Audit Recommendations

Recommendations made in 2014/5

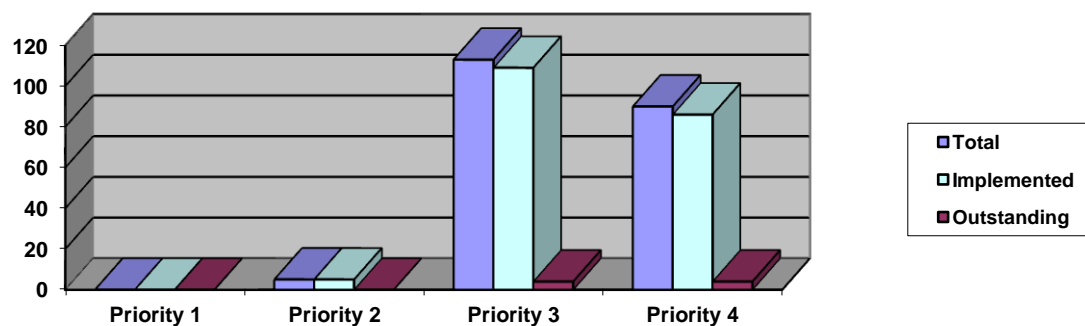
Priority	Number
1	0
2	5
3	56
4	28
Total	89



Current status of all recommendations made and due for implementation by 27th March 2015*

Priority	Number	Impl*	O/S
1	0	0	0
2	5	5	0
3	113	109	4
4	90	86	4
Totals	208	200	8

*incl. 'closed'



*given the need to report by 27th March 2015 for the Committee agenda deadline it was not possible to report on this data to 31st March 2015.

Definition of our risk rankings

Risk ranking	Assessment rationale
1	The system has been subject to high levels of risk that have, or could, prevent the system from meeting its objectives, and which may also impact on the delivery of one or more of the organisation's strategic objectives.
2	The system has been subject to high levels of risk that have, or could, prevent the system from meeting its objectives, but which are unlikely to impact on any of the organisation's strategic objectives.
3	The system has been subject to medium levels of risk that have, or could, impair the system from meeting its objectives.
4	The system has been subject to low levels of risk that have, or could, reduce its operational effectiveness.

Hinckley and Bosworth Borough Council

External Audit Update

Government and
Public Sector
April 2015
Page 37

The auditor shall communicate in writing with those charged with governance regarding auditor independence in accordance with ISA (UK&I) 260.

External Audit update

We presented our audit plan to the Finance, Audit and Performance Committee on 23 February 2015. This paper provides an update of the following sections of the audit plan: 'your audit fees' and 'Appendix A: Independence Threats and Safeguards.'

We advised in our plan that PwC had submitted a tender to provide internal audit services to Hinckley and Bosworth Borough Council (the 'Authority') and that if PwC were successful we would put in place appropriate safeguards to overcome any perceived or actual threats to our independence and communicate these at the next Finance, Audit and Performance Committee meeting.

PwC were successful in their tender to provide internal audit services to the Authority. To address this, a detailed independence assessment has been included in Appendix A.

We are required to communicate all non-audit services carried out by PwC along with an analysis of independence threats and safeguards. In May 2014, PwC provided tax services to the Authority and over the coming months will carry out certification work relating to the 2014/15 financial year. We have updated the audit fees and independence assessment sections to reflect both pieces of work. Please also note that the certification fees for 2013/14 have been updated to reflect the final fees which had not yet been agreed at the time of preparing the audit plan.

Your audit fees

The Audit Commission has provided indicative scale fees for Local Authorities for the year ended 31 March 2015.

Our indicative audit fee, compared to the actual fee for 2013/14 is as follows:

Audit fee	Actual fee 2013/14 £	Indicative fee 2014/15 £
Audit work performed under the Code of Audit Practice		
- Statement of Accounts	64,980	65,880 ¹
- Conclusion on the ability of the organisation to secure proper arrangements for the economy, efficiency and effectiveness in its use of resources		
- Whole of Government Accounts		
Total Audit Code work	64,980	65,880
Certification of Claims and Returns	25,701	19,330²
Planned non-audit work	13,000	3,250
Total fees (audit and non-audit work)	103,681	88,460

¹ The Audit Commission has added a supplemental fee of £900 to the 2014/15 scale fee to give a slightly higher scale fee of £65,880. The supplemental fee covers the additional audit procedures we are now required to carry out on business rates balances and disclosures for our work on the financial statements due to the localisation of business rates in the prior year.

² The indicative certification fee for 14/15 is broadly in line with the indicative 2013/14 certification fee (£25,701). The reason the actual fee for 2013/14 is greater than this is due to a fee variation of £5,000 that has been agreed owing to additional work which was required in the certification of the BENO1 claim as a result of the number of exceptions identified in testing of benefit cases.

We have based the fee level on the following assumptions:

- Officers meeting the timetable of deliverables, which we will agree in writing;
- We are able to use, as planned, the work of internal audit;
- We do not review more than 3 iterations of the statement of accounts;
- We are able to obtain assurance from your management controls;
- No significant changes being made by the Audit Commission to the local value for money work requirements; and
- Our value for money conclusion and accounts opinion being unqualified.

If these prove to be unfounded, we will seek a variation order to the agreed fee, to be discussed and agreed in advance with you and the Audit Commission.

Appendix A: Independence threats and safeguards

We are required to assess our independence as your external auditor. We have made enquiries of all PwC teams providing services to you and of those responsible in the UK Firm for compliance matters.

Other services (2014/15)

Support provided by PwC	Value	Threats to independence and safeguards in place
Certification of claims and returns	£19,330	<p>Self-Review Threat: The audit team will conduct the grant certification and this has arisen due to our appointment as external auditors. There is no self-review threat as we are certifying management completed grant returns and claims.</p> <p>Self Interest Threat: As a firm, we have no financial or other interest in the results of the Authority. We have concluded that this work does not pose a self-interest threat.</p> <p>Management Threat: PwC is not required to take any decisions on behalf of management as part of this work.</p> <p>Advocacy Threat: We will not be acting for, or alongside, management and we have therefore concluded that this work does not pose an advocacy threat.</p> <p>Familiarity Threat: Work complements our external audit appointment and does not present a familiarity threat.</p> <p>Intimidation Threat: We have concluded that this work does not pose an intimidation threat as all officers and members have conducted themselves with utmost integrity and professionalism</p>
Review of HBBC's partial exemption position relating to a specific project	£3,250	<p>Self-review threat: Members of the engagement team carrying out the services were not members of the audit engagement team</p> <p>Self-interest threat: As a firm, we have no financial or other interest in the results of the Authority. We have concluded that this work does not pose a self-interest threat.</p> <p>Management threat: We have agreed under the terms of our engagement that management will receive and evaluate the</p>

results of our work and will make all decisions in connection with the services and our recommendations. It has been made clear in the deliverables of the work that the advice and recommendations are for consideration and decision by management, and will not be phrased in such a way that suggests that they are management decisions.

Advocacy threat: The PwC tax team act as objective, technical tax adviser to management and will not represent the Authority's interests to a third party, other than a tax authority.

Familiarity threat: The familiarity threat is insignificant because PwC partners and staff providing this service were not part of the audit engagement team.

Intimidation threat: We have concluded that this work does not pose an intimidation threat as all officers and members have conducted themselves with utmost integrity and professionalism.

Internal audit services (15/16)

Background

PwC were recently successful in their tender to provide internal audit services commencing in the 2015/16 financial year.

From 1 April 2015 to 30 September 2015, whilst we complete our external audit responsibilities, PwC personnel must not assume a Management Responsibility when providing Internal Audit services.

To avoid the risk of PwC taking on a Management Responsibility, between 1 April 2015 and 30 September 2015 the Chief Officer (Finance, Customer Services and Compliance) will assume an Interim Head of Audit role and will be responsible for internal audit activities. In particular they will:

- a. Request internal audit services on a call off basis. Prior to the acceptance of each piece of call off work a 'threats and safeguards' assessment will be carried out by PwC to ensure the work does not cause an independence issue. External audit will communicate these assessments at each Finance, Audit and Performance Committee meeting;
- b. Review, assess and report the 2015/16 internal audit plan to the Finance, Audit and Performance Committee;
- c. Set internal audit policies and the strategic direction of internal audit activities;
- d. Review, assess and approve the scope, risk and frequency of any internal audit work carried out by PwC;
- e. Evaluate the results of PwC's services, including PwC's findings;
- f. Decide what (if any) action should be taken in response to PwC's findings or recommendations, and managing any

such action; and

- g. Report to the Finance, Audit and Performance Committee the significant findings and recommendations resulting from PwC's internal audit services.

At the time of writing, the interim Head of Internal Audit has not commissioned any internal audit work from PwC.

Points to Note:

- No reliance will be placed on internal audit work for the audit of the 2014/15 financial statements. All internal audit work will relate to the 2015/16 financial year.
- The PwC partner and staff that will be providing the internal audit services are not part of the external audit engagement team.
- As a firm, we have no financial or other interest in the results of the Authority.
- PwC will not be required to take any decisions on behalf of management whilst PwC are external auditors.
- We will not be acting for, or alongside, management.

Relationships and Investments

Senior officers should not seek or receive personal financial or tax advice from PwC. Non-executives who receive such advice from us (perhaps in connection with employment by a client of the firm) or who also act as director for another audit or advisory client of the firm should notify us, so that we can put appropriate conflict management arrangements in place.

Therefore at the date of writing we confirm that in our professional judgement, we are independent accountants with respect to the Authority, within the meaning of UK regulatory and professional requirements and that the objectivity of the audit team is not impaired.



In the event that, pursuant to a request which Hinckley and Bosworth Borough Council has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this report, it will notify PwC promptly and consult with PwC prior to disclosing such report. Hinckley and Bosworth Borough Council agrees to pay due regard to any representations which PwC may make in connection with such disclosure and Hinckley and Bosworth Borough Council shall apply any relevant exemptions which may exist under the Act to such report. If, following consultation with PwC, Hinckley and Bosworth Borough Council discloses this report or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

This document has been prepared only for Hinckley and Bosworth Borough Council and solely for the purpose and on the terms agreed through our contract with the Audit Commission. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else.

