

# Public Document Pack



Hinckley & Bosworth  
Borough Council

**Bill Cullen** MBA (ISM), BA(Hons) MRTPI  
*Chief Executive*

**Date: 17 June 2025**

**To: Members of the Audit Committee**

Cllr DS Cope (Chair)	Cllr C Lambert
Cllr R Webber-Jones (Vice-Chair)	Cllr A Pendlebury
Cllr CM Allen	Cllr MJ Surtees
Cllr REH Flemming	Cllr BE Sutton
Cllr SM Gibbens	Cllr P Williams
Cllr E Hollick	

Copy to all other Members of the Council

(other recipients for information)

Dear member,

There will be a meeting of the **AUDIT COMMITTEE** in the De Montfort Suite, Hinckley Hub on **WEDNESDAY, 25 JUNE 2025 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 Manager

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Thank you

## AUDIT COMMITTEE - 25 JUNE 2025

### A G E N D A

1. APOLOGIES AND SUBSTITUTIONS

2. MINUTES OF PREVIOUS MEETING (Pages 1 - 4)

To confirm the minutes of the previous meeting.

3. ADDITIONAL URGENT BUSINESS BY REASON OF SPECIAL CIRCUMSTANCES

To be advised of any additional items of business which the Chair decides by reason of special circumstances shall be taken as matters of urgency at this meeting (to be taken at the end of the agenda)

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 received in accordance with Council Procedure Rule 12.

6. EXTERNAL AUDIT PLAN 2024/25 (Pages 5 - 36)

Report of the External Auditor

7. LEISURE CENTRE - INTERNAL AUDIT FINAL REPORT (Pages 37 - 48)

Report of the Internal Auditor

8. IT ASSET MANAGEMENT LEICESTERSHIRE ICT PARTNERSHIP 23/24 - INTERNAL AUDIT FINAL REPORT (Pages 49 - 72)

Report of the Internal Auditor

9. WASTE MANAGEMENT 2024/25 - INTERNAL AUDIT FINAL REPORT (Pages 73 - 84)

Report of the Internal Auditor

10. INTERNAL AUDIT PROGRESS REPORT (Pages 85 - 94)

Report of the Internal Auditor

11. AUDIT COMMITTEE SELF-ASSESSMENT ACTION PLAN - UPDATE (Pages 95 - 114)

To present progress and support for actions needed on the Audit Committee's agreed Action Plan

12. AUDIT COMMITTEE FORWARD PLAN (Pages 115 - 116)

Forward plan for members consideration

13. ITEMS TO BE REFERRED TO COUNCIL

Members to consider if any items are required to be referred to council

14. ANY OTHER ITEMS OF BUSINESS WHICH THE CHAIR DECIDES HAVE TO BE DEALT WITH AS MATTERS OF URGENCY

As announced under item 3 above.

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 3 and 10 of Schedule 12A of the 1972 Act.

## HINCKLEY AND BOSWORTH BOROUGH COUNCIL

### AUDIT COMMITTEE

**5 MARCH 2025 AT 6.30 PM**

PRESENT: Cllr DS Cope - Chair  
Cllr A Pendlebury – Vice-Chair  
Cllr REH Flemming, Cllr E Hollick, Cllr MJ Surtees, Cllr BE Sutton and  
Cllr P Williams

Also in attendance: Councillor KWP Lynch

Officers in attendance: Chris Brown (Azets), Julie Kenny, Sarah Knowles (Mazars), Helen Parks (Azets), Rebecca Valentine-Wilkinson, Ashley Wilson and Ashley Stewart (Mazars)

**391. Apologies and substitutions**

Apologies for absence were submitted on behalf of Councillors C Allen, S Gibbens, Lambert and Webber-Jones.

**392. Minutes of previous meeting**

It was moved by Councillor Williams, seconded by Councillor Flemming and

RESOLVED – the minutes of the meeting held on 15 January be confirmed as a correct record.

**393. Declarations of interest**

No interests were declared at this meeting.

**394. 2025/26 Internal Audit plan and Charter**

Members were provided with the proposed Internal Audit Operational Plan for 2025/26, the 2025/26 – 2027/28 updated Internal Audit Strategy, and the Internal Audit Charter.

In response to questions from members it was confirmed that the proposed audits for shared service partnerships would be carried out on behalf of all partners and shared with their own audit committees.

It was proposed by Councillor Pendlebury, seconded by Councillor Flemming and

RESOLVED –

- (i) That members approved the Internal Audit Operational Plan for 2025/26;
- (ii) That members approved the 2025/26 -2027/28 updated Internal Audit Strategy; and

- (iii) That members approved the Internal Audit Charter.

**395. Counter Fraud Framework**

Members were presented with the draft Counter Fraud Framework document which formed part of the Counter Fraud strategy work.

As part of the discussions it was confirmed that the objective was to further protect the council and this Framework would strengthen arrangements already in place.

It was proposed by Councillor Williams, seconded by Councillor Flemming, and

RESOLVED – the report be noted.

**396. Approach to re-building audit assurance**

Members were presented with an update on the planned approach to building external audit assurance that set out the first stages of the recovery plan.

In response to questions from members it was confirmed that:

- This gave the level of assurance needed in order to move forward;
- This work would be completed in chunks within a four year period to give enough assurance of the material areas;
- Each piece of work would be reported to Audit committee on completion;
- At this point there would be no additional costs incurred above that in the report, but further costs may be incurred later;
- The first year of the merged council's under local government reorganisation would require additional costs to merge accounts, which would be further complicated if there were still outstanding qualified or disclaim opinions.

It was moved by Councillor Pendlebury, seconded by Councillor Hollick, and

RESOLVED – the update be noted.

**397. External Auditors Annual report - year ended 31 March 2024**

Members were presented with an overview of Azets Auditor's annual report for the year ended 31 March 2024.

It was moved by Councillor Flemming, seconded by Councillor Hollick, and

RESOLVED – that members noted the report and the actions in place to address the recommendations made.

**398. Items to be referred to council**

There were no items to be referred to council.

(The Meeting closed at 7.11 pm)

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CHAIR

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# Hinckley and Bosworth Borough Council

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**External audit plan - DRAFT**

Year ended 31 March 2025

**April 2025**



Agenda Item 6

## Your key team members

### Chris Brown

Key Audit Partner

Chris.Brown@azets.co.uk

### Helen Parks

Manager

Helen.Parks@azets.co.uk

### Michaela Opoku Asare

In-Charge auditor

Michaela.Opoku.Asare@azets.co.uk

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# Executive summary

## Scope

This plan sets out our strategy for the external audit of Hinckley and Bosworth Borough Council for 2024/25, including our approach to building back assurance following the disclaimed audit opinions issued in 2020/21, 2021/22, 2022/23 and 2023/24.

## Approach

Key areas of audit focus in 2024/25 will be:

- Auditing the 2024/25 Statement of Accounts in all areas where assurance can be carried forward to future years.
- “Build back” work in the following areas:
  - A risk assessment from the last clean audit opinion (2019/20) to date to inform our work.
  - Testing of transactions from 2020/21 onwards making up the property plant and equipment values in the accounts, including:
    - Additions
    - Disposals
    - Reclassifications
    - Depreciation.
- Value for money audit and all other work prescribed by the NAO Code of Audit Practice.

As previously communicated, we do not expect to be able to build back all the missing assurances from previous years during 2024/25. Our 2024/25 audit opinion is therefore likely to be disclaimed. There remains a level of uncertainty on the approach to the build back work, as a regulator-approved sector-wide approach is yet to be agreed. However, we are confident that the planned approach outlined above and described in this report represents the minimum work that will be required to start the build back process, and we are keen to progress this as soon as possible to limit further disclaimed audit opinions.

## Reporting to the Audit committee

We will present regular written and oral reports to the Audit Committee throughout the year summarising progress on the current year audit and the build back work. We will provide a draft Auditor’s Annual Report by 30 November 2025 and we will issue our “opinion” on the Statement of Accounts by the backstop date of 27 February 2026.

The build-back work is not covered by our normal audit fee and is therefore subject to an additional fee.

# Purpose and responsibilities

## **Adding value through the audit**

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

## **Purpose**

This audit plan highlights the key elements of our proposed audit strategy and provides an overview of the planned scope and timing of the statutory external audit of Hinckley and Bosworth Borough Council ('the Council') for the year ended 31 March 2025.

The core elements of our work include:

- An audit of the 2024/25 Statement of Accounts;
- Build back work to recover from previously disclaimed audits; and
- An assessment of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (our Value for Money work).

## **Auditor responsibilities**

We have been appointed to perform an audit, in accordance with the Local Audit and Accountability Act 2014, the Code of Audit Practice issued by the National Audit Office and International Standards on Auditing (ISAs) (UK). Our primary responsibility is to form and express an independent opinion on the Council's financial statements, stating whether they provide a true and fair view and have been prepared properly in accordance with applicable law and the CIPFA Code of Practice on Local Authority Accounting in the UK.

We are also required to:

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

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

- Reporting matters in the public interest;
- Making written recommendations to the Council;
- Making an application to the court for a declaration that an item of account is contrary to law;
- Issuing and advisory notice; or
- Making an application for judicial review.

# Purpose and responsibilities

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

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

## Auditor responsibilities (...continued)

The Act also requires us to consider any objection made to the accounts and give any elector the opportunity to question us about the accounting records of the Council.

On completion of our audit work, we will issue an Audit Completion Report (prior to the approval of the financial statements), detailing our significant findings and other matters arising from the audit of the financial statements, together with an Auditor's Annual Report including our commentary on the value for money arrangements.

If we identify any significant adverse or unexpected findings that we conclude should be communicated, we will do so on a timely basis, either informally or in writing.

The audit does not relieve management or the Audit Committee of your responsibilities, including those in relation to the preparation of the financial statements.

## Council responsibilities

The Council is responsible for:

- Preparing financial statements which give a true and fair view, in accordance with the applicable financial reporting framework and relevant legislation;
- Preparing and publishing, along with the financial statements, an annual governance statement and narrative report;
- Maintaining proper accounting records and preparing working papers to an acceptable professional standard that support the financial statements and related reports and disclosures; and
- Ensuring the proper financial stewardship of public funds and establishing effective arrangements for governance, propriety and regularity, including prevention and detection of fraud, reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

# Audit scope and general approach

## General approach

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

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

- Page 10
- Perform risk assessment procedures including updating our understanding of the Council, including its environment, the financial reporting framework and its system of internal control;
  - Review the design and implementation of key internal controls;
  - Identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement level and the assertion level for classes of transaction, account balances and disclosures;

- Design and perform audit procedures responsive to those risks, to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion; and
- Exercise professional judgment and maintain professional scepticism throughout the audit recognising that circumstances may exist that cause the financial statements to be materially misstated.

We will undertake a variety of audit procedures which, in a normal year, are designed to provide us with sufficient evidence to give us reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. We are unlikely to be able to obtain sufficient assurance in 2024/25 to reach this conclusion due to the previously disclaimed audits.

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

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



# Audit scope and general approach

## Materiality

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

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

The basis for our assessment of materiality for the year is set out on page 17. Any identified errors greater than our clearly trivial amount of £56,300 will be recorded and discussed with you.

## Accounting systems and internal controls

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

## Specialist skill or knowledge required to complete the audit

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

- The audit of the actuarial assumptions used in the calculation of the defined benefit pension liability/asset (from 2025/26 onwards).

We will consult internally with our Technology Risk team for them to support the audit team by assessing the information technology general controls (ITGC) of the following systems:

- Civica Financials
- Active Directory

# Audit scope and general approach

## Significant changes in the financial reporting framework

There has been one significant change in the financial reporting framework this year. The new standard relating to IFRS 16 Leases, issued in January 2016, has now been mandated for implementation from 1 April 2024 within the 2024/25 CIPFA Code.

The most significant impact of IFRS 16 is to bring operating leases on balance sheet as right-of-use assets.

## Significant changes in the Council's functions or activities

There have been no significant changes to the functions and activities of the Council or its structure.

## Going concern

### Management responsibility

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

### Auditor responsibility

We are required to consider the appropriateness of management's use of the going concern assumption in the preparation of the financial statements and consider whether there are material uncertainties that need to be disclosed in the financial statements.

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

## Related party transactions

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

## Additional procedures for NAO

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

The NAO audit team for the Whole of Government Accounts (WGA) request us to undertake specific audit procedures to provide them with additional assurance over the amounts recorded in WGA schedules. The extent of these procedures will depend on whether the Council has been selected by the NAO as a sampled component for 2024/25. This has not been confirmed.

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



# Building back assurance

## Summary of why we are likely to issue a disclaimer of opinion in 2024/25

Given the Council's disclaimed audit opinions for the financial years 2020/21, 2021/22, 2022/23 and 2023/24, we are unlikely to be able to obtain sufficient assurance over the following in 2024/25:

1. Opening and closing balances in the financial statements (Balance Sheet), and
2. Reserves balances (which have come from the movements within the Statement of Comprehensive Income over the past four years).

We will be unable to provide a "clean" audit opinion to the Council until we have completed sufficient build back work to become comfortable over these balances and movements. This is likely to take a number of years due to capacity within our audit team and the Council's finance team. This situation is common across the local government sector, particularly where more than one previous year has been disclaimed.

As a result of the approach we adopted in 2023/24, we have gained an understanding of the Council's systems, processes, controls and arrangements for the preparation of the financial statements and have gathered information to inform the process of rebuilding assurance in this and future years.

We have developed an end-to-end build-back recovery plan for disclaimed audits, as set out on the following pages.

Further background regarding disclaimed audits in the local government landscape is set out in Appendix I.

# Building back assurance

## Our build back approach

Our approach comprises three distinct phases with the ultimate objective of returning to unmodified opinions as quickly as possible.

Phase	Planned work	Timing	Included in scale fee?
1	Undertake the normal 'in-year' audit. This will provide sufficient assurance over some closing balances and most in-year movements.	Annually	Yes
2	Undertake 'build-back' testing back to the last clean opinion for specified balance sheet items where full assurance over the closing balance cannot be obtained without opening assurance.	To be agreed with Council	No (this will incur additional cost)
3	Undertake work on prior-year disclaimed income and expenditure entries and reserve movements back to the last clean opinion (subject to Sandbox discussions).	To be agreed with Council	No (this will incur additional cost)

One of the contributing factors to the existing backlog of opinions was insufficient capacity across audit suppliers and, in some cases, within council finance teams. These capacity constraints continue. It is therefore not possible to rebuild all assurance within a one-year period, as recognised in the announcements from MHCLG and guidance from NAO and FRC.

In terms of the work required under phases 2 and 3 – which could be considerable – we will discuss with management the appropriate timing for such work.

## 2024/25 planned work

For 2024/25 we anticipate there will be sufficient capacity to undertake:

- Phase 1 (2024/25 audit) and;
- Some elements of phase 2. We are anticipating these to be:
  - A risk assessment of the control environment from the last clean opinion (2019/20) to date to inform our work.
  - Testing of transactions within property, plant and equipment balances from 2020/21 onwards, covering:
    - Additions
    - Disposals
    - Depreciation
    - Reclassifications.

The remainder of the indicative build back plan (phase 2 and phase 3) will fall into future years.

# Building back assurance

## Phase 1: the ‘in-year’ audit and accretion of evidence to future years

In 2024/25 and future years, our ‘in-year’ audit is likely to provide sufficient assurance over some balances but not others. The table below sets out, in the first line, the areas where we are likely to obtain sufficient assurance from the in-year audit, and, in the second line, the areas where only some assurance can be obtained from the in-year audit because of the long-term, accumulated nature of those balances.

Auditor Conclusion	Likely applicable balances
Sufficient assurance gained over the closing balance (i.e. closing balance is not inherently tied to the opening position).	<ul style="list-style-type: none"><li>• Other land and buildings valuation (following next full valuation in 2024/25)</li><li>• Pension liabilities (following next triennial valuation in 2025/56)</li><li>• Investments</li><li>• Debtors</li><li>• Creditors</li><li>• Cash and cash equivalents</li><li>• Borrowing</li></ul>
Some assurance gained in-year but <b>lack of opening assurance</b> means the closing balance cannot be fully assured and remains disclaimed.	<ul style="list-style-type: none"><li>• Property plant and equipment</li><li>• Long term debtors</li><li>• Long term creditors</li><li>• Long term lease liabilities</li><li>• Provisions</li><li>• All reserves</li></ul>

The items in the first line will be rolled forward and accreted into future years’ audits. No retrospective build back should be required for these items of account, but it will take a minimum of three years for the items in this first category to be fully assured across three years of closing balances. In the case of pension liabilities, this cannot start until 2025/26 when the next triennial valuation report is due to be published.

The items in the second line will need further work to obtain sufficient assurance, which form phases 2 and 3 of the build-back approach.

# Building back assurance

## Phase 2: build-back for specified balance sheet items where the closing position is inherently tied to the opening position

These closing balances can only be assured by undertaking work in the disclaimed years, back to the last clean opinion.

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In 2024/25, we will recover assurances on property, plant and equipment - additions, disposals, depreciation and reclassifications.