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**FINANCE, AUDIT AND PERFORMANCE COMMITTEE –
13TH APRIL 2015**

**DRAFT 2015/2016 INTERNAL AUDIT PLAN
REPORT OF THE HEAD OF INTERNAL AUDIT**

WARDS AFFECTED: ALL WARDS

1. PURPOSE OF REPORT

1.1 To note the draft internal audit plan for 2015/2016.

2. RECOMMENDATION

2.1 That members consider and note the draft internal audit plan for 2015/2016 as attached as Appendix 1.

2.2 That members provide feedback on the content of this plan to inform the final plan that will be presented to this committee at the next meeting for approval.

3. BACKGROUND TO THE REPORT

3.1 This draft plan has been presented to the Strategic Leadership Board and Corporate Operations Board for review. Following this meeting, the plan will be refreshed to take into account feedback from the Joint Boards and this committee and presented for approval by this committee at the next meeting.

4. FINANCIAL IMPLICATIONS [KP]

4.1 The cost of the 2015/2016 audit plan is budgeted to be £57,500. This is a saving from 2014/2015 of £5,210.

5. LEGAL IMPLICATIONS [MR]

5.1 The council is required to maintain an adequate and effective system of internal audit of its records and control systems in accordance with proper practices.

6. CORPORATE PLAN IMPLICATIONS

6.1 The internal audit plan is linked to the Corporate Plan and therefore meets all Corporate Plan objectives.

7. CONSULTATION

7.1 The Corporate Operations Board and Strategic Leadership Board have been consulted in the drafting of this plan.

8. RISK IMPLICATIONS

8.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

8.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project

have been identified, assessed and that controls are in place to manage them effectively.

- 8.3 The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
None		

9. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

9.1 Not applicabe

10. CORPORATE IMPLICATIONS

10.1 By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

Background papers: Risk Registers

Contact Officer: Katherine Plummer, Chief Officer (Finance, Customer Services and Compliance) ext 5609

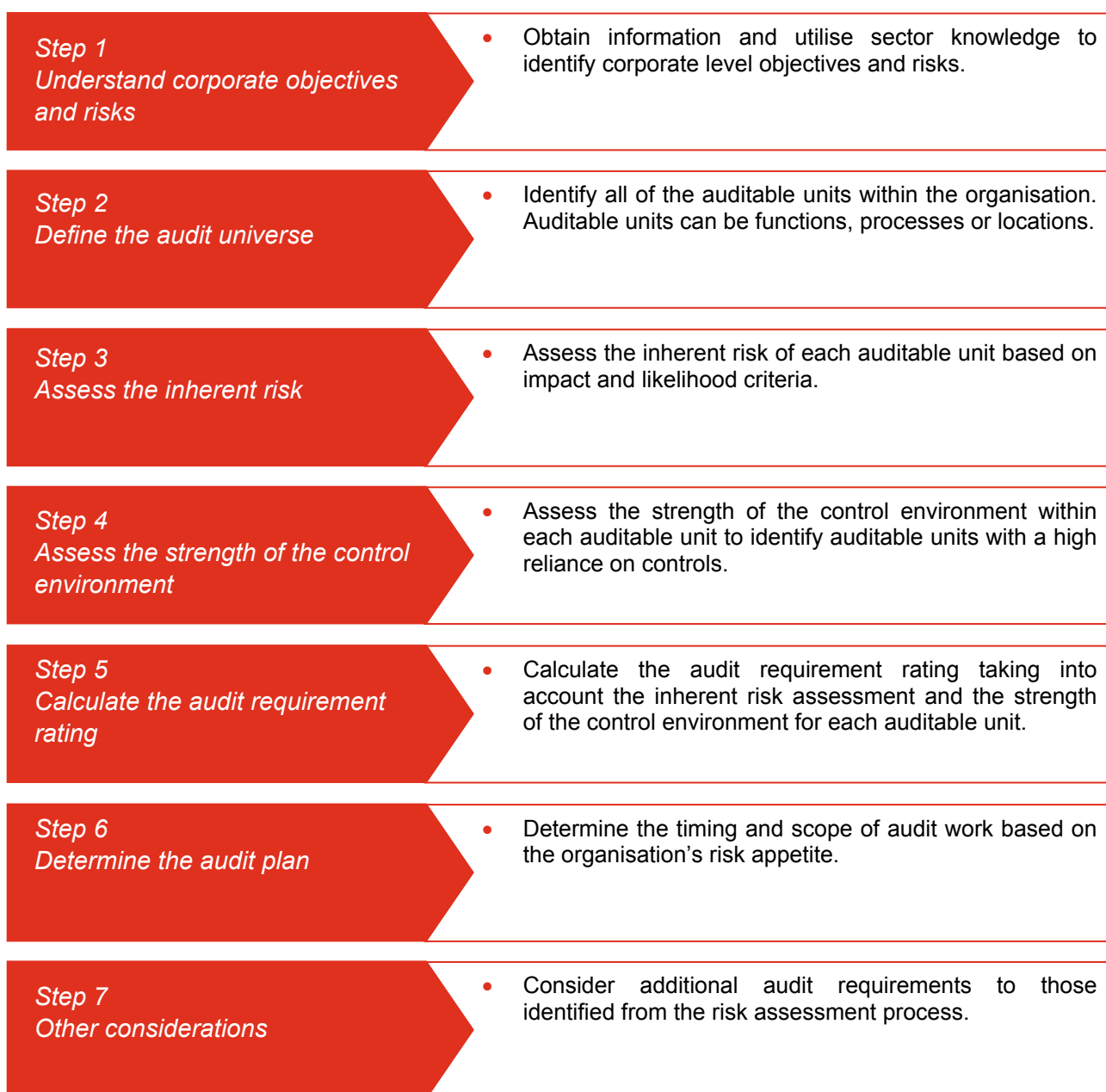
Executive Member: Cllr K Lynch

Appendix 1 – Draft Internal Audit Plan

1. Introduction and Approach

This document sets out the proposed internal audit plan for 2015/16 and strategic plan to 2017/18 for Hinckley and Bosworth Council (the Council).

The internal audit service will be delivered in accordance with the Internal Audit Charter. A summary of the approach to undertaking the risk assessment and preparing the 3 year strategic plan is set out below. The internal audit plan is driven by the Council's organisational objectives and priorities, and the risks that may prevent the Council from meeting those objectives. A more detailed description of the approach can be found in Appendices 1 and 2.



Basis of the plan

In order to carry out the level of work that the risk assessment indicates is appropriate I estimate that the resource requirement for the Council's internal audit service is 115 days and £57,500. Based on the risk assessment, this is the level of resource that I believe would be necessary to evaluate the effectiveness of risk management, control and governance processes.

Basis of the annual internal audit conclusion

Internal audit work will be performed in accordance with the Public Sector Internal Audit Standards. As a result, the work and deliverables are not designed or intended to comply with the International Auditing and Assurance Standards Board (IAASB), International Framework for Assurance Engagements (IFAE) and International Standard on Assurance Engagements (ISAE) 3000.

The annual internal audit opinion will be based on and limited to the internal audits I have completed over the year and the control objectives agreed for each individual internal audit. **The agreed control objectives will be reported within the final individual internal audit reports.**

In developing the internal audit risk assessment and plan I have taken into account the requirement to produce an annual internal audit opinion by determining the level of internal audit coverage over the audit universe and key risks. I **do not** believe that the level of agreed resources will impact adversely on the provision of the annual internal audit opinion.

Other sources of assurance

In developing the internal audit risk assessment and plan I have taken into account other sources of assurance and have considered the extent to which reliance can be placed upon these other sources. Some of the other sources of assurance for the Council are as follows:

- previous internal audit opinions;
- external inspections; and
- external audit

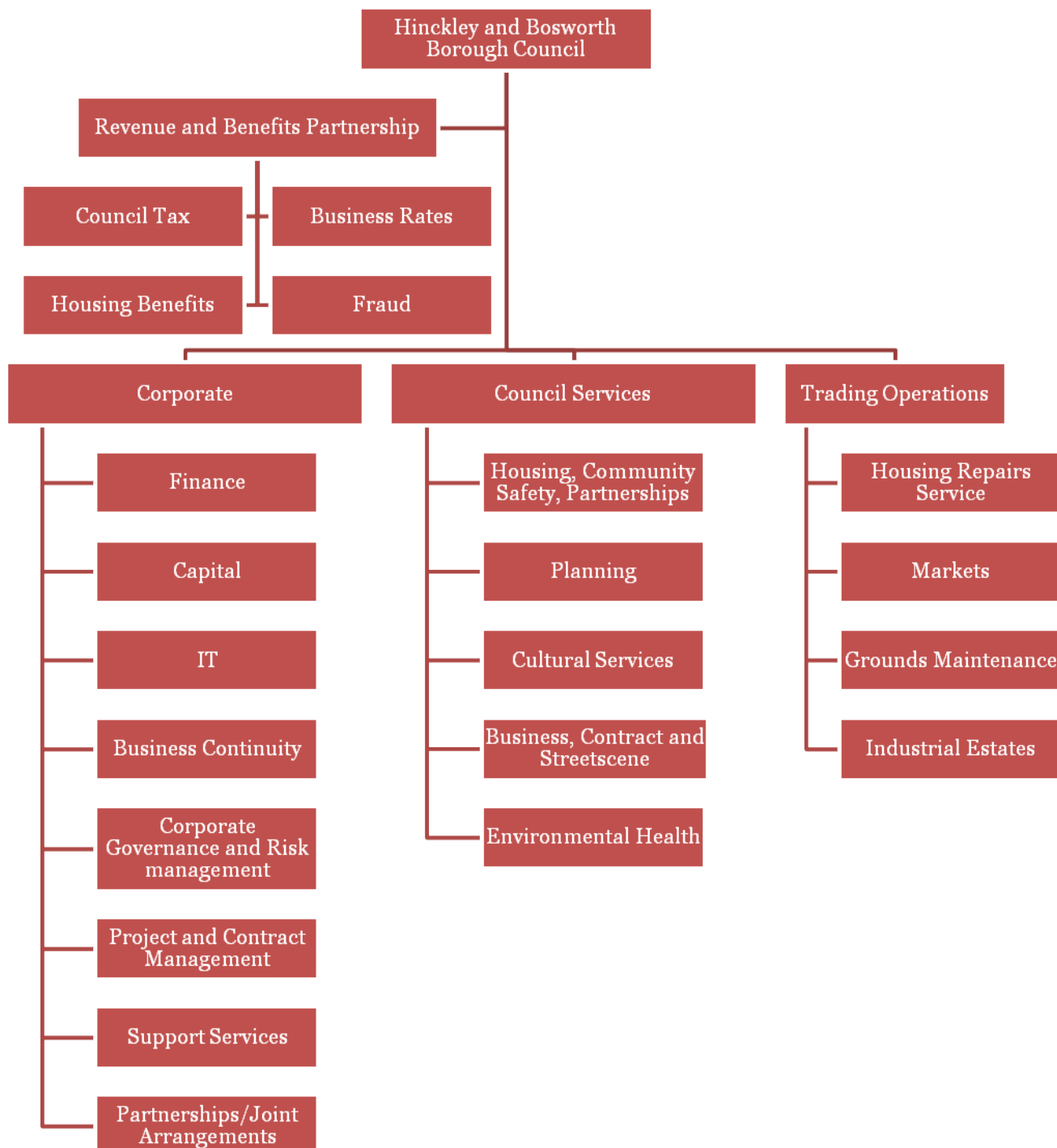
Key contacts

Meetings will be held with key management personnel, members and external audit in order to inform the planning process. I will also take into account the individual workload of service heads and key staff to inform the timing and extent of reviews to be undertaken in the year.