We propose to recover assurances on long term debtors, creditors, lease liabilities and provisions in 2025/26 or a future year.

We do not, at this stage, have a proposal to rebuild any assurance for reserve balances over the disclaimed years due to the very high volume of income and expenditure transactions and other reserve movements which make up these balances. This is considered further in Phase 3.

## Phase 3: build-back on prior year disclaimed reserve balances back to the last clean opinion

The approach to this is being discussed by all firms within the 'Sandbox'. Firms, including Azets, will only use this approach if it is endorsed by the FRC and/or MHCLG.

If it is endorsed, we will employ the 'Sandbox' approach back to the last clean opinion to gain full assurance over prior years' CIES and reserves movements and, thereby re-build assurance on the closing general fund, earmarked reserves and unusable reserves, as well as over the Council's Capital Financing Requirement (CFR) and Minimum Revenue Provision (MRP). This may involve selective substantive testing of income and expenditure transactions within disclaimed years.

If the 'Sandbox' approach is not endorsed, we may need to undertake detailed income and expenditure testing in each previously disclaimed year, which would require substantial audit and finance team input.

# Build-back plan

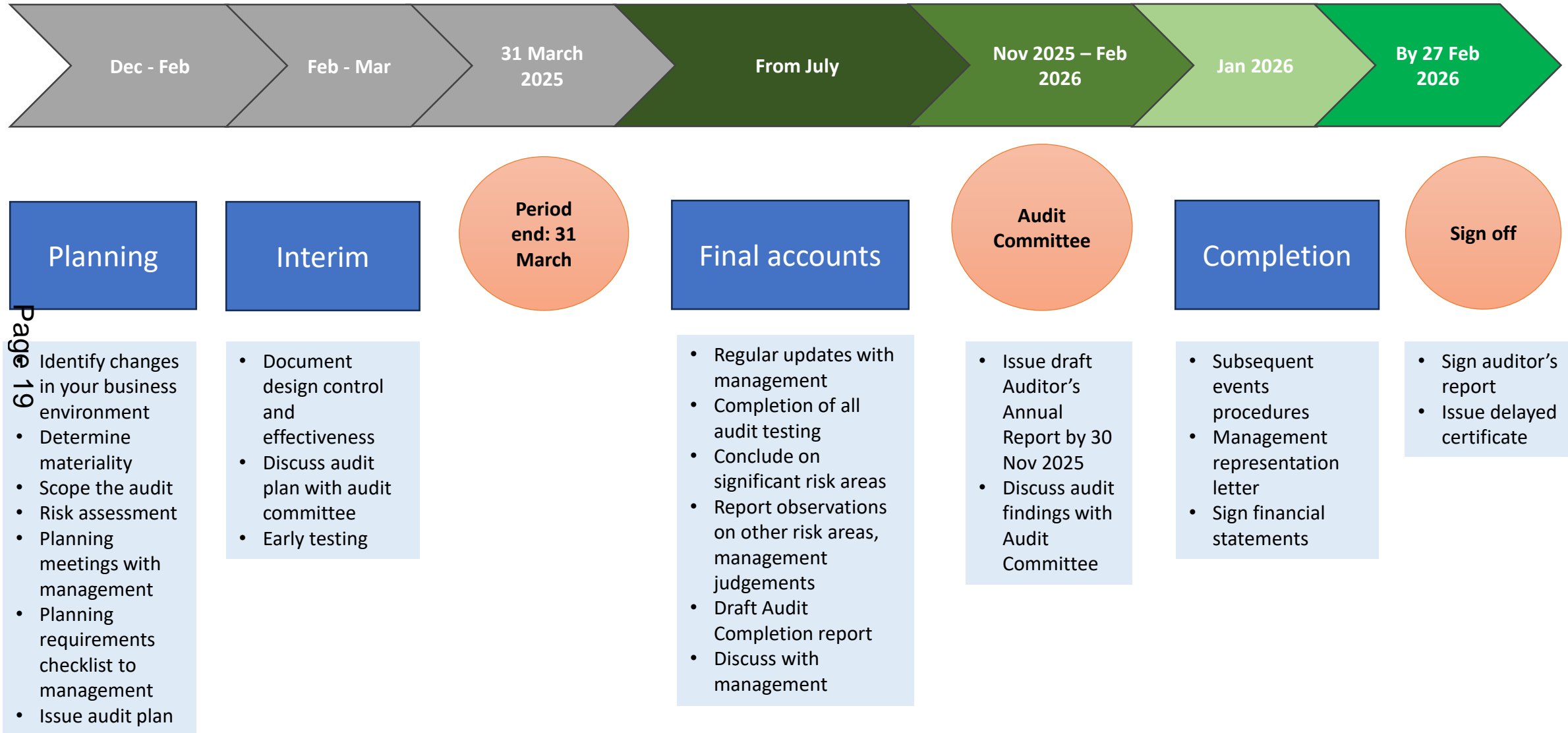
	Build back of specified closing balances				Recovery of closing balances	Recovery of reserves	
Item of account	Phase 1				Phase 2 (year and timing to be agreed with management)	Phase 3 (year and timing to be agreed with management)	Included in scale fee?
	2024/25	2025/26	2026/27	2027/28			
Income in-year ( <i>fees and charges, taxation, grants, other income</i> )	Yes	Yes	Yes	Yes			Yes
Expenditure in-year ( <i>payroll, operating expenditure, other expenditure</i> )	Yes	Yes	Yes	Yes			Yes
Other land and buildings valuation, council dwellings valuation	Yes	Yes	Yes	Yes			Yes
Closing balances not inherently tied to the opening balance ( <i>includes Investment properties, investments, debtors, creditors, cash and cash equivalents, borrowing</i> )	Yes	Yes	Yes	Yes			Yes
Pension liabilities ( <i>following triennial valuation in 2025/26</i> )	No	Yes	Yes	Yes			Yes
Reserves and reserves movements in-year ( <i>general fund, earmarked reserves, unusable reserves, CFR, MRP, in-year income and expenditure</i> )	Yes	Yes	Yes	Yes			Yes
Cash flow statement in-year	Yes	Yes	Yes	Yes			Yes
Collection fund in-year	Yes	Yes	Yes	Yes			Yes
Cash flow statement and related notes full assurance	Yes	Yes	Yes	Yes			Yes
PPE closing balances ( <i>recovery of additions, disposals, depreciation and other capital movements</i> )	No	No	No	No	Yes (planned in 2024/25)	No	No
Closing balances inherently tied to the opening balances where prior year recovery is required ( <i>Long term debtors, long term creditors, long term lease liabilities, provisions</i> )	No	No	No	No	Yes (in future years)	No	No
Collection fund surplus	No	No	No	No	Yes (in future years)	No	No
Reserves and reserves movements full assurance ( <i>general fund, earmarked reserves, unusable reserves, CFR, MRP, disclaimed year income and expenditure</i> )	No	No	No	No	No	Yes (in future years)	No

# Anticipated audit reports by year

Year	Assurance gained							Reserves	Anticipated audit report
	Closing balances	Comparator closing balances	Comparator opening balances	Pensions IAS19 closing balance	Pensions IAS19 comparator closing balance	Pensions IAS19 comparator opening balance	Closing balances inherently tied to the opening balance		
2024/25	✓	X	X	X	X	X	X	X	Disclaimer
2025/26	✓	✓	X	✓	X	X	X	X	Disclaimer
2026/27	✓	✓	✓	✓	✓	X	X	X	Disclaimer
2027/28 (phase 1 only)	✓	✓	✓	✓	✓	✓	X	X	Disclaimer
2027/28 * (phase 1 and 2 only)	✓	✓	✓	✓	✓	✓	✓	X	Disclaimer/qualified
2027/28 * (phase 1, 2 and 3)	✓	✓	✓	✓	✓	✓	✓	✓	Clean

\* Phase 2 (recovery of assurance back to the last clean opinion) and Phase 3 (recovery of general fund and reserves assurance) may be undertaken earlier than 2027/28 should there be sufficient capacity within the audit team and finance team, and subject to agreement of cost for this additional work.

# Financial statements audit timeline



# Materiality

An omission or misstatement is regarded as material if it would reasonably influence the users of the financial statements. The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of the Council and the needs of the users. When planning, we make judgements about the size of misstatements which we consider to be material, and which provide a basis for determining the nature and extent of our audit procedures. Materiality is revised as our audit progresses, reflecting any relevant new information.

Whilst our audit procedures are designed to identify misstatements which are material to our audit opinion, we also report any uncorrected misstatements of lower value errors that we identify, other than those which are 'clearly trivial'.

Our assessment, at the planning stage, of materiality and the trivial reporting threshold is as follows:

	Council £	Explanation
Overall materiality for the financial statements	1,127,000	Our initial assessment is based on approximately 1.75% of gross revenue expenditure as disclosed in the 2023/24 annual report and accounts. We consider this to be the principal consideration for the users of the financial statements when assessing financial performance of the Council. The financial statements are considered to be materially misstated where total errors exceed this value.
Performance materiality	732,000	65% of materiality. Performance materiality is the working level of materiality used throughout the audit. We use performance materiality to determine the nature, timing and extent of audit procedures carried out. We perform audit procedures on all transactions, or groups of transactions, and balances that exceed our performance materiality. This means that we perform a greater level of testing on the areas deemed to be at significant risk of material misstatement. Performance materiality is set at a value less than overall materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of the uncorrected and undetected misstatements exceed overall materiality.
Trivial threshold	56,300	5% of overall materiality for the Council. Trivial misstatements are matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. Individual errors above this threshold are communicated to those charged with governance.



# Significant risks of material misstatement

Significant risks are risks that require special audit consideration and include identified risks of material misstatement that:

- Our risk assessment procedures have identified as being close to the upper range of the spectrum of inherent risk due to their nature and a combination of the likelihood and potential magnitude of misstatement; or
- Are required by auditing standards to be treated as significant risks, for example in relation to management override of internal controls.

## Significant risks at the financial statement level

The risks below are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

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



# Significant risks of material misstatement

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

Identified risk	Planned audit procedures
<p><b>Valuation of council dwellings, other land and buildings (key accounting estimate)</b></p> <p>Revaluation of council dwellings and other land and buildings should be performed with sufficient regularity so that carrying amounts are not materially misstated. It is our understanding that the Council undertakes this annually.</p> <p>Council dwellings are valued using the beacon method, which aggregates the vacant possession value of each unit of housing stock based on the value of a beacon or sample property. A discount factor is applied to reflect the lower rent yield from social housing compared to market rates.</p> <p>Management engage the services of a qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS) to undertake these valuations as of 31 March 2025.</p> <p>The valuations involve a wide range of assumptions and source data and are therefore sensitive to changes in market conditions. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external expert valuers and the methods, assumptions and source data underlying the fair value estimates.</p> <p>These valuations represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of council dwellings and other land and buildings as a significant risk.</p> <p><b>Inherent risk of material misstatement:</b> <b>Council dwellings and other land and buildings (valuation): High</b></p>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"><li>• Evaluating management processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work;</li><li>• Evaluating the competence, capabilities and objectivity of management's valuation expert;</li><li>• Considering the basis on which the valuations are carried out and challenging the key assumptions applied;</li><li>• Evaluating the reasonableness of the valuation movements for assets revalued during the year, with reference to market data. We will consider whether we require an auditor's expert;</li><li>• For unusual or unexpected valuation movements, testing the information used by the valuer to ensure it is complete and consistent with our understanding;</li><li>• Ensuring revaluations made during the year have been input correctly to the fixed asset register and the accounting treatment within the financial statements is correct; and</li><li>• Evaluating the assumptions made by management for any assets not revalued during the year and how management are satisfied that these are not materially different to the current value.</li></ul>

# Significant risks of material misstatement

Identified risk	Planned audit procedures
<p><b>Valuation of the defined pension fund net liability/asset (key accounting estimate)</b></p> <p>An actuarial estimate of the net defined pension liability/asset is calculated on an annual basis under IAS 19 ‘Employee Benefits’, and on a triennial funding basis, by an independent firm of actuaries with specialist knowledge and experience. The triennial estimates are based on the most up to date membership data held by the pension fund and a roll forward approach is used in intervening years, as permitted by the CIPFA Code.</p> <p>The calculations involve a number of key assumptions, such as discount rates and inflation and local factors such as mortality rates and expected pay rises. The estimates are highly sensitive to changes in these assumptions and the calculation of any asset ceiling when determining the value of a pension asset (where relevant). ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external experts (the actuary) and the methods, assumptions and source data underlying the estimates.</p> <p>This represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of the net pension liability/asset as a significant risk.</p> <p><b>Inherent risk of material misstatement: Defined pension fund net liability/asset (valuation): High</b></p>	<p>In 2024/25, we will not carry out any work on this significant risk area due to the lack of prior year assurance available relating to the current triennial valuation. We will re-commence work on the pension fund in 2025/26 by which time the next triennial valuation will have been performed.</p> <p>From 2025/26, procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> <li>• Evaluating management's processes for the calculation of the estimate, the instructions issued to management's expert (the actuary) and the scope of their work;</li> <li>• Evaluating the competence, capabilities and objectivity of the actuary;</li> <li>• Assessing the controls in place to ensure that the data provided to the actuary by the Council and their pension fund was accurate and complete;</li> <li>• Evaluating the methods, assumptions and source data used by the actuary in their valuations, with the support of an auditors' expert;</li> <li>• Evaluating whether any asset ceiling was appropriately considered (if applicable) when determining the value of any pension asset included in the financial statements;</li> <li>• Assessing the impact of any significant differences between the estimated gross asset valuations included in the financial statements and the Council's share of the investment valuations in the audited pension fund accounts' and</li> <li>• Ensuring pension valuation movements for the year and related disclosures have been correctly reflected in the financial statements.</li> </ul>

# Significant risks of material misstatement

Identified risk	Planned audit procedures
<p><b>Implementation of IFRS 16 (key accounting estimate)</b></p> <p>IFRS 16 was adopted and implemented by local government bodies under the CIPFA Code from 1 April 2024. Under IFRS 16 a lessee is required to recognise a right of use asset and associated lease liability in its balance sheet. This will result in significant changes to the accounting for leased assets and the associated disclosures within the financial statements for the year ended 31 March 2025.</p> <p>The implementation of this new accounting standard also represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurement upon recognition of the right of use asset and associated lease liability. We have therefore identified the implementation of IFRS 16 as a significant risk.</p> <p><b>Inherent risk of material misstatement:</b>  <b>Implementation of IFRS 16 (ROU asset/liability valuation; completeness): High</b></p>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> <li>• Perform a walkthrough of the council's systems and processes to capture the data required to account for right of use lease assets and associated liability in accordance with IFRS 16;</li> <li>• Review the council's accounting policies for the year ended 31 March 2025 to reflect the requirements of the new accounting standard;</li> <li>• Assess the existence, valuation, accuracy and completeness of the right of use assets and associates lease liabilities, and the related disclosures within the financial statements;</li> <li>• Evaluate whether right of use assets and lease liabilities have been appropriately remeasured in line with the requirements of IFRS 16 as set out in the CIPFA Code.</li> </ul>

# Other risks of material misstatement

## Other identified risks

Other identified risks are those which, although not considered to be significant, will require specific consideration during the audit.

We have not identified any to report to you.

## Other material balances and transactions

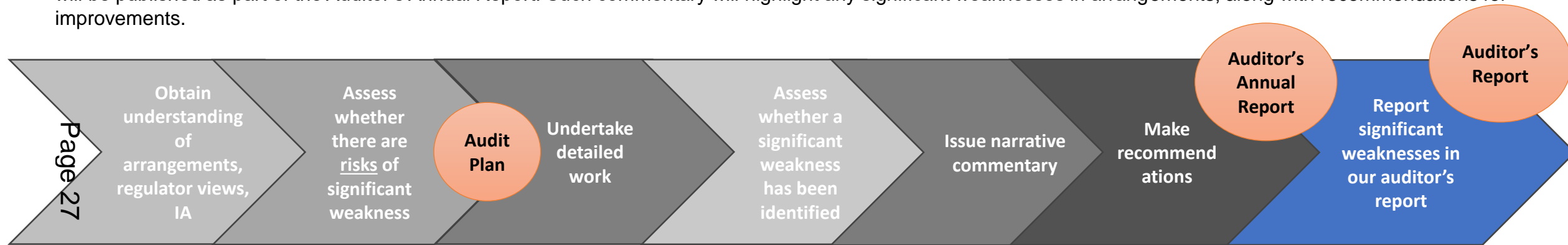
Under International Standards on Auditing, “irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure”. All other material balances and transaction streams will therefore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

11  
26  
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26

# Value for money

Under the Code of Audit Practice, we must satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (referred to here as “Value for Money”, or “VFM”).

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



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

<b>Financial sustainability</b>	How the Council plans and manages its resources to ensure it can continue to deliver its services
<b>Governance</b>	How the Council ensures that it makes informed decisions and properly manages its risks
<b>Improving economy, efficiency and effectiveness</b>	How the Council uses information about its costs and performance to improve the way it manages and delivers its services

# Value for Money

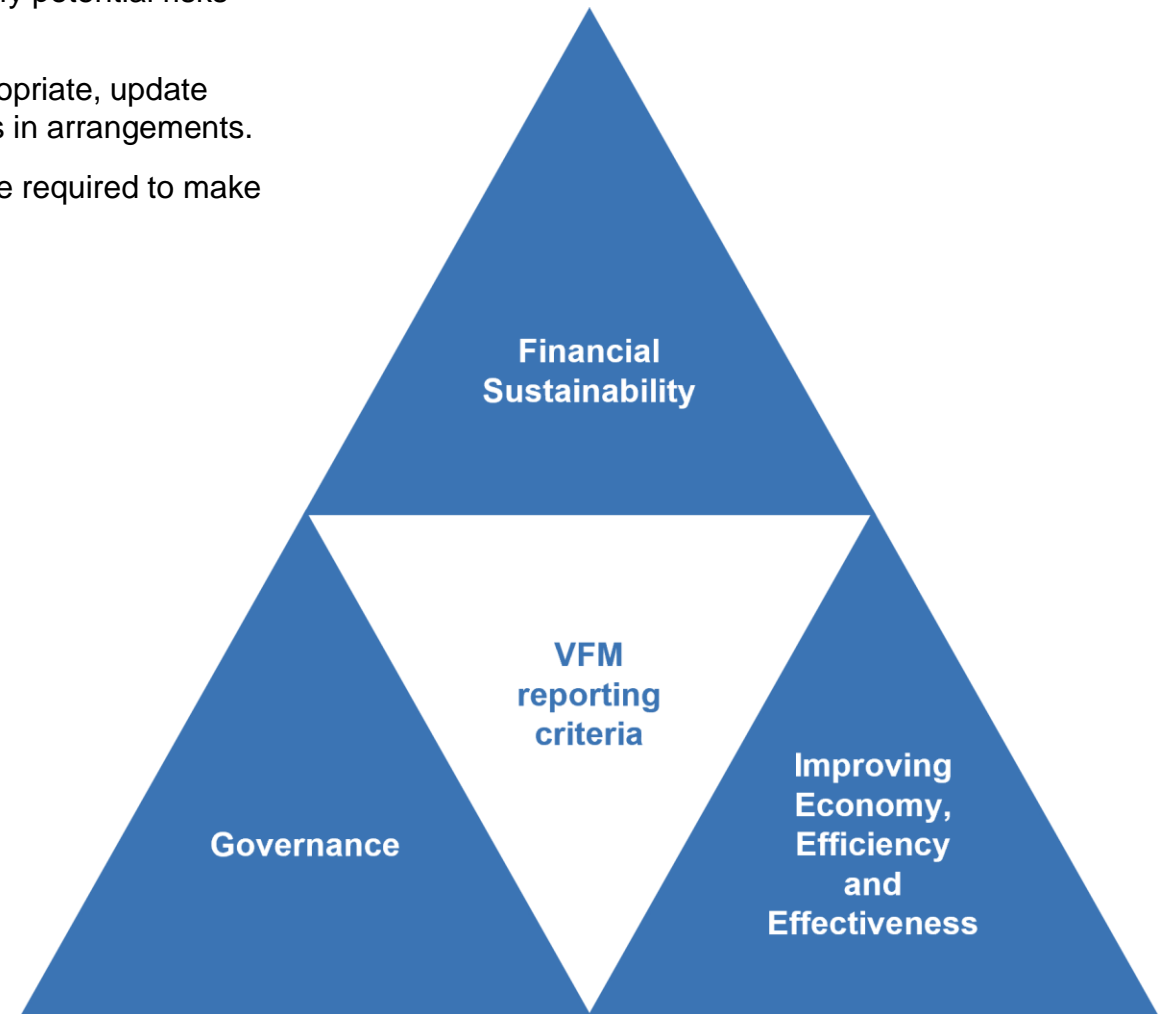
As part of the audit planning process, we are required to perform procedures to identify potential risks of significant weaknesses in the Council's arrangements to secure VFM.

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

Where we identify significant weaknesses in arrangements as part of our work, we are required to make recommendations setting out:

- Our judgement on the nature of the weakness identified;
- The evidence on which our view is based;
- The impact on the Council; and
- The action the Council needs to take to address the weakness.

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# Value for Money

## Risks of significant weakness in VFM arrangements

We have carried out an initial risk assessment to identify any risks of significant weakness in respect of the three specific VFM areas, using the guidance contained in AGN 03. A significant weakness is a risk requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the body to deliver value for money.

We will re-evaluate this risk assessment during the audit and, where appropriate, update our work to reflect emerging risks or findings.

When considering the Council's arrangements, we will have regard to the three reporting criteria set out in AGN03, as well as performing additional work in the areas identified below which are the potential areas of significant weaknesses, we have identified at the planning stage.

Criteria	Potential risk of significant weakness	Our risk based procedures and evaluation approach includes (but is not limited to)
Financial sustainability	None identified at planning.	We have not at this stage identified any risks of significant weakness that requires specific audit procedures, however we have identified this as an area of focus for detailed follow-up in fieldwork stage. This includes reviewing how management identify savings plans and how any financial resilience risks are identified and managed due to the ongoing uncertainty of the financial environment the Council operates in.
Governance	We will roll forward the significant weakness in governance arrangements identified from our 2023/24 audit.	We will review progress against the Audit Committee action plan and our recommendation included in the 2023/24 Auditor's Annual Report.
Improving economy, efficiency and effectiveness	None identified at planning.	We have not at this stage identified any risks of significant weakness that require specific audit procedures, however we have identified this as an area of focus for detailed follow up in fieldwork stage. This includes review of the IT service redesign following the departure of Blaby Council, and the culture of responding to internal audit reports and recommendations by management.

Weaknesses or risks identified by auditors are only those which have come to their attention during their normal audit work in accordance with the Code of Audit Practice and may not be all that exist.

# Audit team and logistics

## Your audit team

Role	Name	Contact details
Key Audit Partner	Chris Brown	Chris.Brown@azets.co.uk
Engagement Manager	Helen Parks	Helen.Parks@azets.co.uk
In-charge auditor	Michaela Opoku Asare	Michaela.Opoku.Asare@azets.co.uk

## Timetable

Event	Date
Planning and risk assessment	March 2025
Reporting of plan to Audit Committee	June 2025
Interim audit	March - April 2025
Publication of draft accounts	30 June 2025
Year end audit	Sept - Oct 2025
Audit Completion Report	TBC
Draft Auditor's Annual Report	30 Nov 2025
Target date of approval of accounts	TBC
Accounts publication deadline (as specified in the Accounts and Audit (Amendment) Regulations 2024)	27 February 2026

## Our expectations and requirements

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

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

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

# Independence, objectivity and other services provided

## Auditor independence

We confirm that we comply with the Financial Reporting Council's (FRC) Ethical Standard and are able to issue an objective opinion on the financial statements. We have also complied with the NAO's Auditor Guidance Note 01, which contains supplementary guidance on ethical requirements for auditors of local public bodies. We have considered our integrity, independence and objectivity in respect of audit services provided and we do not believe that there are any significant threats or matters which impair our independence.

## Other services

We have detailed in the table below any other services provided to the Council, the threats to our independence these present and the safeguards we have put in place to mitigate these threats.

Service	Fee	Safeguards to mitigate threats to independence
Audit related: Certification of Housing Benefit Assurance Process (HBAP) claim (2024/25)	£28,000 (plus £2,000 for each additional workbook)	<b>Self-interest:</b> Given this is likely to be a recurring fee, we consider a threat present. However, the fee is not significant to Azets Audit Services or the Council. The fee is fixed and is not contingent in nature. <b>Self-review:</b> Whilst housing benefit revenue and expenditure streams are within the financial statements, we do not complete the claim form. The focus of our work is solely testing the data in the claim form prepared by management. <b>Management:</b> As above, the claim form is completed by management and any adjustments or amendments identified to the form during the certification work are discussed and agreed by management prior to submission of the certification report. We therefore consider these risks sufficiently mitigated.
Audit related: Certification of pooling of Housing Capital Receipts return	£10,000	<b>Self-interest:</b> Given this is likely to be a recurring fee, we consider a threat present. The fee is not significant to Azets Audit Services or the Council. The fee is fixed and not contingent in nature. <b>Self-review:</b> Whilst HRA right-to-buy proceeds are included within the financial statements, we do not complete the claim form. The focus of our work is solely testing the data in the claim form prepared by management. <b>Management:</b> the claim form is completed by management and any adjustments or amendments identified to the form during the certification work are discussed and agreed by management prior to submission of the certification report. We therefore consider these risks sufficiently mitigated.

# Fees

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

Our estimated fee (excluding VAT) is as follows. This fee is estimated based on our understanding at this point in time and that our expectations set out in this plan are met.

Audit fee	2024/25 £
Scale fee: base fee for the audit of the Council's financial statements (as set out in the fee scales issued by PSAA)	158,656
IFRS16: work needed to audit the new standard. PSAA have confirmed this work is not included in the above scale fee	TBC
Disclaimer work ( <b>note 1</b> )	TBC
Build back work ( <b>note 2</b> )	TBC
<b>Total audit fee</b>	<b>TBC</b>

**Note 1:** this includes the additional annual work required to consider the disclaimed audits from prior years, development of revised approach for the Council in response to the missing assurance, the production, agreement and reporting of additional interim progress reports to management and the Audit Committee, the development and reporting of a revised 'Audit Completion Report' for reporting the additional considerations arising from the disclaimers, the drafting of a disclaimed audit report and the various risk, compliance and technical consultations arising as a result of this unique and unprecedented situation.

**Note 2:** this includes all work for phases 2 and 3 which require building back assurance to the last clean opinion

It is our policy to seek fee variations for overruns or scope extensions, for example where we have incurred delays, deliverables have been late or of poor quality, where key personnel have not been available, or we have been asked to do extra work. Any such fee variations are subject to agreement by Public Sector Audit Appointments Ltd (PSAA).

We will bill the scale fee in quarterly instalments in line with billing milestones as set out in our contract with PSAA.

Total fees	2024/25 £
Audit of the Council (as to the left)	TBC
Non-audit related services Council for 2023/24 (per previous page)	38,000
<b>Total fees</b>	<b>TBC</b>

# Appendix I: Building back assurance

## Statutory backstop dates and disclaimed audits

Statutory Instrument (2024) No. 907 - “*The Accounts and Audit (Amendment) Regulations 2024*”, imposed annual statutory backstop dates up to and including 2027/28 for the publication by the Council of its final Statement of Accounts. The Code of Audit Practice specifies that auditors are required to issue their auditor’s report before these dates, even if planned audit procedures are not fully complete, so that local government bodies can comply with the statutory reporting deadline.

### Statutory backstop dates

13 December 2024	Audits from 2015/16 to 2022/23
28 February 2025	2023/24 audit
27 February 2026	2024/25 audit
31 January 2027	2025/26 audit
• 30 November 2027	2026/27 audit
• 30 November 2028	2027/28 audit

The statutory backstops have resulted in the audits of the Council’s accounts being disclaimed for 2020/21, 2021/22, 2022/23 and 2023/24. The last clean opinion, where the closing balances were assured by the auditor, was 2019/20. The closing balances as at 31 March 2020 are therefore our required starting point for building back assurance.

## Building back assurance

Government’s expectation is that auditors and councils build back assurance to enable, as soon as possible, the return to unmodified (clean) opinions. The recovery period has been designed to allow auditors to rebuild assurance for balances from disclaimed years over multiple audit cycles, reducing the risk of the backlog recurring. Because auditors will need to make prioritisation decisions to issue audit opinions ahead of the backstop dates, they may not be able to obtain sufficient evidence to support all balances nor all in-year and comparative expenditure, income, cash flow and reserves movements.

As a firm we have invested considerable resources in developing our overall response to the disclaimed periods of assurance, the impact this has on our audit responsibilities and what an indicative build-back plan may involve. Due to the complexities involved, our work has required substantially more input from senior members of the audit team than would normally be the case. PSAA has made clear that this additional work is over and above the annual scale fee.

Our planning takes into account the guidance contained in the [Local Audit Reset and Recovery Implementation Guidance](#) (LARRIG), numbers 1 to 5. LARRIGs are prepared and published by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (C&AG). LARRIGs are prepared and published with the endorsement of the Financial Reporting Council (FRC) and are intended to support the reset and recovery of local audit in England. The guidance in LARRIGs supports auditors in meeting their requirements under the Act and the [Code of Audit Practice](#) published by the NAO on behalf of the C&AG.

# Building back assurance

Our planning also takes into account the guidance contained in the FRC's document [Local Audit Backlog Rebuilding Assurance](#). Alongside the backlog measures, the Government has announced its intention to 'overhaul the local audit system.'

The FRC's guidance states: *"Recovery from the backlog is a shared endeavour between auditors and local bodies. Accounts preparers have a vital part to play, providing good quality draft financial statements supported by comprehensive working papers and supporting evidence to auditors. The success of these proposals relies on both auditors and accounts preparers working closely together to agree jointly-owned delivery plans for each year's audit. Chartered Institute of Public Finance and Accountancy (CIPFA) are responsible for the production of guidance to support accounts preparers. Audit Committees should ensure that they are planning and able to play their full part in the process."*

Elements of building back assurance are subject to detailed discussion within a cross-firm working group, also attended by the FRC, known as 'the Sandbox'. We will ensure our build-back approach is fully compliant with auditing standards and, where it relies on the eventual outcome of Sandbox discussions, we will only utilise this approach where it has been endorsed by MHCLG.

As part of our work in 2023/24, we began assessing what work, carried out in 2023/24, can be used to inform the process of rebuilding assurance in future years. Where work was able to be undertaken in 2023/24, we intend to accrete this work into this and future audit periods to inform the future building back of assurance.

We will follow this same approach in 2024/25 and in future years. The build-back approach will require us to apply a process of rebuilding assurance over all financial years for which disclaimers of opinion have been issued.

We have developed an indicative end-to-end build-back recovery plan for disclaimed audits, which is summarised on the next page.

# Indicative assurance over build-back period

	Build back of specified closing balances through in-year audit				Recovery of closing balances	Recovery of reserves and CIES
	Phase 1				Phase 2 (year and timing to be agreed with management)	Phase 3 (year and timing to be agreed with management)
	2024/25	2025/26	2026/27	2027/28		
Assurance gained over specific balance sheet closing balances which are not inherently tied to the opening balance, EXCEPT FOR pensions IAS19 balance (Phase 1a)	Yes	Yes	Yes	Yes		
Assurance gained over specific balance sheet closing balances which are not inherently tied to the opening balance, INCLUDING pensions IAS19 balance (Phase 1b)	No	Yes	Yes	Yes		
Assurance gained over comparator closing balance for specific balance sheet items not inherently tied to the opening balance (Phase 1c)	No	No	Yes	Yes		
Assurance gained over comparator opening balance for specific balance sheet items not inherently tied to the opening balance (Phase 1d)	No	No	No	Yes		
Assurance gained over balance sheet balances which are inherently tied to the opening balance – current year closing, prior year closing, prior year opening (Phase 2)					Yes	N/A
Assurance gained over general fund, earmarked reserves, unusable reserves, collection fund surplus (Phase 3)					N/A	Yes
Full assurance gained for each phase?	No	No	No	Yes	Yes	Yes
Is missing assurance pervasive?	Yes	Yes	Yes	Yes (phase 1 obtained only)	Yes (phase 1 and 2 obtained only)	No (provided also have full phase 1 and 2)
Anticipated opinion	Disclaimer	Disclaimer	Disclaimer	Disclaimer	Disclaimer/ qualified	Clean
Additional fee – disclaimer	Yes	Yes	Yes	Yes	Yes	No
Additional fee – build back					Yes	Yes



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# Hinckley and Bosworth Borough Council

## Internal Audit Final Report

### Leisure Centre (04.2024/25)

**Audit Sponsor:** Simon Jones, Cultural Services Manager

**Audit Contacts:** Karen Mason, Physical Activity Manager



June 2025

#### Reporting Timetable

Debrief Meeting: 25/03/2025

Draft Report Issued: 09/05/2025

Comments Received:  
11/06/2025

Final Report Issued: 12/06/2025

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### Disclaimer

This report ("Report") was prepared by Forvis Mazars LLP at the request of Hinckley & Bosworth Borough Council and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of Hinckley & Bosworth Borough Council and to the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in Appendix A1 of this report for further information about responsibilities, limitations and confidentiality.

## Your One Page Summary

**Audit Objective:** To provide assurance on the adequacy and effectiveness of the key controls in place in relation to the Leisure Centre.

### Audit rationale

#### Why the Audit is in Your 2024/25 Plan

To assess key controls in place in relation to the Council's Leisure services.

#### Your Strategic Risk

N/A- no specific strategic risk.

#### Your Strategic / Tactical Objective

Help people to stay healthy, happy and active and continue to provide initiatives that support children and young people, older people and our vulnerable residents.