2. Audit universe, corporate objectives and risks

Audit universe

The diagram below represents the high level auditable units within the audit universe of Hinckley and Bosworth Council. These units form the basis of the detailed strategic risk assessment in section 3.



Corporate aims and risks

In preparing the internal audit plan and strategic plan I have considered the corporate level aims and risks with reference to:

- The Corporate Plan

- Service Improvement Plans
- Corporate and service level risk registers
- Key projects and programmes

After having reviewed the corporate and service area risks registers I have linked all significant risks (net risk level in excess of 7 points) to the audit plan as follows:

<i>Corporate Aims</i>	<i>Risk(s) to achievement of objective (points in brackets)</i>	<i>Cross reference to Internal Audit Plan (see Section 4)</i>
A1 - Creating a vibrant place to live and work	S.06 – Failure to implement the Town Centre Plan (9)	A.6, A.11, B.4
	S.11 – Failure to deliver the Medium Term Financial Strategy successfully (9)	A.1.1, A.1.2, A.1.3, A.1.4, A.1.5, A.1.6, A.1.7, A.2, A.3, A.5, A.8, A.9, A.12, A.13, B.1, D.1, D.2, D.3, D.4
A2 - Empowering communities		
A3 - Supporting individuals	S.12 – Insufficient Business Continuity Management (incl Disaster Recovery) arrangements (8)	A.4, A.5
A4 - Providing value for money and pro-active services	S.15 – Failure to adopt and deliver the Local Development Scheme successfully (8)	B.3
	S.22 – Failure of County Council Support/ Engagement for the Local Strategic Partnership (8)	A.5, A.6
	S.33 – MIRA and RGF Fund (9)	A.5, A.7, A.12
	S.34 – Safeguarding of vulnerable adults, children and young people (8)	A.5, A.9, A.14, B.2, B.4, B.6
	S.36 – Variances to Housing Repairs Account (8)	A.5, A.1.7, A.2, C.1
	S.37 – Non delivery of capital projects which are interdependent (8)	A.5, A.1.7, A.2
	S.43 – Leicestershire County Council budget cuts (9)	A.5, A.1.7, A.2, B.5
	S.45 – Council does not prevent or detect fraudulent activities (8)	A.1.1, A.1.2, A.1.3, A.1.4, A.1.5, A.1.6, A.1.7, A.5, D.1, D.2, D.3, D.4
	CPS.41 – Failure to maintain staffing levels within Corporate Services to deal with works required (8)	A.5, A.11
	PHR.11 – Tenants – heating affordability (7)	A.5, B.2

	DLS.42 – Meet the needs of Gypsy and Travellers in the borough (8)	A.5, B.3
	DLS.44 – Five year housing land supply (9)	A.5, A.1.6, A.3, B.3
	SS.37 – External funding (9)	A.5, A.1.7, A.2, B.5

3. Risk assessment

Risk assessment results

Each high level auditable unit has been broken down into individual auditable units and assessed for inherent risk and the strength of the control environment, in accordance with the methodology set out in Appendix 1 and 2. The results of this assessment generate a proposed frequency and rotation of reviews which is summarised in the table below. For each auditable unit I have also set out a high level proposed scope of work giving due consideration to the:

- Use of technology to ensure efficiency of delivery
- Adding value to the Council
- Benchmarking information to provide context to performance

Ref	Auditable Unit	Corporate aims and risks	Proposed Frequency	2015 /16	2016 /17	2017 /18	Proposed Scope of Work
A	Corporate						
A.1	Financial Systems						
A.1.1	General Ledger	A4, S.11, S.45	Annual	X	X	X	Manual journal entries; key reconciliations; system interfaces (subject to consultation with external audit) CAATs example: Number of journals raised by a given user; Journals approved in line with scheme of delegation
A.1.2	Income & Debtors	A4, S.11, S.45	Annual	X	X	X	End to end process review; debt recovery (subject to consultation with external audit) CAATs example: Number of days between invoice date and debt recovery action taken
A.1.3	Expenditure & Creditors	A4, S.11, S.45	Annual	X	X	X	End to end process review (subject to consultation with external audit)

							CAATs example: Amendments to supplier master data is approved in line with the scheme of delegation; identification of duplicate suppliers/ payments
A.1.4	Payroll & expenses	A4, S.11, S.45	Annual	X	X	X	Starters, Leavers, Amendments, Expenses authorisation (subject to consultation with external audit) CAATs example: Identify all payments made to employees after their leaving date.
A.1.5	Bank, Cash and Treasury management	A4, S.11, S.45	Annual	X	X	X	Cash receipting, banking, reconciliations, treasury management strategy – review of key controls (subject to consultation with external audit)
A.1.6	Fixed assets and capital accounting	A4, S.11, S.45	Annual	X	X	X	Review of key controls relating to additions, disposals, revaluation, review of asset lives, maintenance of the fixed asset register (subject to consultation with external audit)
A.1.7	Budgetary Control	A4, S.11, S.36, SS.37, S.45	Annual	X	X	X	Budget setting (including robustness of savings plans); budget monitoring (subject to consultation with external audit)
A.2	Medium Term Financial Strategy	A4, S.11, S.37, SS.37	Every 2 years	X		X	MTFS compilation process; benchmarking; basis of assumptions review; data quality reviews; savings plans reviews
A.3	IT General Controls	A1-4, S.11	Every 2 years		X		Key finance applications, other applications, ICT infrastructure and environment (subject to consultation with external audit)

A.4	Business Continuity & Resilience/ Disaster Recovery	A1-4, S.12	Every 3 years	X			Provide assurance that the Council's arrangements are robust and plans are tested on a regular basis.
A.5	Corporate Governance and Risk management	All	Annual	X	X	X	Review of the Governance and Assurance arrangements/framework; Review processes and procedures for compiling the Annual Governance Statement (AGS); Benchmark AGS to best practice; Compliance reviews e.g review of whistle-blowing policy Risk management process review (design and effectiveness); risk culture, risk maturity, risk appetite
A.6	Partnerships/ Joint arrangements	A1-4, S.06, S.22	Every 2 years	X		X	Value for money; governance; effectiveness (e.g. Revenue and Benefits Partnership – review of the recent changes implemented to improve the efficiency of the partnership)
A.7	Project and Contract Management	A1-4, S.06	Annual	X	X	X	Governance; review of key projects and contracts, e.g. Crescent development and Leisure Centre
A.8	Corporate Management/ Council Offices	A1-4, S.11	Every 3 years			X	Value for money/expenditure review; Hinckley Hub utilisation /benefits realisation
A.9	Customer Services	A1-4, S.11, S.34	Every 3 years			X	Process reviews (control design and effectiveness)
A.10	Elections	A2	Every 3 years		X		Process reviews (control design and effectiveness)
A.11	Support Services -Finance -Legal -ICT -Human Resources -Procurement -Estates and Asset Management -Communications -Corporate Health & Safety	A1-4, S.06, CPS.41	Every 2 years		X		Focus on a different service(s) each cycle depending on risk assessment. Effectiveness of service reviews; workforce planning review; value for money

A.12	Grants and Contributions	A4, S.11, S.33	Every 2 years		X		Focus on a selection of grants/contributions depending on risk, review adherence to terms and conditions (compliance)
A.13	Fees and Charges	A4, S.11	Every 2 years		X		Process reviews (design and effectiveness); benchmarking
A.14	Safeguarding	A3, S.34	Every 3 years	X			Governance; compliance with policies and procedures
B	Council Services						
B.1	Housing Rents	A1, A4, S.11	Annual	X	X	X	Rent setting; collection; debt recovery (subject to consultation with external audit) CAATs example: Identification of properties for which an amount other than the current year “rent to apply” has been charged; Properties for which there is no target rent are identified and compared against the property acquisitions for the year.
B.2	<u>Housing, Community Safety, Partnerships</u> - Council House Estate Management - Private sector housing - Tenancy enforcement - Homelessness - Community Safety - Anti-social behaviour management system - Tenant Security - Old person's accommodation - Sheltered Housing - Choice-based lettings	A1, A3, A4, PHR.11, S.34	Annual	X	X	X	Focus on a different sub service(s) each year dependent on risk assessment (control design and effectiveness); Value for money, SIPs reviews, benefits measurement / realisation