### Summary of our opinion

#### Moderate Opinion

See Appendix A1 for definitions

### Summary of Recommendations

#### High Priority

-

#### Medium Priority

1

#### Low Priority

-

#### Actions agreed by you

100%

#### High Priority completion

N/A

#### Overall completion

October 2025

### Summary of findings

#### Examples of good practice

- ✓ Review of Performance and Technical reports from February 2024 to January 2025 confirmed that Hinckley received monthly updates on performance from their Contractor, Places Leisure.
- ✓ Reports from November 2024 to January 2025 identified that Hinckley receive data on customer feedback to monitor performance.
- ✓ Hinckley Leisure Centre was subject to an Annual Performance Review by Scrutiny in September 2024.

#### Highest Priority Findings

- The Finance & Performance Scrutiny presentation, prepared by Places Leisure, included inaccurate finance data.

#### Key root causes

- A lack of verification of the finance data reported by Places Leisure.



## 01 Summary Action Plan

Below is a high-level summary of the actions that are intended to support your management of this risk area. Further detail about our findings, which have been discussed with management, are provided in our detailed action plan (see 03 Detailed Action Plan).

Ref	Recommendation	Priority	Responsible Person	Due Date
1	Hinckley should:  1. Report the accurate figure to Finance & Performance Scrutiny Committee.  2. Verify the finance data reported by Places Leisure going forward, prior to reporting to Scrutiny.	Medium	Simon Jones Cultural Services Manager	31 October 2025

## 02 Value for Money and Sector Comparison

Within each of our reports, we summarise any observations we have made about the effectiveness, efficiency and economy of your operations. This is to support our portfolio of public and social sector organisations with value for money considerations. We also summarise how you compare to similar organisations, which is intended to bring you the benefit of our insight.

Value for Money	Sector Comparison
 <p>Value for Money (VfM) in the public sector is achieved when processes and outputs are economic, effective, and efficient. This is especially key in contract management, to ensure that Council property is managed and used effectively.</p> <p>Economy can be attained by negotiating competitive terms within the existing contract. While we noted that the annual management fee collected by the Hinckley is contractually set and not subject to annual review, this ensures financial predictability and prevents risk to both parties. However, as outlined in Hinckley's Leisure Management Contract, the annual management fee is subject to annual indexation.</p> <p>Value for money can also be achieved by implementing preventive maintenance to reduce costs. We confirmed that Hinckley receive monthly Technical Reports which outline Planned Preventive Maintenance and Full-Service Agreements. We also confirmed that the Council receive monthly Corrective Action Logs which are used to monitor maintenance undertaken by the Contractor, Places Leisure. Receiving regular maintenance updates helps to ensure that potential issues are identified and addressed at an early stage, ultimately saving money and providing greater value for money in the long run.</p> <p>Additionally, effectiveness can be achieved by monitoring contractor performance using Key Performance Indicators (KPI's) and engaging with the community to align services with their needs. We noted that Hinckley receive monthly performance reports which include a KPI summary, and Red and Green Flag reports based on customer feedback to monitor the effectiveness of the service provided.</p>	 <p>Contract management is a critical function for councils to ensure that services provided by contractors meet the required standards and deliver value for money. Effective contract management involves several key practices. Firstly, councils should define clear contractual terms, including performance expectations and reporting requirements. We noted that within Hinckley's Leisure Management Contract there are several reporting requirements which must be fulfilled by Places Leisure including the production of monthly Performance and Technical reports. We received the Technical and Performance reports from February 2024 to January 2025 to confirm that Places Leisure have fulfilled the reporting requirements.</p> <p>At peer organisations, regular performance monitoring against Key Performance Indicators (KPIs) is essential to ensure that contractors are meeting the council's expectations. We confirmed that Hinckley receive KPI's within monthly performance reports produced Places Leisure.</p> <p>Additionally, the National Audit Office (NAO) framework for contract management<sup>1</sup> outlines the importance of clear financial management and value for money throughout the contract lifecycle. Financial performance monitoring can enable councils to monitor whether they are achieving value for money. Review of the Hinckley Leisure Centre Finance &amp; Performance Scrutiny presentation, prepared by Places Leisure, identified inaccurate finance data. We have raised a recommendation regarding this in Section 03.</p>

<sup>1</sup> [Good practice contract management framework.pdf](#)

### 03 Detailed Action Plan

We have identified areas where there is scope to improve the control environment. Our detailed findings are provided below. Definitions for the levels of assurance and recommendations used within our reports are included in Appendix A1.

1. Inaccurate data used within the Finance & Performance Scrutiny presentation.	
Finding(s) and Risk	Recommendation(s)
<p>To ensure the Council is achieving value for money, accurate financial reporting for the Leisure Centre should be in place. The Physical Activity Manager advised that there is an annual requirement to report to the Finance &amp; Performance Scrutiny Committee in September each year. We confirmed that the Hinckley Leisure Centre Annual Performance Review for 2023/24 was presented to the Finance and Performance Scrutiny Committee in September 2024. This included a presentation provided by representatives from Places Leisure which covered the Leisure Centre's financial performance from April to July 2024.</p> <p>We sought to confirm that the finance data presented by Places Leisure to the Scrutiny Committee was accurate. Review of the backing data for a sample of four figures used to measure financial performance (Operational Trading, Income, Fitness Income, and Swimming) identified that the figure used for Operational Trading was inaccurate. The presentation states that Operational trading (excluding management fee) is £44,878 profit year to date. Review of email correspondence between the Contracts Manager from Places Leisure and the Physical Activity Manager on the 24 May, identified that the correct figure should have been £222,622.</p> <p>The Contracts Manager advised that the error occurred due to running the report for August before accounts were finalised, resulting in an incorrect figure. However, we confirmed that this figure was not included in the Hinckley Leisure Centre Annual Performance Review 2023/24 Report.</p> <p><b>Risk and Impact:</b> Where data related to financial performance is misstated by Places Leisure, this may lead to decision making by Hinckley that is based upon inaccurate data.</p>	<p>Hinckley should:</p> <ol style="list-style-type: none"> <li>1. Report the accurate figure to Finance &amp; Performance Scrutiny Committee.</li> <li>2. Verify the finance data reported by Places Leisure going forward, prior to reporting to Scrutiny.</li> </ol>
	Root Cause(s)
	A lack of verification of the finance data reported by Places Leisure.
Management Comments / Agreed Actions	

The issue noted does not change the level of management fee received by HBBC, but it is accepted the error occurred, which was mainly down to timing issues faced by Places for People in drafting the information. We will double check the amount reported to Finance & Scrutiny commission this year to ensure it is not repeated

Responsible Person	Simon Jones Cultural Services Manager	Action Due Date	31 October 2025
		Priority Level	Medium

## A1 Audit Information

### Agreed Audit Objective and Scope

The objectives of our audit were to assess whether Hinckley & Bosworth Borough Council has in place adequate and appropriate policies, procedures and controls in relation to the Leisure Centre with a view to providing an opinion on the extent to which risks in this area are managed. The audit considered the following risks relating to the area under review:

#### Governance

- Governance arrangements are not in place to ensure that the services provided meet the expectations and visions of the council.

#### Health and Safety

- The Leisure Centre is not compliant with applicable health and safety legislation.

#### Income

- Inaccurate annual management fees, owed by the service provider, are collected by the Council.
- Service fees are not subject to annual review, in accordance with the contract, resulting in income not being maximised.
- Income due to the Council, as a result of the profit share agreement, is not collected.

#### Contract Performance

- Inadequate contractor performance results in poor service delivery and reputational damage.

#### Financial Control

- The Council does not achieve value for money as a result of inadequate or inaccurate financial control.

#### Planned and reactive maintenance

- The Leisure Centre is not maintained resulting in deterioration of Council assets.
- Unauthorised or inappropriate adaptations are undertaken on Council assets.

#### Management information and reporting

- Inaccurate or untimely reporting on performance resulting in inappropriate decision making.

### Scope Limitations

In giving this assessment, it should be noted that assurance cannot be absolute. The most an Internal Audit service can provide is reasonable assurance that there are no major weaknesses in the framework of internal control. Any testing performed was conducted on a sample basis. Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.



## Definitions of Assurance Levels and Recommendation Priority Levels

Definitions of Assurance Levels	
Substantial Assurance	The framework of governance, risk management and control is adequate and effective.
Moderate Assurance	Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.
Limited Assurance	There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.
Unsatisfactory Assurance	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.

Definitions of Recommendations		
High (Priority 1)	Significant weakness in governance, risk management and control that if unresolved exposes the organisation to an unacceptable level of residual risk.	Remedial action must be taken urgently and within an agreed timescale.
Medium (Priority 2)	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.	Remedial action should be taken at the earliest opportunity and within an agreed timescale.
Low (Priority 3)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.	Remedial action should be prioritised and undertaken within an agreed timescale.

## Statement of Responsibility

We take responsibility to Hinckley & Bosworth Borough Council for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpreted amendment and/or modification by any third party is entirely at their own risk.

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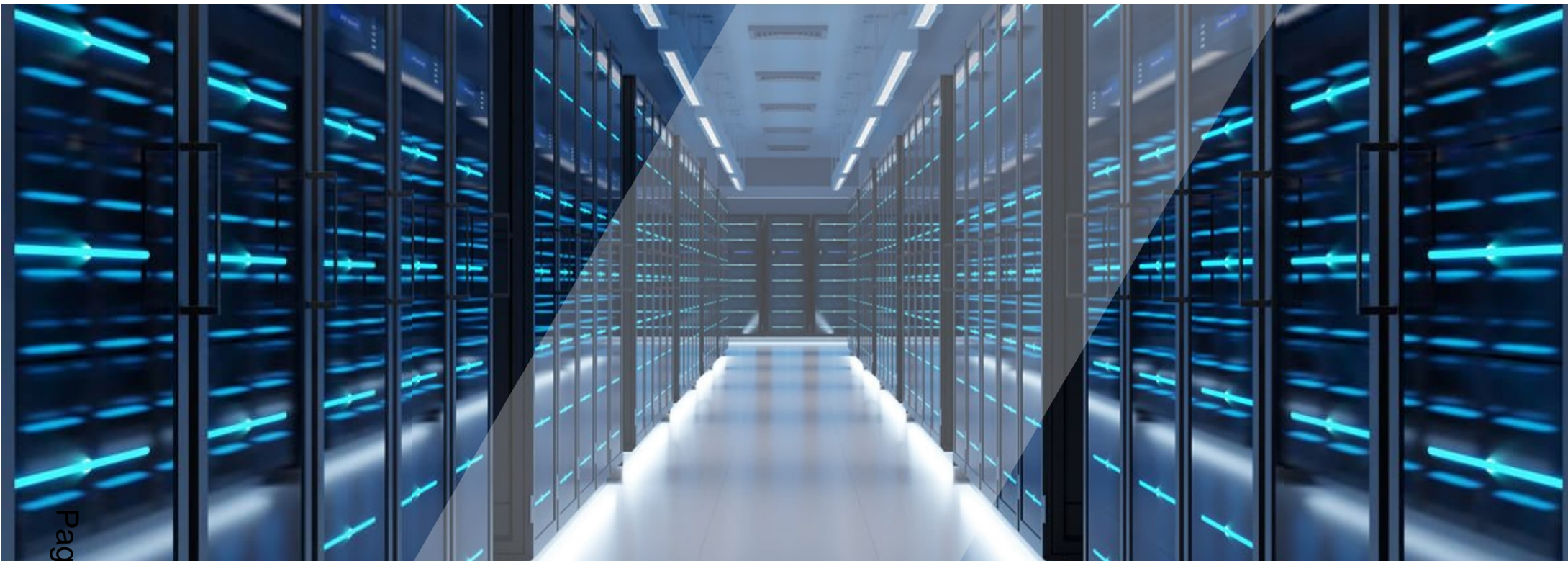
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# Hinckley and Bosworth BC: Internal Audit Final Report IT Asset Management: Leicestershire ICT Partnership (LICTP) (2023/24)

**Audit Sponsor:** John Palmer (Strategic Head of ICT)

**Audit Contacts:** Alan Long (Operational Delivery Manager)

Grant Churchman (Infrastructure and Security Manager)

June 2025  
**Reporting Timetable**

Debrief Meeting: 13/12/24

Draft Report Issued: 18/12/24

Comments Received: 12/3/25

Final Report Reissued: 11/6/25

**forv/s**  
**mazars**

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### Disclaimer

This report (“Report”) was prepared by Forvis Mazars LLP at the request of Hinckley and Bosworth BC and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of Hinckley and Bosworth BC and to the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in Appendix A1 of this report for further information about responsibilities, limitations and confidentiality.

# Your One Page Summary

**Audit Objective:** To assess the design and effectiveness of the control framework for managing IT assets.

## Audit rationale

### Why the Audit is in Your 2024/25 Plan

This topic was requested by the LICTP steering group.

### Your Strategic Risk

OPSICT12: Inaccurate Asset database – LICTP unable to provide adequate asset tracking, manage software and device lifecycles. (October 2023)

## Summary of our opinion

### Limited Opinion

See Appendix A1 for definitions

## Summary of Recommendations

High Priority	2
Medium Priority	4
Low Priority	1

Actions agreed by you	100%
High Priority completion	31/10/25
Overall completion	30/6/26

## Summary of findings

### Examples of good practice

- ✓ A process is in place to report lost mobile phones, ensuring they are suspended or wiped to protect sensitive information.
- ✓ The equipment disposal process is carried out in an environmentally friendly manner by a service provider.

### Highest Priority Findings

- Deficiencies in asset management process and assets maintenance.
- Weakness in the physical security measures for protecting hardware assets.

### Key root causes

- Relying on inadequate tools and underutilising available technologies for asset management.
- Insufficient adoption of modern security measures and reliance on outdated practices.

## 01 Summary Action Plan

Below is a high level summary of the actions that are intended to support your management of this risk area. Further detail about our findings, which have been discussed with management, are provided in our detailed action plan (see 03 Detailed Action Plan).

Ref	Recommendation	Priority	Responsible Person	Due Date
1.	<ol style="list-style-type: none"> <li>1. The server and network device data will be recorded into the Assets SharePoint list.</li> <li>2. Certero is already used to scan the network on a regular basis. Reports will be generated quarterly to cross-check the records maintained in SharePoint will be undertaken.</li> <li>3. In-Tune reports will be generated quarterly to cross-check asset records held in SharePoint.</li> <li>4. A monthly stock check process has already been initiated and the stock recorded will be cross-checked against the LICTP SharePoint asset list referenced in (1) above.</li> </ol>	High	Alan Long Operational Delivery Manager(ODM)	<ol style="list-style-type: none"> <li>1. Complete</li> <li>2. 31/07/25</li> <li>3. 31/07/25</li> <li>4. 28/02/25</li> </ol>
2.	<ol style="list-style-type: none"> <li>1. A regime of monthly checks on equipment stored within designated 'server' or 'comms' rooms will be undertaken to ensure they are clear of frangible materials, unused ICT equipment.</li> <li>2. Work with MBC Estates management to identify or construct suitable ICT equipment storage area.</li> <li>3. Work with estates management for each council, to implement CCTV monitoring of the doors to the server and IT asset storage rooms at each council.</li> </ol>	High	Alan Long ODM	<ol style="list-style-type: none"> <li>1. 28/02/25</li> <li>2. 01/09/25</li> <li>3. 31/10/25</li> </ol>
3.	<ol style="list-style-type: none"> <li>1. The pre-approved software to be finalised and published.</li> <li>2. Include Mobile apps from In-Tune into Approved software list.</li> <li>3. Bring all device software, (except mobile devices) into Certero and ensure licence process is created and adopted for the allocation, review, and management of licences.</li> </ol>	Medium	<ol style="list-style-type: none"> <li>1. John Palmer Strategic Head of ICT Shared Service (SHICTSS)</li> <li>2. Alan Long ODM</li> <li>3. Alan Long ODM</li> </ol>	<ol style="list-style-type: none"> <li>1. Dependent on completion of 2 and 3</li> <li>2. 01/09/25</li> <li>3. 01/09/25</li> </ol>



4.	The consolidation of the asset register we have in SharePoint (response to finding 1) addresses this recommendation.	Medium	John Palmer SHICTSS	Complete
5.	<ol style="list-style-type: none"> <li>1. Create an assets procedure and guidance to support the device lifecycle policy</li> <li>2. Review policies annually or on request of revision once new draft policies approved and extant.</li> </ol>	Medium	<ol style="list-style-type: none"> <li>1. Alan Long ODM</li> <li>2. John Palmer SHICTSS</li> </ol>	<ol style="list-style-type: none"> <li>1. 30/06/25</li> <li>2. 30/06/26</li> </ol>
6.	<ol style="list-style-type: none"> <li>1. Approve and publish the draft AUP</li> <li>2. Require all employees sign the finalised AUP once published</li> <li>3. Create learning materials for the use, care and return of equipment and publicise to staff.</li> </ol>	Medium	<ol style="list-style-type: none"> <li>1. John Palmer SHICTSS</li> <li>2. Alan Long ODM</li> <li>3. Baljit Ghataorre/Alan Long ODM</li> </ol>	<ol style="list-style-type: none"> <li>1. 31/07/25</li> <li>2. 01/11/25</li> <li>3. 01/11/25</li> </ol>
7.	<ol style="list-style-type: none"> <li>1. Create and present proposal for an organisational change on asset budget management to ICT Steering Group.</li> <li>2. Create guidelines and supporting communications materials on responsibility of managers to return leavers and redundant equipment.</li> <li>3. Create quarterly asset allocation reports, distribute to managers and reconcile any alterations suggested by service managers and verify against ITAM/CMDB.</li> <li>4. Create and present to ICT Steering Group returns exception procedure for approval.</li> </ol>	Low	<ol style="list-style-type: none"> <li>1. John Palmer SHICTSS</li> <li>2. Alan Long ODM</li> <li>3. Alan Long ODM</li> <li>4. John Palmer SHICTSS</li> </ol>	<ol style="list-style-type: none"> <li>1. 12/08/25</li> <li>2. 31/08/25</li> <li>3. 30/09/25</li> <li>4. 12/10/25</li> </ol>

## 02 Value for Money and Sector Comparison

Within each of our reports, we summarise any observations we have made about the effectiveness, efficiency and economy of your operations. This is to support our portfolio of public and social sector organisations with value for money considerations. We also summarise how you compare to similar organisations, which is intended to bring you the benefit of our insight.

### Value for Money



Effective IT asset management is critical for ensuring value for money within the Councils by minimising unnecessary expenditure and optimising the utilisation of available IT resources.

During the audit, we identified several areas where improvements may enhance cost-efficiency and resource allocation:

- The absence of a unified system for tracking and managing assets leads to inefficiencies, increased administrative effort, and potential underutilisation of resources.
- The lack of centralised tracking and analysis of software licenses may result in financial penalties for non-compliance, operational disruptions, or over-subscription.
- Insufficient physical security measures to secure IT assets expose the organisation to risks of theft, loss, and unauthorised access, resulting in potential replacement costs and investigation costs/fees related to security breaches.
- Delays in deleting unused Office 365 licenses for leavers and retrieving laptops retained by managers increase unnecessary procurement costs, which could be mitigated by implementing stricter processes for asset recovery and license management.

### Sector Comparison

It is comparatively rare for organisations of any size to rely on IT asset records that are not held within a database of the service desk software. Many organisations support this with further software to scan the network for devices and their software which enables inaccuracies in the IT asset registers to be investigated.



Because the partnership relies on manual records, the processes therefore, do not compare well with councils that have implemented such tools.

The policies covering IT asset management are not comprehensive in scope and thus compare poorly with other organisations, especially considering that the topic is covered by good practice frameworks such as the IT Infrastructure Library (ITIL).

It is unfortunately common for server rooms to have a secondary use as storerooms for IT equipment, but this increases risks that servers may be interfered with or subject to risks such as fire that arise from the storage of additional materials not associated with server support.

### 03 Detailed Action Plan

We have identified areas where there is scope to improve the control environment. Our detailed findings are provided below. Definitions for the levels of assurance and recommendations used within our reports are included in Appendix A1.

1 Weaknesses in asset management and register maintenance	
Findings and Risk	Recommendations
<p>A comprehensive asset management process should be established to ensure all IT assets are effectively managed and tracked.</p> <p>Each council maintains two separate registers; one for laptops and another for docking stations and monitors, in addition to a software asset register managed by Certero is maintained. Mobile phones are managed through Intune and Meraki, with the council in the process of transitioning these fully to Intune.</p> <p>All these registers are stored on SharePoint with personnel from ICT having access to it.</p> <p>As per the review of these asset registers, it was noted the following:</p> <ol style="list-style-type: none"> <li><u>Lack of centralised asset register</u> There is no centralised asset register to track all devices and their assigned owners across the councils. Additionally, we were not provided with any registers that included the servers in the server room and other network devices such as switches and routers. They were also not included in any of the registers listed above. During the site visit to Melton, it was observed that the registers available on SharePoint were outdated, and that alternative registers were being used, separate from the SharePoint records.</li> <li><u>Manual register updates without automated reconciliation</u> While Certero is capable of scanning laptops within the network, the asset registers are manually updated by authorised personnel. Therefore, there are no regular automated scans, to identify gaps or discrepancies in the asset registers in relation to the devices deployed to prompt the application of corrections.</li> <li><u>Inconsistent assignment and documentation of assets in registers</u> Some assets were not assigned to anyone, assigned to generic IDs, or listed as "in stock" but not documented accurately. For example, in some cases, assets were both marked as owned by individuals and simultaneously listed as "in stock." This indicates that the registers are not being maintained accurately.</li> </ol>	<ol style="list-style-type: none"> <li>Establish a single approach to IT asset management based on common standard IT asset register before migrating to a centralised configuration management database (CMDB), ideally integrated with the service management software used by the service desk. This should track all assets, including laptops, docking stations, monitors, servers, mobile phones, network equipment and items in stock. This will provide a single source of truth for asset management, provide supporting information to the service desk when resolving incidents and support the identification of devices to be returned by leavers.</li> <li>Leverage tools like Certero to automatically scan devices within the network, and the device register from Intune to identify potential discrepancies in the CMDB.</li> <li>A comprehensive review of the asset registers should be conducted to identify and close gaps, ensuring all assets are accurately assigned and documented.</li> <li>Perform periodic audits to reconcile assets with the CMDB, particularly for those assets in storage or for which automated scanning is not feasible.</li> </ol>
	Root Cause
	<p>Failure to establish common tools and processes for IT asset management at the formation of the partnership and subsequent reliance on inadequate tools and underutilisation of available technologies for IT asset management.</p>

During the site visit of the three councils, it was noted that some labelled assets were not registered in the asset registers, misregistered, or unlabelled.

4. Absence of physical audits and inventory scans

No physical audits or inventory scans are conducted to reconcile the asset register records with the actual inventory, which increases the risk of discrepancies and outdated records.

**Risk and Impact:** Poor data quality, inaccurate asset records, and unclear asset responsibility, leading to misallocation, increased risk of loss or theft, operational inefficiencies, and financial or security vulnerabilities.

### Management Comments / Agreed Actions

#### Comments

A single SharePoint list has been created including all devices including laptops, PCs, docking stations, monitors and mobile devices LICTP would like to share this evidence before accepting the final report. At this point in time migration of the Assets SharePoint list into Sunrise CMDB is not considered financially viable or operationally beneficial.

#### Actions

1. The server and network device data will be recorded into the Assets SharePoint list.
2. Certero is already used to scan the network on a regular basis. Reports will be generated quarterly to cross-check the records maintained in SharePoint will be undertaken.
3. In-Tune reports will be generated quarterly to cross-check asset records held in SharePoint.
4. A monthly stock check process has already been initiated and the stock recorded will be cross-checked against the LICTP SharePoint asset list referenced in (1) above.

Responsible Person	Alan Long ODM	Action Due Date	1. Complete 2. 31/07/25 3. 31/07/25 4. 28/02/25
		Priority Level	High

## 2 Physical security of IT assets in storage

### Findings and Risk

Adequate physical security measures, such as locks, surveillance, and access controls should be in place, to prevent theft of IT assets in storage.

During site visits to the three councils, it was noted the following:

1. The server room at Melton councils was used to store unallocated IT equipment such as new/used equipment and equipment awaiting disposal. At Blaby, whilst IT assets are stored in a side room to the data centre entrance, the door between the two areas was not locked during our visit. This is not in line with good practice.
2. Access to the Blaby server room is controlled by a pin code, which is shared among ICT staff and building maintenance personnel. However, there is no formal process to change this password if employees or building staff leave. Additionally, there are no access logs maintained to track entry into the server room.
3. Server cabinets in Hinckley & Bosworth and Blaby were not locked and thus owing to the above issues are at risk of damage, theft and interference.
4. No cameras were installed outside the doors to the server/storage rooms, or outside the the rooms used by IT staff to configure devices.

**Risk and Impact:** Potential unauthorised access, theft, or damage to critical assets, which can lead to data breaches, operational disruptions, and financial and reputational damage to the Council.

### Recommendation(s)

1. Assess the current access control measures for the Blaby server room and side room used to store IT assets and consider implementing more advanced options, such as biometric or card-based access, to improve security.
2. Install surveillance cameras outside of rooms used to store and/or configure IT assets.
3. Regular audits should be conducted to ensure server rooms comply with security standards, including monitoring access, and ensuring server cabinets are effectively secured.
4. Establish a secure storage area for the storage of IT assets at Melton Borough Council.

### Root Causes

Reluctance to install security measures, such as surveillance cameras, and reliance on outdated tools and practices.

## Management Comments / Agreed Actions

### Comments

Blaby will be leaving the ICT partnership on 31<sup>st</sup> March 2025. Blaby management have requested LICTP make no changes or implement any new security on their premises before they leave the partnership and therefore our actions below are limited to those councils that remain in the partnership.

### Actions

1. A regime of monthly checks on equipment stored within designated 'server' or 'comms' rooms will be undertaken to ensure they are clear of frangible materials, unused ICT equipment.
2. Work with MBC Estates management to identify or construct suitable ICT equipment storage area.
3. Work with estates management for each council, to implement CCTV monitoring of the doors to the server and IT asset storage rooms at each council.

<b>Responsible Person</b>	Alan Long ODM	<b>Action Due Date</b>	1. 28/02/25
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			2. 01/09/25 3. 31/10/25
		Priority Level	High

### 3 Inadequate Software Licensing and Application Management

#### Findings and Risk

A formal process should be established for managing software licensing agreements and installations.

Software installations are tracked using Certero, which scans the software applications installed on all the laptops and classifies them as follows:

- SB (Standard Build) software: Part of the default laptop builds.
- Optional installs: Indicates whitelisted applications.
- Investigate: Signifies software that is yet to be classified as either standard or optional.

If users wish to install software, they must raise a ticket with the Service Desk, providing a business justification for the request. The request is then reviewed and approved based on the preapproved applications list and business needs.

Based on the review performed, the following issues were noted:

#### 1. No centralised licensing management

While Certero is utilised for software asset management, it is not utilised for software license management. Consequently, there is no centralised register consolidating information on software license types (e.g., per user, per subscription), the number of permitted installations, and other licensing details. Whilst there are a variety of suppliers of software we assessed the license management approach for Cisco and Microsoft 365 products, and noted for these that this information is tracked separately through individual software portals.

#### 2. Incomplete preapproved applications list:

The list of preapproved applications has not been finalised. For instance, in ticket INC024868, a request to install FileZilla was placed that we were informed was a preapproved application,.however, in the Certero-extracted list, FileZilla was classified under "Investigate," indicating its status is still under investigation.

#### 3. Mobile applications not integrated:

The Certero-extracted list does not cover mobile apps. For example, in ticket INC027336, a user requested to install the Zoom app on a mobile phone, and the request was approved. However, there was no record of this application in the Certero-extracted list.

**Risk and Impact:** Overspending on unnecessary licenses or non-compliance, leading to legal and financial consequences. Additionally, an incomplete preapproved applications list may allow unmanaged software, increasing the risk of security breaches and malware threats to council data and networks.

#### Recommendations

1. Utilise software tools in place, such as Certero, to implement a centralised system to consolidate all software licensing details, including license types, permitted installations, and expiration dates, to ensure compliance and optimise license usage.
2. Perform periodic audits of software licenses to identify unused or underutilised licenses and reallocate them as necessary to improve cost efficiency.
3. Expand the preapproved applications list to include mobile applications, ensuring consistent oversight and approval processes for all devices and platforms.
4. Review, finalise, and regularly update the preapproved applications list to ensure it is comprehensive and aligns with the organisation's operational needs and security policies.

#### Root Cause

Failure to develop policies mandating a comprehensive approach to software licensing and application management.

## Management Comments

### Comments

Recommendation 2. LICTP do undertake quarterly user account reviews and rationalise licences as part of this process.

### Agreed Actions

1. The pre-approved software to be finalised and published.
2. Include Mobile apps from In-Tune into Approved software list.
3. Bring all device software, (except mobile devices) into Certero and ensure licence process is created and adopted for the allocation, review, and management of licences.

Responsible Person	1. John Palmer SHICTSS 2. Alan Long ODM 3. Alan Long ODM	Action Due Date	1. Dependent on completion of 2 and 3 2. 01/09/25 3. 01/09/25
		Priority Level	Medium



#### 4 Deficiencies in Access Control

##### Finding and Risk

Access permissions should be restricted based on job responsibilities and on a need-to-know basis.

The asset registers are stored on SharePoint, where 29 members from the ICT team have edit access. However, only a selected number of these members actively update the folders and registers as part of their job responsibilities. This indicates that some personnel may have unnecessary permissions, which could be restricted to read-only in line with their job requirements.

**Risk and Impact:** Unauthorised modifications, accidental deletions, or malicious alterations to asset registers, potentially compromising data integrity and security. For example, an unscrupulous individual could apply a fictitious update to disguise a theft.

##### Recommendation(s)

Access permissions should be reviewed to ensure edit rights to the IT asset registers are granted only to personnel responsible for their maintenance, while others are provided view-only access based on their roles. Regular access reviews should also be conducted to ensure permissions remain aligned with current job responsibilities.

##### Root Cause

Failure to identify inappropriate updates to the IT asset data as a risk.

##### Management Comments / Agreed Actions

##### Comments:

The consolidation of the asset register we have in SharePoint addresses this recommendation.

Responsible Person	John Palmer SHICTSS	Action Due Date	Complete
		Priority Level	Medium

## 5 Lack of comprehensive IT asset management policies and procedures

### Findings and Risk

Clearly defined and approved IT asset management policies should be in place and reviewed periodically to ensure their validity and consistency.

As per the review of the IT asset management policies, it was noted that the policy documents did not include a version history or records of the approval and review processes, such as the following:

- Corporate Policy for Software Security and Licensing
- Corporate Policy for the Procurement, Replacement, and Configuration of ICT Desktop Equipment
- Corporate Policy for the Disposal of ICT Equipment & Software

Additionally, the following policies were still in draft form and had not been finalised:

- Acceptable Use Policy
- Corporate Mobile Device Policy

Moreover, there were no overarching policies and procedures outlining the complete asset management process and lifecycle. This includes the assignment of assets, the process of updating and maintaining asset registers, leveraging tools for automated scans and tracking of assets and licenses, license compliance, conducting regular reconciliations, ensuring the accuracy of asset registers, and managing the processes for users to request and install software or pre-approved applications.

Additionally, there was no policy for the security of hardware assets and physical access controls across the three councils.

**Risk and Impact:** Inconsistent practices, lack of clear guidelines for employees, and potential non-compliance with regulatory standards. This can lead to operational inefficiencies, security vulnerabilities, and mismanagement of assets.

### Recommendation

1. Create and formalise overarching IT asset management policies that outline the complete process for maintaining and ensuring the accuracy of asset registers, security protocols, and access controls.
2. Implement a regular review schedule to update policies and maintain version history, ensuring alignment with current practices and standards.

### Root Causes

Relying on outdated policies while new policies are still in the drafting phase.

## Management Comments / Agreed Actions

### Comments

LICTP are drafting a new suite of policies, all new policies contain Document controls. See AUP and Corporate Device Policy V1\_00. The policies cited are the extant policies and will be retired shortly.

A device lifecycle policy has been drafted and is going through approval process currently.

**Agreed Actions**

1. Create an assets procedure and guidance to support the device lifecycle policy.
2. Review policies annually or on request of revision once new draft policies approved and extant.

<b>Responsible Person</b>	1. Alan Long ODM 2. John Palmer SHICTSS	<b>Action Due Date</b>	1. 30/06/25 2. 30/06/26
		<b>Priority Level</b>	<b>Medium</b>

## 6 Inadequate Acceptable Use Policy (AUP) coverage and lack of asset management training

Findings and Risk	Recommendation
<p>Employees are required to sign the Acceptable Use Policy (AUP) upon employment, which includes statements about corporate network access, email security, and internet usage.</p> <p>Whilst a revised AUP is currently being drafted, the existing AUP does not provide guidelines for the use of the Councils' assets, such as laptops and mobile phones, nor does it fully address the asset return process. Additionally, out of six sampled employees, only one signed AUP was provided. It was explained that this was because the employees selected had started before the implementation of the current AUP.</p> <p>Furthermore, no training is conducted to ensure employees are aware of and understand how to appropriately handle the Councils' assets.</p> <p><b>Risk and Impact:</b> Employees may misuse council assets, risking damage, loss, unauthorised use, and non-compliance with organisational standards.</p>	<p>1. The draft AUP should be finalised and approved promptly. It should include clear guidelines on the use, care, and return of the Councils' assets, such as laptops, mobile phones, and other equipment. Once completed, all employees, including existing and new staff, should be required to review and sign the updated AUP to ensure consistent understanding and compliance.</p> <p>2. Develop and conduct mandatory training for employees to ensure they understand how to appropriately handle council-owned assets, covering topics like maintenance, security, and the return process.</p>
	Root Causes
	<p>Lack of periodic policy review, as the AUP was last updated in June 2019, coupled with the absence of policies mandating user training on asset management.</p>

## Management Comments / Agreed Actions

### Comments

The draft AUP includes policy statements on device care, use and return. Guidelines are separate from policy. Guidance documents will be created to supplement the AUP.