B.3	<u>Planning</u> - Planning policy - s106 agreements - Development control - Local Development Scheme	A1, A4, DLS.42, S.15	Annual	X	X	X	Focus on a different sub service(s) each year dependent on risk assessment (control design and effectiveness); Value for money, SIPs reviews, benefits measurement / realisation
B.4	<u>Cultural Services</u> - Children and Young People - Hinckley Leisure Centre - Town Centre Management - Markfield Sports and Community Centre - Sports Development - Tourism and Town Twinning - Hinckley Club for Young People	A1-4, S.34, S.06	Annual	X	X	X	Focus on a different sub service(s) each year dependent on risk assessment (control design and effectiveness); Value for money, SIPs reviews, benefits measurement / realisation
B.5	<u>Business, Contract and Streetscene</u> - Street cleansing - Car Parking - Recycling & Waste Collection - Parks and open spaces	A1, A4, SS.37	Annual	X	X	X	Focus on a different sub service(s) each year dependent on risk assessment (control design and effectiveness); Value for money, SIPs reviews, benefits measurement / realisation
B.6	<u>Environmental Health</u> - Pollution - Cemeteries - Health & Safety - Licensing - Pest and Animal Control - Health Improvements - Clean neighbourhoo	A1, A4, S.34	Every 2 years		X		Focus on a different sub service(s) each year dependent on risk assessment (control design and effectiveness); Value for money, SIPs reviews, benefits measurement / realisation

	ds - Environment & Climate Change						
C	Trading Operations						
C.1	Housing Repairs Service	A1, A3, A4, S.36	Every 2 years	X		X	Value for money, SIPs reviews, benefits measurement / realisation; action plan monitoring; end to end process reviews (control design and effectiveness) CAATs examples: number of days jobs outstanding; job costs calculated in accordance with schedule of rates
C.2	Markets	A1, A2, A4	Every 3 years			X	Value for money, SIPs reviews, benefits measurement / realisation; end to end process reviews (control design and effectiveness)
C.3	Grounds Maintenance	A1, A4	Every 3 years			X	Value for money, SIPs reviews, benefits measurement / realisation; end to end process reviews (control design and effectiveness)
C.4	Industrial Estates	A1, A4	Every 3 years		X		End to end process reviews (control design and effectiveness); strategy review; rent setting and collection
D	Revenue and Benefits Partnership						
D.1	Council Tax	A4, S.11, S.45	Every 2 years	X		X	End to end process; key reconciliations; debt recovery (subject to consultation with external audit) CAATs example: Review of accounts which have a tenancy of a day or more but for which no council tax is

							charged during the year
D.2	Business Rates	A4, S.11, S.45	Every 2 years	X		X	End to end process; key reconciliations; debt recovery (subject to consultation with external audit) CAATs example: Compare expected charge to actual charge, identify and investigate exceptions
D.3	Benefits	A3, A4, S.11, S.45	Every 2 years			X	End to end process; key reconciliations; debt recovery (subject to consultation with external audit)
D.4	Fraud prevention and detection	A4, S.11, S.45	Every 2 years			X	End to end process; benchmarking

Key to frequency of audit work

Audit Rating	Requirement	Frequency – standard approach	Colour Code
6		Annual	●
5		Annual	●
4		Annual	●
3		Every two years	●
2		Every three years	●
1		No further work	●

The audit requirement rating drives the frequency of internal audit work for each auditable unit. The recommended planning approach involves scheduling an annual audit when the rating ranges from 6 to 4, an audit every two years when the rating is 3 and an audit every three years when the rating is 2.

4. 15/16 Audit Plan

The following table sets out the internal audit work planned for 1 April 2015 to 31 March 2016, together with indicative start dates (on a quarterly basis) for each audit.

Ref	Auditable Unit Points of Focus	Indicative number of audit days	Timing	Staff member	Associated risk
A	Corporate systems / Cross Cutting Reviews				
A.1	<p>Finance Systems</p> <ul style="list-style-type: none"> • A.1.1 General Ledger • A.1.2 Income and Debtors • A.1.3 Expenditure and Creditors • A.1.4 Payroll and expenses • A.1.5 Bank, Cash and Treasury management • A.1.6 Fixed assets and capital accounting • A.1.7 Budgetary control <p><u>Use of Computer Aided Auditing Techniques (CAATs)</u> I will analyse data from the Council's systems focusing on key risk areas. These techniques will enable me to test the operating effectiveness of a selection of the Council's controls across an entire data set, giving 100% coverage, and reducing the requirement for manual sample testing (e.g. supplier invoices are matched to purchase orders and goods received notes). In the long term, CAATs will enable me to continuously audit the financial data and controls providing robust assurance. I can provide workshops for management on how they can utilise CAATs in this way.</p>	20	Q3	Associate	S.11, S.45
A.2	<p>Medium Term Financial Strategy</p> <ul style="list-style-type: none"> - MTFS compilation process – governance review - Benchmarking assumptions / content - Evaluate robustness and completeness of assumptions made 	5	Q3	Manager	S.11
A.4	<p>Business Continuity & Resilience / Disaster Recovery</p> <ul style="list-style-type: none"> - Provide assurance that the Council's arrangements are robust - Plans are tested on a regular basis. 	5	Q4	Specialist	S.12
A.5	<p>Corporate Governance & Risk Management</p> <ul style="list-style-type: none"> - Review Governance and Assurance framework - Review Risk Management arrangements - Review robustness of Annual 	7	Q3	Senior associate	S.11

	<p>Governance Statement compilation process</p> <ul style="list-style-type: none"> - Test compliance with key policies and procedures (e.g. information governance policy) 				
A.6	<p>Partnerships/Joint Arrangements</p> <ul style="list-style-type: none"> - Review of overall governance to encourage effective partnerships/joint arrangements - Revenue and Benefits Partnership – review of the effectiveness of implementation of efficiency improvements as a result of IRRV report: <i>Review of The Leicestershire Partnership: Revenues and Benefits</i> 	5	Q4	Manager	S.22
A.7	<p>Contracts and Project Management</p> <ul style="list-style-type: none"> - Review Council wide contracts management processes and control - Contracts and project assurance review over redevelopment agreement (Crescent development) and Leisure Centre contract. To include a review of contract monitoring activities and contract governance. 	15	Q2	Specialist	S.22
A.14	<p>Safeguarding</p> <ul style="list-style-type: none"> - Review the key processes and controls in relation to safeguarding vulnerable people. - Review compliance with Safeguarding policies in place at the Council - Review the application of the competency framework 	5	Q4	Senior associate	S.34
B	Council Services (example reviews included below)				
B.1	<p>Housing Rents</p> <p>Rent setting; collection; debt recovery</p> <p>(subject to consultation with external audit)</p>	5	Q4	Associate	S.11, S.45
B.2	<p><u>Housing, Community Safety, Partnerships</u></p> <p>HRA Investment Plan</p> <p>Review progress against plan; benefits measurement and realisation/maximisation review</p>	5	Q2	Senior Associate	S.11, DLS.42, DLS.44
B.3	<p><u>Planning and Development</u></p> <p>Local Development Scheme</p> <p>Review processes in place to ensure the</p>	5	Q2	Senior Associate	S.15

	successful adoption and delivery of the Local Development Scheme.				
B.4	<p><u>Cultural Services</u></p> <p>Town Centre Management</p> <ul style="list-style-type: none"> - Efficiency and effectiveness review - Benefits measurement and realisation/maximization review 	5	Q2	Associate	s.06
B.5	<p><u>Business, Contract and Streetscene</u></p> <p>Recycling and Refuse Collection As a result of the funding cuts from Leicestershire County Council, innovation is required through both income generation and cost savings in order to minimise the impact on the Council's finances.</p> <p>I am aware that a review is currently being undertaken by the incumbent internal auditors. To ensure maximum benefits are realised from this review I will conduct a follow up review which will also include a comprehensive service review, looking at key contracts and key processes to identify potential efficiency savings as well as areas for potential income generation.</p>	5	Q4	Senior Associate	SS.37
C	Trading Operations				
C.1	<p>Housing Repairs</p> <p>Action plan monitoring; end to end process reviews (control design and effectiveness)</p>	5	Q3	Associate	S.36
D	Revenue & Benefits Partnership				
D.1	<p>Council Tax</p> <p>End to end process; key reconciliations; debt recovery</p>	5	Q3	Associate	S.11, S.45
D.2	<p>Business Rates</p> <p>End to end process; key reconciliations; debt recovery</p>	5	Q3	Associate	S.11, S.45
PM	Project management				
PM. 1	Project management (including liaison with external auditors and ad hoc audit advice)	10	Q1-Q4	NA	NA
PM. 2	Contingency (including ad hoc training)	3	Q1-Q4	NA	NA
	Total Days	115			

5. Strategic Plan 15/16 – 17/18

Overview

The risk assessment in Section 3 set out the auditable units identified and a proposed frequency of review over the next 3 years. The frequency of review is driven by a consideration of the significant risks, challenges and opportunities facing the Council both at present and over the medium term.

The 2015/16 plan set out above reflects the key assurance priorities identified through the risk assessment:

- Financial resilience including finance system controls, budgetary control, development of the medium term financial strategy and associated savings plans / income generation plans
- Value for money including effectiveness and efficiency of services delivered both by the Council and through partnerships/joint arrangements
- Successful delivery of current key projects and large contracts

Key entity level controls underpinning the successful operation and achievement of the Council's aims such as Corporate Governance & Risk Management, Partnerships/Joint Arrangements and Business Continuity have also been selected for year 1 review.

In addition to those areas I have assessed as requiring annual review I have set out below the auditable units that I have assessed as requiring review at least once every 2 or 3 years. Specific areas of focus are detailed in the table below which sets out indicative audit plans for 16/17 and 17/18.

16/17 & 17/18 Indicative Audit Plan

Ref	Auditable Unit Points of Focus	2016/17 Indicative number of audit days	2017/18 Indicative number of audit days
A	Corporate systems / Cross Cutting Reviews		
A.1	Finance Systems <ul style="list-style-type: none"> • A.1.1 General Ledger • A.1.2 Income and Debtors • A.1.3 Expenditure and Creditors • A.1.4 Payroll and expenses • A.1.5 Bank, Cash and Treasury management • A.1.6 Fixed assets and capital accounting • A.1.7 Budgetary control 	20	20
A.2	Medium Term Financial Strategy <ul style="list-style-type: none"> - MTFs compilation process – governance review - Benchmarking assumptions / content - Evaluate robustness and completeness of assumptions made 	0	5
A.3	IT General Controls (Civica, iTrent, Orchard, Academy) <ul style="list-style-type: none"> - Logical and physical access - Computer operations - Programme change - Programme management 	5	0