LICTP is not equipped, nor resourced to provide training, it accepts there is need for awareness materials to be created and shared.

### Agreed Actions

1. Approve and publish the draft AUP.
2. Require all employees sign the finalised AUP once published.
3. Create learning materials for the use, care and return of equipment and publicise to staff.

Responsible Person	1. John Palmer SHICTSS 2. Alan Long ODM 3. Baljit Ghataorre/Alan Long ODM	Action Due Date	1. 31/07/25 2. 01/11/25 3. 01/11/25
		Priority Level	Medium

## 7 Inefficient asset allocation and resource utilisation cross departments

### Finding and Risk

Assets should be effectively utilised and managed in a cost-efficient manner.

Upon the departure of an employee, their line manager manages the exit procedure, and a ticket is raised with the IT service desk listing the assets assigned to the employee for return. However, these tickets do not include specific asset names, which may make it difficult or inaccurate to track and verify the return of assets. Additionally, we were informed that some departments retain devices returned by leavers in the belief that the devices belong to their cost centre and as a contingency against the possibility that future budgetary constraints may prevent future procurement.

**Risk and Impact:** Inefficient resource utilisation can lead to some departments accumulating surplus devices while others face shortages, causing operational delays, underutilisation or overprovisioning of assets, and potential financial inefficiencies.

### Recommendation

1. IT assets should be owned by the ICT department on behalf of each council to facilitate the efficient transfer and full utilisation of IT assets based on each council's needs.
2. Department managers should be made aware of their responsibility to return redundant devices to IT.
3. Department managers should receive periodic reports of the devices assigned to them with the staff members who are the users.
4. A process to handle return exceptions should be defined, such that if devices are not returned within 7 days of the last working day of the staff member, that the matter is escalated to the senior leader of the directorate.

### Root Cause

End user assets purchased are charged to business unit cost centres causing managers to assume that these are owned by their own department.

## Management Comments / Agreed Actions

### Comments

LICTP supports the recommendation that ICT assets should be owned by the ICT department. The practice of providing budget codes is cumbersome, time consuming and creates a culture of perceived 'ownership' of corporate assets by service areas and managers.

### Agreed Actions

1. Create and present proposal for an organisational change on asset budget management to ICT Steering Group.
2. Create guidelines and supporting communications materials on responsibility of managers to return leavers and redundant equipment.

3. Create quarterly asset allocation reports, distribute to managers and reconcile any alterations suggested by service managers and verify against ITAM/CMDB.
4. create and present to ICT Steering Group returns exception procedure for approval.

<b>Responsible Person</b>	<ol style="list-style-type: none"> <li>1. John Palmer SHICTSS</li> <li>2. Alan Long ODM</li> <li>3. Alan Long ODM</li> <li>4. John Palmer SHICTSS</li> </ol>	<b>Action Due Date</b>	<ol style="list-style-type: none"> <li>1. 12/08/25</li> <li>2. 31/08/25</li> <li>3. 30/09/25</li> <li>4. 12/10/25</li> </ol>
		<b>Priority Level</b>	<b>Low</b>

## A1 Audit Information

### Agreed Audit Objective and Scope

The objectives of our audit were to assess whether Hinckley and Bosworth BC has in place adequate and appropriate policies, procedures and controls in relation to IT asset management with a view to providing an opinion on the extent to which risks in this area are managed. The audit considered the following risks relating to the area under review:

- **Policies and Procedures**
  - Staff working inconsistently or to incorrect practices.
- **Maintenance of the IT Asset Register**
  - Records of hardware/software deployed are not maintained.
  - The organisation is unable to detect new software or hardware installed, and to verify that this is authorised to update the IT asset register.
- **Assignment of Assets**
  - No standard way of assigning software/hardware assets, they are assigned incorrectly to the wrong staff and the IT asset and licensing records are not updated.
  - No responsibility or accountability for IT assets.
  - Software is installed without a valid license.
  - Unauthorised staff install software, such as following its download.
  - Assets are not collected from leavers and licenses recovered resulting in loss/theft of assets.
- **Security of Hardware**
  - Theft of valuable equipment due to lack of physical security controls.
  - IT assets are not identifiable as organisational property.
- **Asset Loss Management**
  - Management unaware of theft of valuable equipment or information.
  - Inability to disable / wipe assets remotely if lost / stolen.
  - Unassigned licenses and/or unused software are maintained that lead to excess costs.



- **Software license compliance**
  - Software installed exceeds available licenses, which without corrective action, leads to penalties from the license owner.
- **Disposal Procedures**
  - Assets to be disposed are lost, or there is no evidence that they have been securely wiped.

## Scope Limitations

In giving this assessment, it should be noted that assurance cannot be absolute. The most an Internal Audit service can provide is reasonable assurance that there are no major weaknesses in the framework of internal control. Any testing performed was conducted on a sample basis. Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

In assessing the management of software licenses we considered the management of these for Cisco products and Microsoft 365, but owing to constraints in the process, policies and management tools we did not assess other software in use at the partnership.

## Definitions of Assurance Levels and Recommendation Priority Levels

Definitions of Assurance Levels		
Substantial Assurance	The framework of governance, risk management and control is adequate and effective.	
Moderate Assurance	Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.	
Limited Assurance	There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.	
Unsatisfactory Assurance	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.	

Definitions of Recommendations		
High (Priority 1)	Significant weakness in governance, risk management and control that if unresolved exposes the organisation to an unacceptable level of residual risk.	Remedial action must be taken urgently and within an agreed timescale.
Medium (Priority 2)	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.	Remedial action should be taken at the earliest opportunity and within an agreed timescale.
Low (Priority 3)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.	Remedial action should be prioritised and undertaken within an agreed timescale.

## Statement of Responsibility

We take responsibility to Hinckley and Bosworth Borough Council for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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## Hinckley and Bosworth Borough Council: Internal Audit Final Report Waste Management (05.2024/25)

**Audit Sponsor:** Ashley Wilson (Head of Finance)

**Audit Contacts:** Darren Moore (Waste and Business Development Manager). Caroline Roffey (Head of Street Scene Services). Mark Weskamp (Transport Manager). Ana Arias (Accountancy Services).

April 2025  
**Reporting Timetable**

Debrief Meeting: 26/02/2025

Draft Report Issued: 25/03/2025

Comments Received: 26/03/2025

Final Report Issued: 09/04/2025

**forv/s**  
**mazars**

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### Disclaimer

This report ("Report") was prepared by Forvis Mazars LLP at the request of Hinckley and Bosworth Borough Council ('HBBC') and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of Hinckley and Bosworth Borough Council and to the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in Appendix A1 of this report for further information about responsibilities, limitations and confidentiality.

## Your One Page Summary

**Audit Objective:** assess the design and effectiveness of the control framework for managing waste

Audit rationale											
Why the Audit is in Your 2024/25 Plan		Your Strategic Risk	Your Strategic / Tactical Objective								
To ascertain that that the Council has adequate controls in place to with regards to the handling of waste, including compliance with legislation.		No specific strategic risk.	Work towards a greener borough.								
Summary of our opinion											
<div>Moderate Opinion</div> <div>See Appendix A1 for definitions</div>		Summary of Recommendations									
		<table><tr><td>High Priority</td><td>-</td></tr><tr><td>Medium Priority</td><td>2</td></tr><tr><td>Low Priority</td><td>-</td></tr></table>	High Priority	-	Medium Priority	2	Low Priority	-	<table><tr><td>Actions agreed by you</td><td>100%</td></tr><tr><td>Overall completion</td><td>May 2025</td></tr></table>	Actions agreed by you	100%
High Priority	-										
Medium Priority	2										
Low Priority	-										
Actions agreed by you	100%										
Overall completion	May 2025										
	X										
Summary of findings											
Examples of good practice		Highest Priority Findings	Key root causes								
<div>✓ Signed Knowledge Check Sheets on the Waste Management Code of Practice for a sample of 10 Waste Management Operatives.</div> <div>✓ Valid Category C Licenses and Driver Qualification Cards for a sample of five drivers in the service.</div> <div>✓ Evidence of a payment received for a sample of 10 residents on the garden waste permit holders list.</div> <div>✓ Evidence of proactive chasing through overdue invoice reminder emails and letters for a sample of five trade waste invoice debts.</div>		<div>• Inconsistent review of the Food Waste Collections Project Risk Register and inaccurate risk scores.</div> <div>• Lack of defined requirements for checking bins for contamination.</div>	<div>• The Project Risk Register is not a fixed agenda item at the Food Waste Collections Project Board meetings.</div> <div>• Manual calculation of gross risk scores as opposed to utilising automated formulas.</div> <div>• The Council's requirements to check for contamination have not been defined in the Waste Management Code of Practice.</div>								

## 01 Summary Action Plan

Below is a high-level summary of the actions that are intended to support your management of this risk area. Further detail about our findings, which have been discussed with management, are provided in our detailed action plan (see 03 Detailed Action Plan).

Ref	Recommendation	Priority	Responsible Person	Due Date
1	HBBC should: <ol style="list-style-type: none"> <li>1. Include Risk Management as a fixed agenda item at the Food Waste Collections Project Board meetings.</li> <li>2. Utilise the automated multiplication formulas available in Microsoft Excel to calculate risk scores.</li> </ol>	Medium	Caroline Roffey, Head of Street Scene services	01/05/2025
2	HBBC should: <ol style="list-style-type: none"> <li>1. Define its requirements of Operatives with regards to checking bins for contamination in the Waste Management Code of Practice.</li> <li>2. Communicate these requirements to Waste Management Operatives.</li> <li>3. Spot check compliance with the defined requirements, utilising the CCTV footage from waste management vehicles.</li> </ol>	Medium	Darren Moore, Waste and Business Development Manager	01/05/2025



## 02 Value for Money and Sector Comparison

Within each of our reports, we summarise any observations we have made about the effectiveness, efficiency and economy of your operations. This is to support our portfolio of public and social sector organisations with value for money considerations. We also summarise how you compare to similar organisations, which is intended to bring you the benefit of our insight.

### Value for Money

Effective budget monitoring promotes Value for Money (VfM) by ensuring resources are used economically, efficiently, and effectively to achieve desired outcomes and avoid unnecessary and unexpected expenditures.



For the Waste Management budget, we confirmed that monthly budget monitoring reports are provided by Accountancy Services to the Waste and Business Development Manager, offering detailed breakdowns of each cost centre's year-to-date budget, actuals, commitments, and variances. This practice ensures economy by maintaining cost control. We also found that regular monthly meetings take place between Accountancy Services and the Waste and Business Development Manager. Such collaboration helps to facilitate efficiency and effectiveness, as we found that these meetings support with the timely variance analysis and year-end forecasting which HBBC undertakes for the Waste Management budgets monthly.

Tipping sites may reject a full waste load or require Operatives to sort through the load to remove contaminated items before acceptance. This gives rise to VfM implications from an efficiency standpoint with regards to ensuring that staff resource is not spent on remediating contamination. Per the Council's Waste Management Code of Practice, it is necessary for Operatives to reject bin collections when they contain contaminated waste.

We were also informed by management that Operatives should inspect for signs of contamination, however this is not reflected in the Code of Practice and our review of a sample of CCTV footage found that contamination checks were not taking place. We have raised a recommendation in relation to this issue in **Section 03** below.

### Sector Comparison

Following the Environment Act 2021, Local Authorities are mandated to provide separate collections of food waste on a weekly basis by 31 March 2026. The changes are aimed at reducing landfill waste, improving recycling rates and standardising the materials collected across the country, ensuring consistency and reducing confusion.



We have seen a variety of approaches and challenges to implementing these changes across different Local Authorities, such as space constraints due to existing depot space being insufficient for accommodating additional vehicles and staff facilities. We have therefore seen a trend of additional costs amongst Local Authorities in relation to sourcing further depot space. HBBC's existing depot was not of a sufficient size to accommodate the changes, resulting in a second depot having been sourced.

HBBC intends for the roll out of its new food waste collection service to be phased over eight weeks between February and March 2026. We see that a phased roll out approach is common amongst the sector and can be considered as good practice as a result of the risk implications of the failure to manage a smooth service delivery.

During our review, we found that HBBC has treated the changes as a project of work, with controls such as a Food Waste Collections Project Board that meets every two months and a Project Risk Register being put into place. We did, however, find that Risk Management is not a fixed agenda item at Project Board meetings to facilitate regular oversight of the project's risks. We have raised a recommendation in relation to this in **Section 03** below.

### 03 Detailed Action Plan

We have identified areas where there is scope to improve the control environment. Our detailed findings are provided below. Definitions for the levels of assurance and recommendations used within our reports are included in Appendix A1.

1 Inconsistent review of the Food Waste Collections Project Risk Register and inaccurate risk scores	
Finding(s) and Risk	Recommendation(s)
<p>As a result of the Department for Environment, Food and Rural Affairs (DEFRA) reforms for simpler recycling in England, all Local Authorities must provide a separate weekly food waste collection by 31 March 2026. In response to these legislative changes, the Council has initiated a project to support with implementing the required changes. The Council's project includes a Food Waste Collections Project Board and a Risk Register in the form of a spreadsheet for the project.</p> <p>We reviewed the Project Risk Register and noted that at the time of our review in February 2025, it had last been reviewed in September 2024. Through review of the September 2024 Food Waste Collections Project Board minutes, we confirmed that the Risk Register was reviewed at the September meeting. However, review of the November 2024 and January 2025 minutes found that the risk register had not been discussed.</p> <p>We were informed by management that the Risk Register would normally be reviewed by exception when anything changes. However, having the Project Risk Register as a fixed agenda item at Project Board meetings ensures continuous monitoring and proactive management of risks, enabling timely decision-making.</p> <p>Furthermore, we also found that the following gross risk scores, which are the result of multiplying probability and impact scores before considering controls, were incorrectly calculated across the 14 project risks listed:</p> <ul style="list-style-type: none"> <li>In one instance, the probability and impact scores were four and three respectively, which should result in a gross score of 12. However, a gross score of eight was recorded; and</li> <li>In another instance, the probability and impact scores were four and two respectively, which should result in a gross score of eight, however a gross score of 12 was recorded.</li> </ul>	<p>HBBC should:</p> <ol style="list-style-type: none"> <li>1. Include Risk Management as a fixed agenda item at the Food Waste Collections Project Board meetings.</li> <li>2. Utilise the automated multiplication formulas available in Microsoft Excel to calculate risk scores.</li> </ol>
	Root Cause(s)
	<p>The Project Risk Register is not a fixed agenda item at the Food Waste Collections Project Board meetings.</p> <p>Manual calculation of gross risk scores as opposed to utilising automated formulas.</p>

Through discussions with management, we were informed that the scores had been calculated manually in the spreadsheet.

**Risks and Impacts:** Risk is not a fixed agenda item at Project Board meetings, meaning that recognised and emerging project risks may not receive adequate attention and scrutiny, resulting in failures to safeguard the successful implementation of the Food Waste Collections Project.

Manual calculation errors in the Project Risk Register lead to incorrect gross risk scores, risking inaccurate risk assessment and potentially inadequate risk mitigations.

#### Management Comments / Agreed Actions

Both of these recommendations have been accepted. Although for clarity, the risk register was an item on the first Food waste project board meeting in September and at the latest one on 18/03/2025.

<b>Responsible Person</b>	Caroline Roffey, Head of Street Scene Services	<b>Action Due Date</b>	01/05/2025
		<b>Priority Level</b>	<b>Medium</b>

## 2 Lack of defined requirements for checking bins for contamination

### Finding(s) and Risk

The Council's Waste Management Code of Practice defines the restrictions in place for certain waste which the Council can and cannot accept. This is to correspond with the tipping site's requirements. The Council's Code of Practice further notes that it may be necessary for Operatives to reject collection of a bin due to contamination, as the tipping site can reject a full load due to contamination, or require Operatives to sort through the load to remove contaminated items before acceptance.

We were informed by management that to help control the risk of contamination, Operatives should internally inspect bins for signs of contamination. However, this is not reflected in the Code of Practice.

From CCTV footage for nine garden waste bin collections on 15 January 2025, we did not see evidence that the contents of the bins were checked for contamination. Upon querying this with management, we were informed that crews would take a risk-based approach and lift lids in problem areas known for contamination.

**Risk and Impact:** Expectations for checking bins for contamination are not defined, meaning that there is a higher risk of contaminated loads being rejected by the tipping site, resulting in unnecessary staff time spent removing contamination and reputational damage for the Council.

### Recommendation(s)

HBBC should:

1. Define its requirements of Operatives with regards to checking bins for contamination in the Waste Management Code of Practice.
2. Communicate these requirements to Waste Management Operatives.
3. Spot check compliance with the defined requirements, utilising the CCTV footage from waste management vehicles.

### Root Cause(s)

The Council's requirements for checking for contamination have not been defined in the Waste Management Code of Practice.

### Management Comments

The Waste Code of Practice will be updated to specifically note the requirement to check bins for contamination. Supervisors will review compliance with this when completing physical (quarterly) and remote (monthly) monitoring for areas where higher levels of contamination are noted.