A.5	Corporate Governance & Risk Management <ul style="list-style-type: none"> - Review performance framework design; robustness of individual Service Improvement Plans (SIPs) to support aims; data quality; benchmarking to other Council's frameworks and best practice - Information governance – compliance review / IT Governance review - provide assurance that the Council's information technology governance arrangements supports the organisation's strategies and objectives 	7	7
A.6	Partnerships/Joint Arrangements <ul style="list-style-type: none"> - Review of overall governance to encourage effective partnerships/joint arrangements - Review effectiveness of a selection of partnerships based on risk assessment e.g. Health and Wellbeing Partnership 	0	5
A.7	Project and Contract Management <ul style="list-style-type: none"> - Follow up 15/16 review of redevelopment agreement (Crescent development) and Leisure Centre contract. - Contracts assurance review of key contracts according to risk assessment (16/17) - Projects assurance review of key projects according to risk assessment (17/18) 	5	5
A.8	Corporate Management/Council Offices <ul style="list-style-type: none"> - Value for money review /Hinckley Hub utilisation & benefits realisation 	0	5
A.9	Customer Services <ul style="list-style-type: none"> - Review of Council's Customer Service Charter – compliance and effectiveness - Compliance review of key customer services procedures (based on risk assessment) 	0	5
A.10	Elections <ul style="list-style-type: none"> - Review of key processes and controls including Individual Electoral Registration 	5	0
A.11	Support Services <ul style="list-style-type: none"> - Estates and Asset Management – efficiency and effectiveness review 	5	0
A.12	Grants and Contributions <ul style="list-style-type: none"> - Review whether the authority is maximising funding opportunities available <p>For a selection of grants (based on risk assessment), to review that:</p> <ul style="list-style-type: none"> - Grant applications support the objectives of the authority and are appropriately authorised; - Monitoring takes place to ensure that all funding requirements are met; - Processes are in place to ensure that claims/returns are completed accurately and in accordance with 	5	0

	the terms and conditions of the grant		
A.13	Fees and Charges - Review of collection processes and controls	5	0
B	Council Services		
B.1	Housing Rents - Review of key controls and processes in relation to rent setting; collection and debt recovery - Where possible, CAATs to be employed to test operation of controls over 100% of population.	5	5
B.2	Housing, Community Safety, Partnerships - Tenant Security – Risk assessment and policy review - Homelessness – end to end process review of Council house allocations	5 0	0 5
B.3	Planning - Development control – follow up review of incumbent internal auditors focusing on implementation of process improvements to enhance efficiency. - S106 agreements– follow up of review of incumbent internal auditors focusing on process improvements as well as selecting a sample of developer agreements to check continued compliance.	5 0	0 5
B.4	Cultural Services - Children and Young People – service review - Hinckley Leisure Centre – service/ benefits realisation review	5 0	0 5
B.5	Business, Contract and Streetscene - Street cleansing – service review - Car parking – service review	5 0	0 5
B.6	Environmental Health - Environment & Climate Change – carbon management plan/Environmental Management Strategy/ Green Space Strategy	5	0
C	Trading Operations		
C.1	Housing Repairs Value for money, SIPs review, benefits measurement / realisation	0	5
C.2	Markets - End to end process reviews (control design and effectiveness) and SIPs review - Opportunities for income maximisation/generation?	0	5
C.3	Grounds maintenance - service review; value for money	0	5
C.4	Industrial Estates - Review of letting and rent collection process - Opportunities for income maximisation/generation	5	0
D	Revenue & Benefits Partnership		

D.1	Council Tax End to end process; key reconciliations; debt recovery (subject to consultation with external audit)	0	5
D.2	Business Rates End to end process; key reconciliations; debt recovery (subject to consultation with external audit)	0	5
D.3	Benefits End to end process; key reconciliations; debt recovery (subject to consultation with external audit)	5	0
D.4	Fraud prevention and detection End to end process; benchmarking of processes to best practice	5	0
PM	Project management		
PM.1	Project management (including liaison with external auditors , ad hoc audit advice and follow up of action plans/recommendation tracking)	10	10
PM.2	Contingency (including ad hoc training)	3	3
	Total Days	115	115

Appendix 1: Detailed methodology

Step 1 -Understand corporate objectives and risks

In developing the understanding of the corporate objectives and risks, I have:

- Reviewed the corporate plan, organisational structure and corporate risk register;
- Drawn on the knowledge of the local government sector; and
- Met with a number senior management and non-executive members.

Step 2 -Define the Audit Universe

In order that the internal audit plan reflects the management and operating structure I have identified the audit universe for Hinckley and Bosworth Borough Council made up of a number of auditable units. Auditable units include functions, processes, systems, products or locations. Any processes or systems which cover multiple functions, processes, systems, products or locations are separated into their own distinct cross cutting auditable unit.

Step 3 -Assess the inherent risk

The internal audit plan should focus on the most risky areas of the business. As a result each auditable unit is allocated an inherent risk rating i.e. how risky the auditable unit is to the overall organisation and how likely the risks are to arise. The criteria used to rate impact and likelihood are recorded in Appendix 2.

The inherent risk assessment is determined by:

- Mapping the corporate risks to the auditable units;
- The knowledge of the business and its sector; and
- Discussions with management.

Impact Rating	Likelihood Rating					
	6	5	4	3	2	1
6	6	6	5	5	4	4
5	6	5	5	4	4	3
4	5	5	4	4	3	3
3	5	4	4	3	3	2
2	4	4	3	3	2	2
1	4	3	3	2	2	1

Step 4 -Assess the strength of the control environment

In order to effectively allocate internal audit resources I also need to understand the strength of the control environment within each auditable unit. This is assessed based on:

- The knowledge of the internal control environment;
- Information obtained from other assurance providers; and
- The outcomes of previous internal audits.

Step 5 -Calculate the audit requirement rating

The inherent risk and the control environment indicator are used to calculate the audit requirement rating. The formula ensures that the audit work is focused on areas with high reliance on controls or a high residual risk.

Inherent Risk Rating	Control design indicator					
	1	2	3	4	5	6
6	6	5	5	4	4	3
5	5	4	4	3	3	0
4	4	3	3	2	0	0
3	3	2	2	0	0	0
2	2	1	0	0	0	0
1	1	0	0	0	0	0

Step 6 -Determine the audit plan

The risk appetite determines the frequency of internal audit work at each level of audit requirement. Auditable units may be reviewed annually, every two years or every three years.

In some cases it may be possible to isolate the sub-process (es) within an auditable unit which are driving the audit requirement. For example, an auditable unit has been given an audit requirement rating of 5 because of inherent risks with one particular sub-process, but the rest of the sub-processes are lower risk. In these cases it may be appropriate for the less risky sub-processes to have a lower audit requirement rating be subject to reduced frequency of audit work. These sub-processes driving the audit requirement areas are highlighted in the plan as key sub-process audits.

Appendix 2: Risk assessment criteria

Determination of Inherent Risk

I determine inherent risk as a function of the estimated **impact** and **likelihood** for each auditable unit within the audit universe as set out in the tables below.

<i>Impact rating</i>	<i>Assessment rationale</i>
6	Critical impact on operational performance; or Critical monetary or financial statement impact; or Critical breach in laws and regulations that could result in material fines or consequences; or Critical impact on the reputation or brand of the organisation which could threaten its future viability.
5	Significant impact on operational performance; or Significant monetary or financial statement impact; or Significant breach in laws and regulations resulting in large fines and consequences; or Significant impact on the reputation or brand of the organisation.

4	Major impact on operational performance; or Major monetary or financial statement impact; or Major breach in laws and regulations resulting in significant fines and consequences; or Major impact on the reputation or brand of the organisation.
3	Moderate impact on the organisation's operational performance; or Moderate monetary or financial statement impact; or Moderate breach in laws and regulations with moderate consequences; or Moderate impact on the reputation of the organisation.
2	Minor impact on the organisation's operational performance; or Minor monetary or financial statement impact; or Minor breach in laws and regulations with limited consequences; or Minor impact on the reputation of the organisation.
1	Insignificant impact on the organisation's operational performance; or Insignificant monetary or financial statement impact; or Insignificant breach in laws and regulations with little consequence; or Insignificant impact on the reputation of the organisation.

<i>Likelihood rating</i>	<i>Assessment rationale</i>
6	Has occurred or probable in the near future
5	Possible in the next 12 months
4	Possible in the next 1-2 years
3	Possible in the medium term (2-5 years)
2	Possible in the long term (5-10 years)
1	Unlikely in the foreseeable future



PERFORMANCE & RISK MANAGEMENT FRAMEWORK
REPORT OF: DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)

WARDS AFFECTED: ALL WARDS

1. PURPOSE OF REPORT

1.1 To provide the council's year to date (2014/15) position on:

- Performance indicators including, benchmark report on indicators agreed by East Midlands benchmark group
- Service improvement plans
- Corporate risks
- Service area risks

2. RECOMMENDATION

2.1 That members note the year to date (2014/15) position for items listed at 1.1.

3. BACKGROUND TO THE REPORT

3.1 Hinckley and Bosworth Borough Council provides a wide range of services that are delivered to the community and sets strategic aims that help focus on priorities and improve the services it provides to the public to deliver the vision: **“A Borough to be proud of”**.

This is achieved by managing performance in the following ways:

- On a daily basis within each section
- On a monthly basis within each service area
- On a quarterly basis through the council's decision-making process
- On an annual basis through the production of the council's “Corporate Plan”

The council's performance is monitored through Service Improvement Plans and includes performance indicators which are measurable. These are set up by the council to show how well we are meeting our own local priorities and objectives.

Inherent in our corporate aims and outcomes are “risks” that create uncertainty. The council recognises it has a duty to manage these risks in a structured way to help ensure delivery of its priorities and to provide value for money services.

The council has a Risk Management strategy which sets out the framework for the monitoring and management of risks.

Performance and Risk Management is embedded into all the council's business activities in a structured and consistent manner and all Service Improvement Plans which include Performance Indicators and Risks are held and managed on the council's performance management system: TEN

4. OVERALL SUMMARY – (Year to date 2014/15)

4.1 Performance Indicators - In total there are sixty three indicators that measure and monitor performance across council services.