Responsible Person	Darren Moore, Business development and waste manager	Action Due Date	01/05/2025
		Priority Level	Medium

## A1 Audit Information

### Agreed Audit Objective and Scope

The objectives of our audit were to assess whether Hinckley and Bosworth Borough Council has in place adequate and appropriate policies, procedures and controls in relation to Waste Management with a view to providing an opinion on the extent to which risks in this area are managed. The audit considered the following risks relating to the area under review:

#### Governance

- Policies and procedures are not documented and understood by key staff, resulting in inconsistent and inappropriate management of waste.

#### Legal, regulatory and reputation risk

- Inappropriate waste storage, transportation or disposal could result in environmental damage, breach of environmental laws or regulations, or adverse media attention.
- Unauthorised usage, or theft, of fuel resulting in financial losses and impacting the fleet's overall efficiency.

#### Income

- Waste is collected from households which have not paid for garden waste collection, resulting in financial loss for the Council.
- Income relating to garden and trade waste is not maximised and consistently collected resulting in financial loss to the Council.

#### Financial Management

- Failure to manage the waste management budget may result in loss of operational efficiency through unexpected, or unnecessarily high costs.

#### Reporting Accuracy

- Inaccurate reporting on waste management could result in inappropriate decision making.

#### Planning for legislative changes

- Hinckley do not have appropriate governance arrangements in place to prepare for the upcoming proposed changes from DEFRA. This results in the Council not being prepared, and therefore not compliant with new legislation.

### Scope Limitations

In giving this assessment, it should be noted that assurance cannot be absolute. The most an Internal Audit service can provide is reasonable assurance that there are no major weaknesses in the framework of internal control. Any testing performed was conducted on a sample basis. Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

## Definitions of Assurance Levels and Recommendation Priority Levels

Definitions of Assurance Levels		
Substantial Assurance	The framework of governance, risk management and control is adequate and effective.	
Moderate Assurance	Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.	
Limited Assurance	There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.	
Unsatisfactory Assurance	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.	

Definitions of Recommendations		
High (Priority 1)	Significant weakness in governance, risk management and control that if unresolved exposes the organisation to an unacceptable level of residual risk.	Remedial action must be taken urgently and within an agreed timescale.
Medium (Priority 2)	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.	Remedial action should be taken at the earliest opportunity and within an agreed timescale.
Low (Priority 3)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.	Remedial action should be prioritised and undertaken within an agreed timescale.

## Statement of Responsibility

We take responsibility to Hinckley and Bosworth Borough Council for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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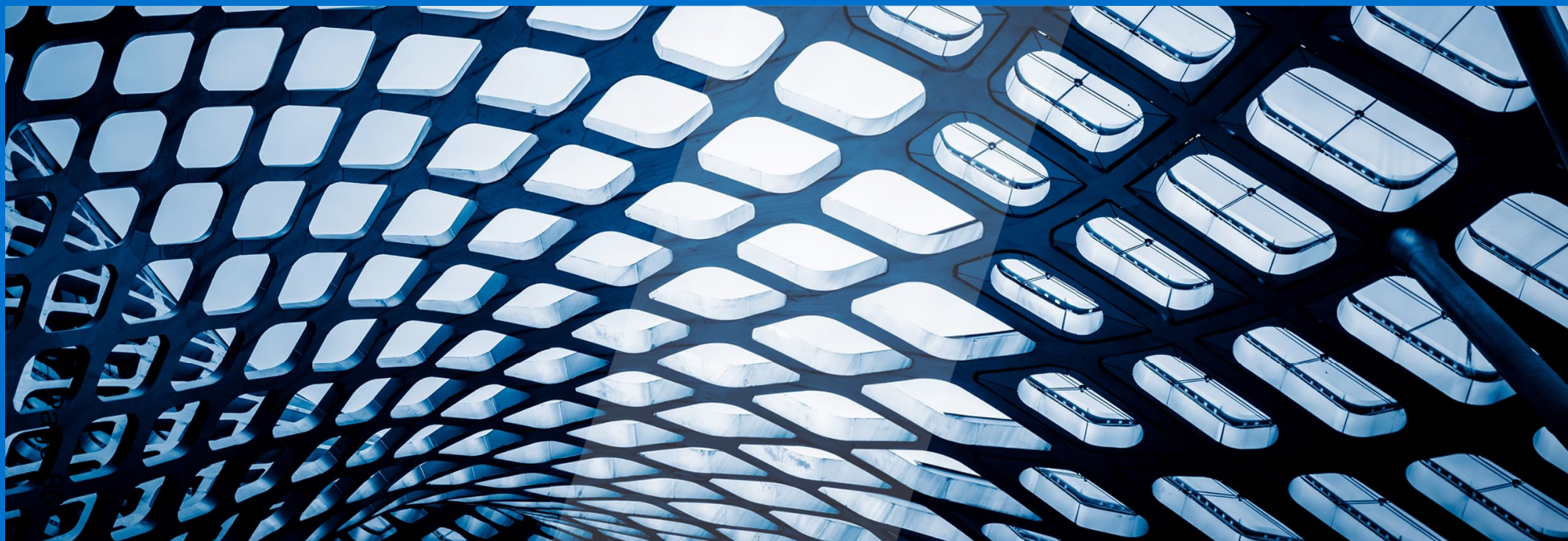
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# **Hinckley & Bosworth Borough Council**

## **Audit Committee – 25 June 2025**

### **Internal Audit Progress Report**

Date Prepared: June 2025

Strictly private and confidential

for  
mazar

Agenda Item 10

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Thought Leadership – Failure to Prevent Fraud

**Disclaimer**

This report (“Report”) was prepared by Forvis Mazars LLP at the request of Hinckley & Bosworth Borough Council and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of Hinckley & Bosworth Borough Council and to the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in this report for further information about responsibilities, limitations and confidentiality.

# 1. Snapshot of Internal Audit Activity

Below is a snapshot of the current position of the delivery of the 2024/25 Internal Audit Plan.



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Assurance decisions needed

- Note the progress being reported and consider final reports included separately in the paper pack,

RAG status of delivery of plan to revised timetable

On Track

**Key updates**

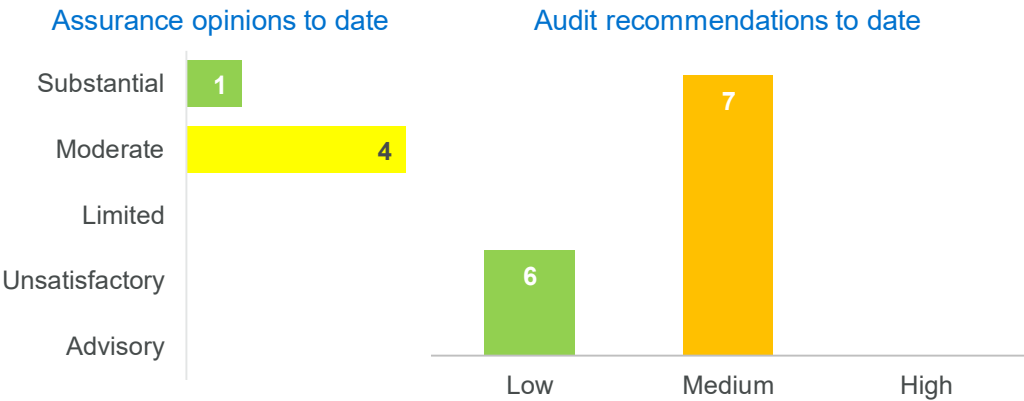
Since the last Audit Committee meeting in March 2025, we have issued and finalised the report for the Waste Management audit which was given a Moderate opinion. [A summary of the audit findings can be found in section 2.](#) The Fire Safety, Capital Programme, and Homelessness audits have been issued in draft, and we are awaiting the management responses.

As a result of the Leisure Centre, and Capital Programme audits being rearranged at the request of management, there has been a slight delay in the completion of the 2024/25 Internal Audit plan.

We have also finalised the IT Asset Management report for 2023/24.

[An overview of the Internal Audit Plans can be found in Section 3.](#)

[Thought Leadership - Annual Local Government Risk Report, can be found in Section 4.](#)



## 2. Latest Reports Issued – Summary of Findings

Since our last update, we have issued our final report relating to our review of Waste Management, which AC is asked to review separately. A summary of our most significant findings and the root cause(s) of issues is included below.

**Audit Objective:** assess the design and effectiveness of the control framework for managing waste.

Audit rationale				
<b>Why the Audit is in Your 2024/25 Plan</b> To ascertain that the Council has adequate controls in place to handling of waste, including compliance with legislation.		<b>Your Strategic Risk</b> No specific strategic risk		<b>Your Strategic / Tactical Objective</b> Work towards a greener borough
Summary of our opinion				
Page 88	<b>Summary of Recommendations</b>			
	<b>Moderate Opinion</b> See Appendix A1 for definitions		<b>High Priority</b>	-
			<b>Medium Priority</b>	2
			<b>Low Priority</b>	-
		<b>Actions agreed by you</b>	<b>100%</b>	
		High Priority completion	N/A	
		Overall completion	May 2025	
Summary of findings				
<b>Examples of good practice</b> <ul style="list-style-type: none"><li>✓ Signed Knowledge Check Sheets on the Waste Management Code of Practice for a sample of 10 Waste Management Operatives.</li><li>✓ Valid Category C Licenses and Driver Qualification Cards for a sample of five drivers in the service.</li><li>✓ Evidence of a payment received for a sample of 10 residents on the garden waste permit holders list.</li><li>✓ Evidence of proactive chasing through overdue invoice reminder emails and letters for a sample of five trade waste invoice debts.</li></ul>		<b>Highest Priority Findings</b> <ul style="list-style-type: none"><li>• Inconsistent review of the Food Waste Collections Project Risk Register and inaccurate risk scores.</li><li>• Lack of defined requirements for checking bins for contamination.</li></ul>		<b>Key root causes</b> <ul style="list-style-type: none"><li>• The Project Risk Register is not a fixed agenda item at the Food Waste Collections Project Board meetings.</li><li>• Manual calculation of gross risk scores as opposed to utilising automated formulas.</li><li>• The Council's requirements to check for contamination have not been defined in the Waste Management Code of Practice.</li></ul>

## 2. Latest Reports Issued – Summary of Findings

Since our last update, we have issued our final report relating to our review of Leisure Centre, which AC is asked to review separately. A summary of our most significant findings and the root cause(s) of issues is included below.

Audit Objective: assess the design and effectiveness of the control framework for managing waste.

Audit rationale				
<b>Why the Audit is in Your 2024/25 Plan</b>  To assess key controls in place in relation to the Council's Leisure services.		<b>Your Strategic Risk</b>  N/A – No specific strategic risk		<b>Your Strategic / Tactical Objective</b>  Help people to stay healthy, happy and active and continue to provide initiatives that support children and young people, older people and our vulnerable residents.
Summary of our opinion				
Page 89	<b>Moderate Opinion</b> See Appendix A1 for definitions		<b>Summary of Recommendations</b>	
			<b>High Priority</b>	-
			Medium Priority	1
			Low Priority	-
			<b>Actions agreed by you</b>	<b>100%</b>
			High Priority completion	N/A
			Overall completion	October 2025
Summary of findings				
<b>Examples of good practice</b>  ✓ Review of Performance and Technical reports from February 2024 to January 2025 confirmed that Hinckley received monthly updates on performance from their Contractor, Places Leisure.  ✓ Reports from November 2024 to January 2025 identified that Hinckley receive data on customer feedback to monitor performance.  ✓ Hinckley Leisure Centre was subject to an Annual Performance Review by Scrutiny in September 2024.		<b>Highest Priority Findings</b>  • The Finance & Performance Scrutiny presentation, prepared by Places Leisure, included inaccurate finance data.		<b>Key root causes</b>  • A lack of verification of the finance data reported by Places Leisure.

## 2. Latest Reports Issued – Summary of Findings

Since our last update, we have issued our final report relating to our review of IT Asset Management, which AC is asked to review separately. A summary of our most significant findings and the root cause(s) of issues is included below.

Audit Objective: assess the design and effectiveness of the control framework for managing IT assets.

Audit rationale				
Why the Audit is in Your 2024/25 Plan		Your Strategic Risk		
The topic was requested by the LICTP steering group.		OPSICT12: Inaccurate asset database - LICTP unable to provide adequate asset tracking, manage software and device lifecycles. (October 2023)		
Summary of our opinion				
Page 90	Summary of Recommendations			
	<div><div>Limited Opinion</div><div>See Appendix A1 for definitions</div><div><div></div><div></div><div>X</div><div></div></div></div>			
	<div><div>High Priority</div><div>2</div></div>		<div><div>Actions agreed by you</div><div>100%</div></div>	
	<div><div>Medium Priority</div><div>4</div></div>		<div><div>High Priority completion</div><div>31/10/205</div></div>	
	<div><div>Low Priority</div><div>1</div></div>		<div><div>Overall completion</div><div>30/06/26</div></div>	
Summary of findings				
Examples of good practice		Highest Priority Findings		Key root causes
<div><div>✓</div><div>A process is in place to report lost mobile phones, ensuring they are suspended or wiped to protect sensitive information.</div></div> <div><div>✓</div><div>The equipment disposal process is carried out in an environmentally friendly manner by a service provider</div></div>		<div><div>•</div><div>Deficiencies in asset management process and assets maintenance.</div></div> <div><div>•</div><div>Weakness in the physical security measures for protecting hardware assets.</div></div>		<div><div>•</div><div>Relying on inadequate tools and underutilising available technologies for asset management.</div></div> <div><div>•</div><div>Insufficient adoption of modern security measures and reliance on outdated practices</div></div>

### 3. Overview of Internal Audit Plan 2024/25

The table below lists the status of all reviews within the 2024/25 Plan.

Review	Original Days	Actual Days	Audit Sponsor	Status	Start Date	AC	Assurance Level	Total	High	Medium	Low
Council Tax & NNDR	12	12	Storme Coop	Final	September 2024	April 2025	Moderate	4	-	2	2
Sickness Management	10	10	Julie Stay	Final	September 2024	January 2025	Substantial	2	-	1	1
Treasury Management	10	10	Ashley Wilson	Final	October 2024	January 2025	Moderate	4	-	1	3
Waste Management	10	10	Caroline Roffey	Final	January 2025	June 2025	Moderate	-	-	2	-
Capital Programme	12	15*	Ashley Wilson	Draft	March 2024	June 2025	-	-	-	-	-
Homelessness	12	12	Madeline Shellard	Draft	April 2025	June 2025	-	-	-	-	-
Fire Safety	10	10	Julie Stay	Draft	February 2025	June 2025	-	-	-	-	-
Leisure Services	12	12	Simon Jones	Final	March 2025	June 2025	Moderate	1	-	1	-
IT Audit – Vulnerability Management	10	10	John Palmer	Fieldwork	March 2025	June 2025	-	-	-	-	-
Follow up	5	5	Ashley Wilson	Fieldwork	March 2024	June 2025	-	-	-	-	-
Management and reporting	15	15	-	-	-	-	-	-	-	-	-
Totals	118	123					Totals	11		7	6

\*Additional days due to delays in starting the audit.



04 Thought Leadership – Failure to Prevent Fraud



[Click here for the full article](#)

Are you ready for the new Failure to Prevent Fraud Offence? Watch our webinar to understand how the Failure to Prevent Fraud Offence will impact the public sector and what you can do now to prepare for its implementation on 1 September 2025.



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### Statement of Responsibility

We take responsibility to Hinckley & Bosworth Borough Council for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

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## Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Audit Committee 25 June 2025

Wards affected: All Wards

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### **Audit Committee Self-Assessment Action Plan - update**

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#### **Report of Head of Finance (Section 151 Officer)**

##### **1. Purpose of report**

- 1.1 To present progress and support for actions needed on the Audit Committee's agreed Action Plan .

##### **2. Recommendation**

- 2.1 That the Audit Committee:
- note the content of the report,
  - members consider any action needed, and
  - re-assess the scores given as part of an updated self-assessment to be reported at the next audit Committee.

##### **3. Background to the report**

- 3.1 As part of the Audit Committee self-assessment a number of actions were agreed as needed. In summary actions dates and simplified actions applied are noted in the table below with a brief summary of progress made(Full detailed are in the Appendix 1).