Of these sixty three indicators there are **seven** that are at risk of not meeting the target set at the beginning of the year:

Indicator	Target	Year to date	Comments
Customer Services – lost calls	15%	17.61%	Customer Services continue to try and resolve up to 70% of calls at first point of contact and this approach impacts on both average wait time and lost calls. Following customer feedback customer services introduced an initial holding message that advises customers of their position in the queue allowing them to make a decision on whether to hold for their call to be answered or to call back later.
Customer Services – appropriate person sees customer within ten minutes	85%	69.8%	The time taken to serve customers on the POD's continues to rise slightly month by month as the level of support required by customers continues to increase. All visitors are seen at Meet and Greet on arrival and only customers needing assistance are issued tickets to see an advisor. Satisfaction results continue to support customers are happy to wait for the service provided
Human Resources – percentage of employees with a disability	4.5%	3.14%	A number of employees who had stated they had a disability have left the authority
Housing Benefit – overpayments collection rate	45%	31.7%	Identifying where a change in circumstances has taken place where we have not been advised means that it is difficult to maintain recovery levels. Particularly relevant where we are recovering from on-going benefit. Additionally from the latter part of this year assessments are now being made using information that the HMRC are sending through to us. HMRC receive information from employers and pension providers every month giving details of people's wages. Originally to be used for Universal Credit but DWP now using to check details against benefit. This means that we will be alerted to instances where additional income has not been declared and we will seek to recover the overpaid housing benefit

Indicator	Target	Year to date	Comments
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Housing – average time to re let General Needs housing	15 days	24 days	Performance has been affected by higher than normal minor repairs and some delays with repairs completion and high numbers of new voids being received. There has also been a difficult to let property with an unusually high number of refusals
Licensing – Hackney carriage driver licenses issued within sixty days	96%	94.6%	Seven licences have fallen outside time limit PI due to failure of DVSA driving test / awaiting medicals, DBS disclosures etc
Facilities Management (Non HUB): achievement of customer service requests (maintenance type) 10 to 30 day	70%	55%	Performance affected by seasonality issues such as bad weather or holidays when work outstrips resource. Once you get behind on these stats, it is not possible to get even again after work has slowed down So it is a combination of lack of peak resource and statistical anomaly using a 12m average

4.1.2 Benchmarking indicators - As part of an East Midlands Performance Benchmark group initiative there are **four** indicators which can be compared against other district councils within the East Midlands. The group is currently working to agree additional indicators to benchmark. The table below shows the latest status of agreed indicators to date:

Indicator	Period	No of participating councils	Best performance	HBBC performance	HBBC rank	HBBC rank of quartile
Residual household waste per household	(July to September 2014/15)	12	91kg	107kg	3	1 st quartile
Percentage of household waste sent for reuse, recycling and composting	(July to September 2014/15)	13	62.75%	58.3%	3	1 st quartile
Average number of working days lost to sickness absence per FTE	(July to September 2014/15)	15	0.7	1.6	3	1 st quartile

Indicator	Period	No of participating councils	Best performance	HBBC performance	HBBC rank	HBBC rank of quartile
Number of formal complaints received per	(July to September 2014/15)	16	0.89	2.16	3	1 st quartile

10,000 population						
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4.2 Service improvements plans – In total there are three hundred and fifty service improvement action plans being managed across all council services. Of these, **eleven** have been highlighted by service managers/lead officers as slipping from their original intended target date/s:

Action	Progress
App02_Uniform Upgrade 9.1 [14/10]	[14/08] Plans are being drawn up to implement in Oct 2014. (PL) [15/01] Dependencies have delayed the implementation although the works will be completed by end Feb 2015. There are no business impacts caused by this delay. (PL)
App07_Upgrade Local View [14/07]	[14/08] Installation is progressing. Issues have been encountered with ESRI. These are being resolved. This is not affecting live users or live functionality (PL). [14/11] ESRI have provided solutions, Test system being updated. (PL) [01/15] The product cannot be upgraded until ESRI have resolved the outstanding issues. The delay is not business critical - benefits assist IT in managing the servers. No long term commitment to the Local View product which is making resolution more difficult. LM is taking a medium term view to either replace the product or move to ESRI's alternative. PL to advise at Feb/Mar meeting. (PL)
Deliver minor and major social services adaptations within required timescales and budget by Apr 2015	Now forecasting a budget pressure and currently working through future demand to calculate likely amount.
Review property performance data against Local comparator group	Proving very difficult to find willing participants amongst local authorities and through ACES. Looking at a different approach for MI via the new arrangements for managing the commercial estate as these can be compared to industry standards. Whilst regular comparisons are made with LCC, Melton and Market Harborough estates processes other partners do not regularly share data.
Preston Rd POS, provision of a new toddler/junior play area and landscaping to site (GSDP 1, March 2016)	Consultation carried out. Works to take place once section 106 money has been received. Q2 - highly unlikely S106 will be received in time for works to be completed this financial year. Completion date amended.

Action	Progress
Complete a programme of 273 interventions in all health and safety premises as determined by the Councils risk rating schemes and Environmental Health Service Delivery Plans	Q1 - 18 advisory visits carried out ,no questionnaires sent as yet. Q2 - total 39 premises have received an advisory visit, no questionnaires sent out, recognise need to increase intervention rate. Q3 - 106 interventions carried out, including the 3 high risk inspections. Questionnaires now being sent with a few returned. Due to carrying an Officer vacancy for the whole of last quarter not expected to achieve target, probable prediction of 85% with all high risk premises having received an inspection.
Complete a programme of 592 interventions in all food premises as determined by the Councils risk rating schemes and Environmental Health Service Delivery Plans	Q1 - good start to target 116 premises inspected. Q2 - 231 interventions completed to date. On target. Q3 - 354 interventions completed to date. Due to carrying an Officer vacancy for whole of last quarter unlikely to achieve target, possible achievement will be 85%.
Develop business case for in cab software for refuse and recycling collections to improve efficiency, recycling rates etc (Sept 2015)	Project to be extended to implementation if viable / good vfm. Sept 14 - target date extended by 12 months. No capacity to pursue due to Project Recycle Right and implications arising from LCC changes to recycling credits. Therefore lower priority and completion date amended accordingly.
Support the new Wharf Community Consortium to develop the facility	Q1, Q2 and Q3: Support provided to groups around possible funding streams while waiting for legal process surrounding ownership to be resolved.
Utilise vehicles telemetrics to reduce fuel (diesel) consumption across the street scene fleet through improvements in driving efficiency (March 15)	Establish base line use, monitoring systems, and then identify drivers requiring training. Consider staff reward system. Target is 5% reduction in fuel use across the SSS fleet. Q3 - Driver training commenced January 2015 for the top 5 drivers identified with lowest driving style for fuel efficiency. Currently on 3.82% reduction, however fuel purchased is down £10000 compared to last year, this is due to the reduction in fuel costs. Initial target now considered unrealistic as driving styles have improved. Removal of return for none presented wheelie bins will assist from 1/4/15.
Look to develop partnership working and options to cope with increasing demand for domestic abuse outreach services	Q1 Funding in place and to ensure 6 day / week cover for outreach service from Sept 2014- March 2015 Q3 Still issues with capacity. Currently have funding for 1 extra day a week but this funding runs out March 15.

- 4.3 Corporate/Strategic risks – There are a total of thirty one risks on the council's Corporate risk register. Of these, **eleven** have a high net risk level (red risks). Red risks are those that have been identified as posing the most significant threat and are reviewed on a monthly basis to ensure actions are adopted to reduce the likelihood of the risk happening and/or reduce the level of impact the risk poses:

Risk	Review commentary
S.06 - Failure to implement the Town Centre	Construction works on the Crescent progressing well with steel works erected for Sainsbury's building and Cinema Block. Public Realm works have been subject to consultation during December. Awaiting LCC sign off of

Plan	revised S278 Agreement to tie in design of Crescent footpath/highway works with the public realm scheme. The Legal agreement is now secured for Squash facility and construction works progressing on programme with steel works completed. Operational use of existing leisure facilities in place for Squash Club members.
S.11 - Failure to successfully deliver the Medium Term Financial Strategy	The medium term financial position remains challenging but the short term position for 2014/15 and 2015/16 has improved principally due to development control income exceeding the budget for the current 2014/15 financial year and due to the review carried out by Capacity Grid that has identified homes that were registered for Council Tax purposes as empty but are in fact occupied and therefore subject to Council Tax and attract additional New Homes bonus of circa £220K for the next 6 years. Further support has been demonstrated by the ruling group over introducing new charges e.g. charge for pre-application planning advice for domestic planning applications and a charge for replacement bins that have been damaged by residents. This together with a formula grant settlement at a 16.4% reduction as anticipated means that should be no need for reductions in staff or services in 2015/16 but the position needs to be under continuous review.
S.12 - Insufficient Business Continuity Management (incl Disaster recovery) arrangements	All Business Continuity Plans have been re-written to reflect the requirements of the new BS25999 standard. COB has now reviewed the position to ensure progress is maintained
S.15 - Failure to successfully adopt and deliver the LDF leads to:	The Housing Allocations DPD has been approved by Council and has been out to final formal 6 week consultation. Responses are currently being collated and reviewed and will be submitted to the Inspectorate for Examination in March 2015.
S.22 - Failure of County Council Support/ engagement for the Local Strategic Partnership	LCC have still not responded to a request to complete its own benchmarking exercise for Leicestershire Together. However, LCC have recently announced a fundamental review of Leicestershire Together, with a view to reducing resourcing to the Partnership along with questions being raised by LCC Chief Executive over the effectiveness of the Partnership April update: LCC have not yet published outcomes of its review of Leicestershire Together.
S.33 - MIRA RGF Fund	RGF works progressing on programme for completion by end March. Claims expected from contractor but these are being managed and mitigation is in place through robust negotiation and contingency fund arrangements. The procurement process for the new buses has been undertaken and outcomes will be reported to the next RGF Board in January 2015 with a plan to commence service by April 2015. Pre Adjournment Debate took place on the case for dualling the A5 from M69 to M42. A Commitment through the new Government Roads Strategy have been given for dualling the Dodwells/Longshoot stretch and discussions continuing with Highway Agency over planning further investment.

Risk	Risk review
S.34 - Safeguarding of vulnerable adults, children & young people	<p>HBBC are involved in a pre OFSTED Inspection review. Two local cases have been reviewed. Issues remain over the sharing of specific information between Social Services and HBBC.</p> <p>The Vulnerable Adults Safeguarding Policy is currently being refreshed. The roll out of the competency framework is underway.</p> <p>The number of referrals made by HBBC Officers between April 2014 to October 2014 was 82 cases - 30 of which have been previously referred i.e. are complex.</p>
S.36 - Variances to Housing Repairs Account	<p>Budget continues to be monitored and new SORs implemented which will reduce likelihood.</p> <p>.</p>
S.37 - Non delivery of capital projects which are interdependent	<p>Members made the decision at full Council on 2nd September 2014 to add to the specification of the swimming pool in the new Leisure Centre. This will add a further £500K to £705K to the cost of the Leisure centre (this is in addition to the £1m cost of the ground remediation work that was previously reported). This now takes the total cost of construction to just over £15m. The cost of the ground works and the moveable floor has resulted in a shortfall in capital funding which has been met through utilisation of the Hub rental reserve (£1m) and by borrowing. This has meant that the council can no longer consider the following new capital schemes that were being considered:</p> <ul style="list-style-type: none"> • Purchase/development of staff car park (est £900K) • Purchase of HUFC (est' £750K) • Purchase/rescue of Springfield Park (not quantified) • Resolution of Klondyke <p>The greatest impact is on lack of parking for staff at the Hub which is leading to increasing complaints from residents and Council will at some point need to revisit this project.</p> <p>The Council could have purchased HUFC if the whole site was consolidated into one title. This could have been achieved by the Council's intervention but the cost of the moveable floor has precluded this option. As a consequence the Council is now coming under pressure to take some action.</p> <p>Springfield Park- Possibility of elderly retired tenants being displaced from private</p> <p>Static Caravan park on completion of lease term in 2016. Council being pressed to intervene however not the Council's responsibility and legal advice is not to purchase the site unless it is clean of any tenancy agreements. Council will have a statutory duty to provide accommodation if the residents become homeless in 2016. Sharon Stacey and her team starting to plan forward in case this does happen.</p> <p>Klondyke- no grounds for CPO and therefore this project has been dropped</p>

Risk	Risk review
S.43 - Leicestershire County Council	<p>LCC have given notice of withdrawal of green recycling credits from 2015/16. This impacts HBBC budgets by taking away income of around £320K. LCC also announced that their financial position has worsened so it is likely that</p>

budget cuts	they will also remove dry recycling credits from 2016/17 (previously anticipated in 2017/18). This could mean a further £550 loss of income. In addition, as LCC position worsens to a budget gap of £130m with £50m of savings not yet identified there is a likelihood that their further decisions on budget reductions will continue to have an on going impact on Leicestershire District councils budgets. Position is under constant review and will form part of MTFs revision in March 2015
S.45 - Council does not prevent or detect fraudulent activities	Leicestershire Transformation Bid successful. Kat Plummer now working with Leicester City (accountable body) and the Leicestershire revenues and Benefits Partnership to set up a counter fraud service. This should be in place by 31 March 2015. Review of Whistle blowing Policy complete. This revealed a lack of understanding of process to follow. Chief Executive has included a clarification note in the Monthly Newsletter. Taken appropriate action to inform members of staff and elected Members
<p>New risks and changes:</p> <ul style="list-style-type: none"> • No new risks have been added since the previous report • No risks have worsened in their net risk level status since the previous report 	

4.4 Service area risks - There are a total of one hundred risks across all service areas which are kept on individual service area risk registers. Of these, **five** have a high net risk level (red risks). Red risks are those that have been identified as posing the most significant threat and are reviewed on a monthly basis to ensure actions are adopted to reduce the likelihood of the risk happening and/or reduce the level of impact the risk poses:

Risk	Risk review
CPS.41 - Staff levels	Currently capacity problems predominantly within the Legal Team due to high workload and turnover - Legal Services Manager developed a new structure in order to increase resource and to redistribute workload. Engaged 3 locums to deal with backlog and ongoing workload - re-advertising property solicitor post after unsuccessful recruitment campaign
PHR.11 - Tenants - heating affordability	To mitigate the effects of black spot mould forming in Council dwellings, a process and procedure document has in collaboration with the Anti-Social Behaviour and Tenancy Manager been written. This highlights the required procedure when dealing with a report of black spot mould, a surveyors defects tick sheet to identify or eliminate constructional defects, a risk assessment tick sheet to identify tenants issues and the potential intervention of the Energy Officer from the Private Sector Housing Team to alleviate fuel poverty. Also in an attempt to alleviate fuel poverty the Housing Repairs team in association with the Private Sector Housing team are developing a project to install Photo Voltaic (PV) Cells on suitable Council properties to provide free daytime electricity. (at no cost to the Council or tenants)

Risk	Risk review
DLS.42 - Meet the need of Gypsy and Travellers in the borough	One additional site identified for additional pitches however concern has been raised by the owner that any future application should be considered on it's planning merits. Additional sites are being granted permission, so the supply of sites is increasing but this need to continue to meet the on-going requirement. Updated Gypsy and Traveller Accommodation Assessment is being commissioned to ensure compliance with Planning Policy for Travellers
DLS.44 - Five year housing land supply	<ol style="list-style-type: none"> 1. Barwell Section 106 Agreement to be prioritised so permission can be issued and work on site can begin. 2. Barwell pre-commencement conditions to be discharged whilst S.106 is finalised. 3. Earl Shilton SUE planning application to be encouraged from developers. 4. Sites within the Site Allocations document are being promoted for early delivery. Grant received for additional resource to facilitate. 5. Member engagement / training in relation to housing developments has taken place, but this needs to be a continual engagement and message for Members. 6. Progress of the Site Allocations & DM Policies DPD being prioritised. Modifications consultation completed. Submission planned early Spring 2015. 7. Encourage additional SHLAA sites to come forward for development as per paragraph 4.12 of the Core Strategy. 8. Developer Forums to be re-convened on Earl Shilton, Barwell and West of Hinckley.
SS.37 - External funding	Q2 - LCC will be significantly reducing the funding for green waste collections. At a full Council meeting, councillors agreed to use additional income from planning fees in 2014/15 to cover the cost of the garden waste collection service from April 2015 until March 2016, in order to allow more time for all of the alternative options to be explored more fully within the council and with residents.

5. FINANCIAL IMPLICATIONS [KP]

There are no direct financial implications arising from this report, though repercussions of non compliance with risks and performance will inevitably have a financial impact for the Council. These will be considered as part of dedicated reports in these areas.

6. LEGAL IMPLICATIONS [MR]

None arising directly from this report

6. CORPORATE PLAN IMPLICATIONS

The report provides an update on the achievement of the Council's vision and revised Corporate Plan 2013 - 2016. The issues covered in this report relate to, and support the achievement of all the Council's Strategic Aims:

- Creating a vibrant place to work and live
- Empowering communities
- Supporting individuals
- Providing value for money and pro-active services

7. CONSULTATION

Each service area has contributed information to the report and the performance outturn information is available on the council's performance and risk management system TEN.

8. **RISK IMPLICATIONS**

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

This report summarizes all risks, strategic and operational (SIP) and therefore considers the risk implications with regards to the Corporate Plan.

9. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

Equality and Rural implications are considered as part of the implementation of the Corporate Plan 2013-16.

10. **CORPORATE IMPLICATIONS**

None

Background papers: None

Contact Officer: Cal Bellavia ☎5795

Executive Member: Councillor Ms BM Witherford

FINANCE, AUDIT AND PERFORMANCE COMMITTEE – 13TH APRIL 2015



Hinckley & Bosworth
Borough Council

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FINANCE, AUDIT AND PERFORMANCE UPDATE – CULTURAL SERVICES

REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)

WARDS AFFECTED: ALL WARDS

1. PURPOSE OF REPORT

1.1 To provide the committee with an update on the financial, performance and risk position of Cultural Services as at February 2015.

2. RECOMMENDATION

2.1 That members note the contents of this report.

3. BACKGROUND TO THE REPORT

Financial Performance

3.1 The financial performance for Cultural Services from 1st April 2014 – February 2015 has been detailed in Appendix 1. As at 28th February 2015, Cultural Services has overspent against the profiled budget (taking into account timing differences) by £37,932. In addition there are £6,068 of forecast variances meaning a forecast outturn overspend of £44,000.

3.2 There are no variances over £25,000. Appendix 1 provides a high level summary of reasons for variance/financial changes.

Performance

3.3 Performance against performance indicators for Cultural Services from 1st April 2014 – February 2015 has been detailed in Appendix 2, along with explanation where indicators have not been met. In total, 100% of indicators are currently meeting target.

Risk Management

3.4 The risk register for Cultural Services contains 7 risks for 2014/2015. There are no red (high) risks as at February 2015.

3.5 In addition, the following corporate risks are deemed to impact Cultural Services. An update on these risks and corresponding actions are provided below:

Risk	Risk failure leads to:	Net Risk Level	Review commentary	Risk Owner
S.25 - Failure to provide a fit for purpose Leisure	Failure to meet customer expectations, negative impact on resident's health &	6	£15m investment into new state-of-the-art Leisure Centre which is under construction. Business continuity assured via	Bill Cullen

Centre	Wellbeing.		Interim contract i.e. retaining leisure offer at the existing facility until practical completion of new build.	
S.34 - Safeguarding of vulnerable adults, children & young people	Significant risk to organisational reputation, harm to individuals, negative impact on families. Statutory requirement to provide effective service.	7	Designated Safeguarding Officers support employees whom raise concerns. HBBC at compliant in the Section 11 audit. Close liaison with LCC. All council employees receive safeguard training.	Simon Jones

4. FINANCIAL IMPLICATIONS [KP]

4.1 Contained within the Financial Performance section of the report.

5. LEGAL IMPLICATIONS (EH)

5.1 The report is for noting only, therefore there are no legal implications arising directly from this report. Legal implications will be fully considered in relation to further reports where decisions are proposed in light of this information.

6. CORPORATE PLAN IMPLICATIONS

6.1 All budgets, performance indicators and risks are mapped against the appropriate corporate plan implication.

7. CONSULTATION

7.1 No direct consultation

8. RISK IMPLICATIONS

8.1 Covered within the Risk Management section of this report.

9. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

9.1 Covered as appropriate in the body of the report.

10. CORPORATE IMPLICATIONS

10.1 When drafting his report the author has taken wider corporate implications into account.

Background papers: None

Contact Officer: Simon D. Jones, Cultural Services Manager, 5699

Executive Member: Cllr David Cope

Appendix 1 – Financial Performance – Cultural Services

	Estimate to Date	Actual to Date	Timing Diff	Variance exc Timing	Explanations >£25k	Forecast variance
	£	£	£	£		£
Children and Young People	42,523	76,267	-40,000	6,256		0
CCTV	89,995	108,584	0	-18,589		-18,000
Creative Communities	50,948	58,607	-4,500	-3,159		-5,000
Leisure Centre	318,658	324,188	0	-5,530		-5,000
Leisure Promotion	52,865	51,286	0	1,579		0
Sports Development	109,360	9,361	94,000	5,999		0
Leisure & Environment- sub total	664,349	628,293	49,500	-13,444		-28,000
Markets	-18,377	6,490		-24,867		-23,000
Public Transport	9,089	1,209	7,500	380		7,000
Planning – sub total	-9,288	7,699	7,500	-24,487		-16,000
Total	655,061	635,993	57,000	-37,932		-44,000

Appendix 2 – Performance Indicators – Cultural Services

Reference	PI detail	Target – end of year	Current Performance Quarter 3 - Dec 2015	Comments
SAP15	Total attendances - Sport & Physical Activity Commissioning Plan	36,733	19,865	Good performance to date. Expect to meet target by year end.
SAP16	VFM based on attendances - Sport & Physical Activity Commissioning Plan	£6.50	£8.32	Unlikely to hit the target due to increased complexities around delivering bespoke targeted sessions to our most vulnerable residents.
BV119a	Borough satisfaction survey: Sports/Leisure facilities	72%	79.9%	Positive improvement. Satisfaction in 2013/14 was 65%.
CS1	Number of attendees at HBBC run events	70,000	74,323	Increased attendance due to partnership working with the Hinckley BID and other organisations.
CS2	Number of empty business units and (occupancy rate) Hinckley Town Centre	10%	6.7%	Good performance. Below national average which is currently 10.3% (Feb 2015)
CS4	Increase footfall at Hinckley Leisure Centre	662,406	457,817	National trends show a decrease in casual swimming participation. Unlikely to meet target.
CS6	Number of participants in the GP exercise referral scheme	750	495	Annually the final quarter sees an increase in referrals. Expect to meet target by year end.

FINANCE, AUDIT AND PERFORMANCE COMMITTEE – APRIL 13 2015



Hinckley & Bosworth
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REVENUES & BENEFITS PERFORMANCE UPDATE

REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)

WARDS AFFECTED: ALL WARDS

1. PURPOSE OF REPORT

- 1.1 To provide the committee with an update on the action plans developed within revenues and benefits following the 2014/2015 internal audit inspection and provide an updated performance summary.

2. RECOMMENDATION

- 2.1 That members note the contents of this report.

3. BACKGROUND TO THE REPORT

- 3.1 C W Audit Services conducted a review of Business Rates, Council Tax and Benefits. Whilst significant assurance was given on the internal controls in place for all three service areas a number of recommendations were made and this report confirms the actions taken.

It is also important to note that throughout the review the risk ranking was medium to low which meant that the system was not at risk from meeting its key objectives.

A number of recommendations related to both council tax and business rates and for transparency they are included under both headings

3.11 Council Tax

3.12 Quality Checks

We will be introducing a quality checking regime focussing primarily on new staff and those who have recently changed roles.

3.13 Discounts & Exemptions

We are currently in the process of developing a timetable which will ensure that all discounts and exemptions are reviewed in a timely manner.

3.14 Inspections

As part of the structural review we now have a team of generic visiting officers who will be responsible for both inspections and benefit support. Later in the year we will be looking to implement software that will automate the inspection process

3.15 Write-offs

A timetable has been put in place which ensures non-recoverable debts are identified and written-off promptly

3.2 Business Rates

3.21 Quality Checks

We will be introducing a quality checking regime focussing primarily on new staff and those who have recently changed roles.

3.2.2 System Parameters

Whilst there was no evidence that the system parameters were entered incorrectly a procedure is now in place which evidences that parameter updates are independently checked and verified by one of the Partnership Managers

3.2.3 Awarding Discretionary Charitable Relief

All approvals are authorised by the partnership manager.

3.2.4 Inspections

As part of the structural review we now have a team of generic visiting officers who will be responsible for both inspections and benefit support. Later in the year we will be looking to implement software that will automate the inspection process

All inspections are now recorded on the inspection screen of the business rates system.

3.2.5 Write-offs

A timetable has been put in place which ensures non-recoverable debts are identified and written-off promptly.

3.3 Benefits

3.3.1 New Claims

All assessors have been reminded of the need to ensure that all new claims contain the necessary information and the identity of the claimant has been verified in accordance with our verification policy.

3.3.2 Backdated Benefit Claims

Guidance notes have been updated and distributed to all assessment staff reminding them of the steps to follow when backdating a claim which includes

- Classification (is it a backdate or a reconsideration)
- Evidence to be provided in support of the backdate request
- Information to be entered onto the claim database

3.3.3 System Parameters

In addition to the parameter updates being independently checked and verified they are now clearly labelled with the council name

3.3.4 Quality Checks

Changes to the structure will mean that the assessment and quality checking team have an overarching manager and therefore better able to respond to quality and training issues.

3.4 2013/2014 Subsidy Audit

It is important to note that the majority of errors highlighted in the qualification letter were small in value and did not have an impact on the final claim.

However it was nevertheless crucial that lessons were learned and processes and procedures changed, where appropriate, to reduce the incidence of the same errors reoccurring in subsequent audits.

A focus group has been set up comprising the quality assurance team who carry out the work checks, our training officer, senior officers and benefit team leaders. This group now meets regularly, in order to address the areas of concern raised by the subsidy audit. From these meetings we are able to update our guidance and procedures.

Refresher training is being arranged for all assessment staff. We are also providing more specific training to those members of staff who have not met the required standard for quality.

To date we have concentrated on the following areas highlighted by the subsidy audit:

Self employed

The issues mainly centred on staff not including expenses which were allowable. The training officer has now created a template including guidance which is used for each case.

Earnings

This can be a complex area because of the frequency that earnings can change and it's not always necessary to re-assess earnings if they only change slightly as there will be no impact when taken as an average. A new procedure note is being developed and all assessors have been reminded of the requirement to detail on the claim how average earnings have been calculated so the auditors can make a judgement as the reasonableness of the calculation.

Non dependant deductions

Refresher training is to be provided to all assessment staff

Complex Cases

The subsidy audit identified specific claim types that by their very nature often require complex calculations, it has been agreed that because of the rarity of these cases the calculation will be conducted by senior benefit officers only.

3.5 Performance Data

The Leicestershire Revenues & Benefits Partnership was formed in 2011 to provide a shared service for the processing of Council Tax, Business Rates and Housing and Council Tax Support for Harborough District Council, Hinckley and Bosworth Borough Council and North West Leicestershire District Council.

Performance reports are presented to the Management Board on a monthly basis and as requested by the committee performance data for HBBC has been provided below for a range of financial years including data prior to the formation of the partnership..

Current collection rates have been impacted by a number of factors including external economic pressures and the move from council tax benefit to locally determined council tax reductions; in 2013/2014 councils in Leicestershire estimated a 0.5% reduction in their council tax collection rates because of the abolition of council tax benefit.

In addition both council tax and business rate payers now have the right to pay over 12 months which has meant that our in year collection profile has had to change to allow for the fact that a proportion of our customers now pay through to March instead of finishing in January. February and March historically has been a time when recovery action could be concentrated to maximise collection by the end of the financial year, however this isn't now possible as some instalments are still due in February and March.

Additionally, HBBC changed the CTLS scheme increasing from 8.5% to 12%. meaning that working age Council Tax payers on low incomes would have more to pay.

The difficulties in collecting business rates also remain, particularly in relation to unoccupied properties and research indicates that many authorities are anticipating a fall in their collection rates for both council tax and business rates.

Indicator	2007/08	2008/09	2010/11	2011/12	2012/13	2013/14	2014/15 (@ 28/2/15)
Council Tax collection rate (%)	98.75	98.53	98.61	98.44	97.93	98.00	96.53 Target 98.1
Combined performance (NI181) days	N/A	N/A	9.6	8.10	10.42	10.9	8.28 Target 11
Fraud prosecution & sanctions	19	29	37	42	36	23	29 Target 14
NNDR collection rate (%)	99.41	98.0	98.47	97.64	96.93	98.04	96.13 Target 98.3
Housing Benefit overpayments collection rate (days)	N/A	N/A	52.33	63.73	47.18	40.78	36.0 Target 45.0
Processing of new claims (days)	21.5	16.60	15.0	15.30	21.43	17.79	15.63 Target 19
Processing Change of Circumstances (Days)	5.6	7.5	5.5	7.20	9.23	8.45	6.23 Target 9

4. FINANCIAL IMPLICATIONS [KP]

4.1 The total cost of the Revenues and Benefits Partnership is split between the three partners on the basis of an agreed percentage. The total cost of the service for 2014/2015 and 2015/2016 by partner is detailed below.

	Total (£)	HBBC (£)	HDC (£)	NWLDC (£)
2015/16 Budgeted contribution	3,621,140	1,362,180	1,040,710	1,218,250
2014/15 Contribution	3,589,240	1,415,880	1,014,350	1,159,010
Difference – Increase/(Decrease)	31,900	(53,700)	26,360	59,240

4.2 As outlined in the table above, the Council's contribution to the Partnership is due to decrease by £53,700 in 2015/2016 following implementation of a number of efficiency savings recommended by a review conducted by the IRRV. The Council is able to ensure value for money from the service through the economies of scale that are achieved by the Partnership arrangement. In addition, the Council receives the following income streams from the Partnership:

- Rental income from the use of space in the Atkins building

- A contribution towards the salaries of Hinckley officers who are involved in the administration of the organisation (e.g. legal and finance)
- A proportion of support service recharges

5. LEGAL IMPLICATIONS [MR]

- 5.1 Every local authority is required to make arrangements for the proper administration of its financial affairs and it can be seen from the report that steps are being taken to improve the operation of the revenue and benefits service
- 5.2 Members will no doubt wish to receive a future assessment of the results of the measures being put in place

6. CORPORATE PLAN IMPLICATIONS

- 6.1 All budgets, performance indicators and risks are mapped against the appropriate corporate plan implication.

7. CONSULTATION

- 7.1 No direct consultation

8. RISK IMPLICATIONS

- 8.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.
- 8.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.
- 8.3 The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
None		

9. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

- 9.1 Covered as appropriate in the body of the report

10. CORPORATE IMPLICATIONS

- 10.1 By submitting this report, the report author has taken the following into account:
- Community Safety implications
 - Environmental implications
 - ICT implications
 - Asset Management implications
 - Procurement implications
 - Human Resources implications
 - Planning implications
 - Data Protection implications
 - Voluntary Sector

Background papers: None

Contact Officer: Storme Coop Ext 5706

Executive Member: Cllr Keith Lynch

By virtue of paragraph(s) 1, 6, 10 of Part 1 of Schedule 12A of the Local Government Act 1972.

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