Simplified table of Actions	Total rec's covered	Comment	Due next/ Comment
Audit Committee Annual Report	11	Complete- repeats annually	1 Oct 2025 To support the structure the detailed action should be taken into account.
AGS report	3	Complete- repeats annually	Oct 2025/Feb 2026
Audit Committee in place		No further action needed.	No further action needed.
Council to consider request for them to approve accounts	1	Audit Committee Chair has liaised with Council leader, and decision to retain as Audit Committee role is preferred.	No further action needed.
IA EA private meeting	1	Multiple meetings with the Chair have taken place on an ad hoc basis.	This should be formalised to ensure the Audit Committee are aware of date of meeting so members can inform the chair of any issues if needed
Independent member considered	1	As not a legal requirement this is being paused – agreed with Chair of Audit Committee.	No further action needed.
Member led assessment		Complete- repeats annually	The Self-Assessment needs to be completed annually as part of the report to Council to cover progress and any weaknesses. Suggest Oct 2025
Minutes to go to Council	1	Started as from July 2024 meeting	In place
Officers to attend meetings as required	1	Started prior to July 2024 meeting	In place
Risk Register and Risk report to Audit Committee to inform AGS understanding	1	Now presented	This needs to be presented regularly and cover. <ul style="list-style-type: none"> <li>Assurance on governance of risk.</li> <li>Reviewing the risk profile.</li> <li>Monitoring the effectiveness of risk management arrangements.</li> </ul> Suggest 1 Oct 2025/ 1 April 2026

ToR update	2	Completed	Forward programme needed to cover responsibilities. Weakness in relation to: <ul style="list-style-type: none"> <li>Monitoring the counter-fraud strategy, underlying risk assessment and plan to address any weaknesses.</li> </ul>
Training	5	Completed	To consider further training, TBC
Work Programme	2	To consider at Audit Committee meeting on 25 June 2025 to ensure it covers all ToR responsibilities.	To consider at Audit Committee meeting on 25 June 2025 to ensure it covers all ToR responsibilities.
Grand Total	29		

### **Council to consider request for them to approve accounts**

- 3.2 The Council to Consider Audit Committee Request to move approval of Accounts back to Council. This needs to be a request made by the Audit Committee with reasons given, and if agreed the Audit Committee responsibility for review and assurance on the financial statements will not change, as they will still be making a recommendation to Council to adopt the accounts. Currently there is not a legal requirement to do this, but it is considering good practice by CIPFA. This will add time pressure to the process. To be in place for 2024/25 financial statements, this will need to have been agreed by before February 2026, or earlier if the External Audit is completed before then. . Members may want to consider leaving this until March 2026 for the 2025/26 financial statements to allow proper consideration by Council.

### **Independent member**

- 3.3 This is not a regulatory requirement currently.

### **Work Programme**

- 3.4 To ensure the new terms of reference are complied with a forward programme needs to be developed and agreed by the Audit Committee at the first meeting of the financial year. In particular there is a weakness in relation to not have a risk based fraud strategy and action plan, which has become more important in light of failure to prevent fraud offence introduced by the Economic Crime and Corporate Transparency Act 2023 (ECCTA). This new corporate criminal offence makes it illegal for large organizations to fail to prevent fraud committed by their employees, agents, subsidiaries, or other associated persons. The offence will come into effect on September 1, 2025.

### **Update to Work Programme to reflect updated ToR (2 out of 29 actions due by March 2025)**

- 3.5 Once the ToR is updated the Audit Committee Work programme will need to be updated to reflect any changes.
- 4. Exemptions in accordance with the Access to Information procedure rules**
- 4.1 Report is taken in an open session.
- 5. Financial implications [IB]**
- 5.1 None directly from this report
- 6. Legal implications**
- 6.1 None directly from this report
- 7. Corporate Plan implications**
- 7.1 Adoption of the proposal in this paper will contribute to the achievement of the following Corporate Aim of Empowering communities.
- 8. Consultation**
- 8.1 None
- 9. Risk implications**
- 9.1 It is the council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.
- 9.2 It is not possible to eliminate or manage all risks all 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.
- 9.3 There is no immediate risk to the Council.
- 10. Knowing your community – equality and rural implications**
- 10.1 The Financial Statements and the audit process will allow local communities and groups to review the financial performance and stewardship of the Council.
- 11. Climate implications**
- 11.1 None directly from this report.

## **12. Corporate implications**

- 12.1 By submitting this report, the report author has taken the following into account Audit Committee self-assessment and Action plan to ensure Corporate Governance is improved.

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Background papers:	None
Contact Officer:	Ashley Wilson, Ext 5609
Executive Member:	K Lynch

## Appendix 1: Self-assessment and action plan

Good practice questions	Action needed	Score	Simplified Action
<p><b>2</b> Does the audit committee report directly to the governing body (PCC and chief constable/full council/full fire authority, etc)?</p>	<p>This means does the Audit Committee issue any reports to Council. This would seem to be a score of "0".</p> <p><b>Action:</b> The Audit Committee should agree its own annual report to Council with recommendations for action. The report should be aimed at improving the culture in which financial management, risk management and governance are given due weight and attention. An alternative, but mid scoring action, would be for the minutes of the Audit Committee are included in Council meeting as is the case for Scrutiny, where the Audit Committee want to make a recommendation for Council to note or take action on.</p>	2	Complete Annual report, Needed by September.
<p><b>3</b> Has the committee maintained its advisory role by not taking on any decision-making powers?</p>	<p>The answer to this is "no", as it makes decisions, so it does not maintain its advisory role. Therefore should score "0". It approves the financial statements and Annual Government statement on behalf of the Council. To avoid this it should recommend adoption by the Council, and the full Council would have to have the financial statements presented and agree the recommendation to adopt the accounts.</p> <p><b>Action:</b> This would add a lot of time pressure to the process, so I suggest we consider if this is an option we want to take or leave as is currently. This is currently a CIPFA preferred option and not required from a legal standpoint. Audit Committee to confirm content to remains as approving body until a legal requirement to move to full council approval.</p>	2	Adoption by the Council is Cipa's preferred best practice, but The Accounts and Audit Regulations 2003, regulation 10 allows the statement of accounts as required by regulation 7(1) or regulation 7(6), as the case may be, shall be approved by a resolution of a committee of the



Good practice questions	Action needed	Score	Simplified Action
			relevant body or otherwise by a resolution of the members of the body meeting as a whole. This is a proposal from the Audit Cttee, but full Council can decide to leave where it is until the regulation is changed
4 Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?	<b>Action:</b> The ToR would need to be updated to cover the issues in the CIPFA recommended ToR. We have a copy and can update.	2	Update Tor as per CIPFA guide but note the approval may stay with the Audit Cttee.
5 Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?	<b>Action:</b> Training needed for all members.	1	Training requested- Mazars to cover
6 Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?	There is no formal mechanism for how this is done. <b>Action:</b> This could be incorporated into a formal reporting mechanism to the Council or SLT/S151 Officer as needed. Leave as a standing item for each Audit Committee if there are any such items to be reported.	1	Raise Issues as needed: include in Minutes to council
7 Does the governing body hold the audit committee to account for its performance at least annually?	There is no formal report. <b>Action:</b> This should be done annually and include a self-	0	Complete Annual report, Needed by September.

Good practice questions	Action needed	Score	Simplified Action
	review by the Audit Committee on how it feels it has done against its ToR.		
<b>8</b> Does the committee publish an annual report in accordance with the 2022 guidance, including:	There is no formal report. Action: This should be done annually and include a self-review by the Audit Committee on how it feels it has done against its ToR.	0	Complete Annual report, Needed by September.
• compliance with the CIPFA Position statement	There is no formal report. Action: This should be done annually and include a self-review by the Audit Committee on how it feels it has done against its ToR.	0	Complete Annual report, Needed by September.
• results of the annual evaluation, development work undertaken and planned improvements	There is no formal report. Action: This should be done annually and include a self-review by the Audit Committee on how it feels it has done against its ToR.	0	Complete Annual report, Needed by September.
• how it has fulfilled its terms of reference and the key issues escalated in the year?	There is no formal report. Action: This should be done annually and include a self-review by the Audit Committee on how it feels it has done against its ToR.	0	Complete Annual report, Needed by September.
<b>9</b> Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows?	The Key aspects of the Audit Committee ToR as per the constitution a include, but are not limited to: • Approving the Annual Governance Statement and Statement of Accounts • Approving the external auditor's annual letter • Approving the internal audit plan and monitoring progress • Overseeing audits and monitoring compliance with recommendations • Monitoring the risk management framework and providing	0	To ensure work programme covers The Key aspects of the Audit Committee ToR as per the constitution a include, but are not limited to: • Approving the

Good practice questions	Action needed	Score	Simplified Action
	<p>assurance</p> <ul style="list-style-type: none"> <li>• Monitoring the counter-fraud strategy.</li> </ul> <p><b>Action:</b> As well as listing in the ToR action is needed to make them part of the Audit Committee's work programme in an effective way.</p>		<p>Annual Governance Statement and Statement of Accounts</p> <ul style="list-style-type: none"> <li>• Approving the external auditor's annual letter</li> <li>• Approving the internal audit plan and monitoring progress</li> <li>• Overseeing audits and monitoring compliance with recommendations</li> <li>• Monitoring the risk management framework and providing assurance</li> <li>• Monitoring the counter-fraud strategy.</li> </ul>

Good practice questions	Action needed	Score	Simplified Action
Governance arrangements	<b>Action:</b> The Approval of the Governance Statement could be covered by a sperate report, it is currently approved as part of the Financial Statements.	0	The Approval of the Governance Statement could be covered by a sperate report, it is currently approved as part of the Financial Statements.

Risk management arrangements	<p>Where a Local authority has a separate Committee that considers risk, then that needs to be considered in how it relates to the Audit Committee's role, based on CIPFA guidance. CIPFA notes that Scrutiny should not be mixed in with the Audit Committee, but tht the Audit Committee has to have a role in the governance of risk.</p> <p>Practical opportunities for joint working are in the publication, "Centre for Governance and Scrutiny: Audit committees and scrutiny committees working together."</p> <p>There are three components to audit committee risk management, which each have an intersection with scrutiny:</p> <p><b>Assurance on governance of risk.</b> This is about oversight of the framework; for scrutiny, it will involve developing familiarity with where leadership and responsibility lies on risk;</p> <p><b>Reviewing the risk profile.</b> Understanding where and how strategic risks are emerging and being managed is an important audit committee task, which may benefit from scrutiny's assistance;</p> <p><b>Monitoring the effectiveness of risk management arrangements.</b> It is likely that scrutiny can, through wider reviews of policy development, integrate an awareness of risk management into its work – ensuring that audit committee can be supported with a grounding in what is likely to constitute the most efficacious approach to understanding evaluating risk management arrangements. Risk is central to effective scrutiny.</p> <p>The role of the audit committee in relation to risk management is to gain assurance over the governance of risk, and covers three major areas.</p>	1	<p>The Audit Committee, as part of understanding the AGS, need to see the Corporate Risk Register at least once a year, with an explanation of how risks have been reviewed by Scrutiny, how the risks were derived and updated, and any risk that have fallen out and why, and any new risks and where they have come from. The Scrutiny Committee should consider if there are any issues that they feel should be brought to the attention of the Audit Committee in relation to the Audit Committee consideration of the AGS and a formal mechanism for capture these</p>
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	<ul style="list-style-type: none"> <li>• overseeing the authority's risk management policy and strategy and their implementation in practice</li> <li>• overseeing the integration of risk management into the governance and decision-making processes of the organisation</li> <li>• ensuring that the AGS is an adequate reflection of the risk environment.</li> </ul> <p><b>Actions,</b> The Audit Committee, as part of understanding the AGS, need to see the Corporate Risk Register at least once a year, with an explanation of how risks have been reviewed by Scrutiny, how the risks were derived and updated, and any risk that have fallen out and why, and any new risks and where they have come from. The Scrutiny Committee should consider if there are any issues that they feel should be brought to the attention of the Audit Committee in relation to the Audit Committee consideration of the AGS and a formal mechanism for capture these referrals should be established.</p>		referrals should be established.
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Good practice questions	Action needed	Score	Simplified Action
<p>Internal control arrangements, including:</p> <ul style="list-style-type: none"> <li>• financial management</li> <li>• value for money</li> <li>• ethics and standards</li> <li>• counter fraud and corruption</li> </ul>	<p>This appears to be a low score, as the Financial Management and Value for Money elements are covered by internal audit and External audit report, although the current position. External Audit has been an issue due to national back log. IA have a plan as do External Audit that is approved by the Audit Committee.</p> <p>Weak areas are ethics and standards, and Counter fraud and corruption.</p> <p><b>Ethics</b>, the Audit Committee should be informed of how the Council promote good governance, which usually links to the seven Principles of Public Life which form an important part of the Governance. The principles of conduct are: 1.Selflessness, 2.Integrity, 3.Objectivity, 4.Accountability, 5.Openness, 6.Honesty, and 7.Leadership</p> <p><b>Action:</b> The audit Committee needs to understand how the authority promotes these ethical values, so it needs a report noting how this is covered, and be updated on any issues where there is a breach of ethical standards and action taken to address them and prevent them happening again.</p> <p><b>Fraud</b>, the audit committee should have oversight of the authority's arrangements for managing the risks from fraud and corruption, providing assurance that they are fit for purpose.</p> <p>This includes</p> <ul style="list-style-type: none"> <li>• oversight of counter fraud plans and availability of resources and their effectiveness</li> <li>• reviewing the counter fraud strategy and considering whether it meets recommended practices</li> </ul>	1	<p>Work Programme to be undated to ensure the Audit Committee cover :</p> <ul style="list-style-type: none"> <li>• ethics and standards</li> <li>• counter fraud and corruption</li> </ul>

Good practice questions	Action needed	Score	Simplified Action
	<ul style="list-style-type: none"> <li>• championing good counter fraud and anti-corruption practice to the wider organisation</li> <li>• reviewing the fraud risk profile and estimate of fraud losses or potential harm to the organisation and its local community</li> <li>• reviewing the annual counter fraud plan of activity and resources, seeking assurance that it is in line with the strategy and fraud risk profile</li> <li>• monitoring the overall performance of the counter fraud function</li> <li>• overseeing any major areas of fraud identified and monitoring action plans to address control weaknesses</li> <li>• consideration of assurance provided by internal audit.</li> </ul> <p><b>Action:</b> We should start with presenting the Counter fraud strategy, then have a counter fraud plan (most likely we need IA to do this) then decide how we resource this as it will have a cost. We have reported the NFI findings recently.</p>		



Good practice questions	Action needed	Score	Simplified Action
Annual governance statement	<p>The Audit Committee do approve the AGS.  <b>Action:</b> We need to separate it from the Statements and report separately. Key aspects that the audit committee should consider when reviewing the AGS include:</p> <ul style="list-style-type: none"> <li>• whether the statement is user friendly for a lay reader</li> <li>• whether the statement focuses on evaluation, leading to a clear opinion of whether arrangements are fit for purpose and meet the principles of good governance</li> <li>• whether the AGS is an accurate representation of arrangements, consistent with other information known to the committee (committee members should be able to recognise their own authority's strengths and weaknesses)</li> <li>• whether it includes appropriate disclosures on conformance with specified codes and standards and is consistent with current CIPFA guidance</li> <li>• whether the AGS is supported by an appropriate action plan to implement the required improvements and if this is robust (if needed).</li> </ul>	1	The Approval of the Governance Statement could be covered by a sperate report, it is currently approved as part of the Financial Statements.
Financial reporting	<p>This is a low score; we do this reasonably well in normal times.  <b>Action:</b> We need to get the accounts to the Audit Committee with a covering report, some are a little behind with the current backlog, this has slipped, Also, the backlog on Audit of the financial statements needs sorting as well, but this is a national issue.</p>	1	Draft Accounts and AGS to Audit Cttee in July
11 Over the last year, has the committee only considered agenda items that align with its core functions or selected wider functions, as set out in the 2022 guidance?	<p><b>Action:</b> This need to be addressed in a revised audit Committee work plan.</p>	1	Audit Committee work programme to align with revised ToR.

Good practice questions	Action needed	Score	Simplified Action
<p><b>12</b> Has the committee met privately with the external auditors and head of internal audit in the last year?</p>	<p>This should be a 2 or 3, the chair has access and has met with them, if he wanted, he could meet with them. This would only be needed once a year, The Chair could organise this if desired.  <b>Action:</b> Have one Audit Committee a year with a 30 minute slot where officers do not attend, maybe a pre-Audit Committee meet.</p>	<p><b>1</b></p>	<p>Audit Committee to meet in private with internal and External Audit with no officers present at least once annually, usually covered by an informal discussion before Audit Committee.</p>
<p>• Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation</p>	<p>There is currently no legislation for this in England, but it is considered good practice and council are beginning to do this. CIPFA recommend it is done.          Note, In England and Wales, co-opted independent members cannot vote to approve the accounts under Section 13 of the Local Government and Housing Act 1989 (see Membership and effectiveness of the audit committee).  <b>Action:</b> To consider this requirement, and enquire of other local districts what action they have taken. No immediate urgency.</p>	<p><b>0</b></p>	<p>To consider co-opted independent member appointment. This is good practice but not a legal or regulatory requirement.</p>

Good practice questions	Action needed	Score	Simplified Action
<p><b>14</b> Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?</p>	<p>There is an expectation they have between them broad, but not specialist knowledge of the following:</p> <ul style="list-style-type: none"> <li>• Internal audit</li> <li>• Financial management and financial reporting</li> <li>• External audit</li> <li>• Risk management</li> <li>• Counter fraud</li> <li>• Values of good governance</li> <li>• Treasury management (only if it is within the terms of reference so optional)</li> </ul> <p>This can guide members on their training needs and support the evaluation of the overall knowledge and skills of the committee.</p> <p><b>Action:</b> provide training for the audit committee to cover these areas</p>	1	<p>Training requested- Mazars to cover. Set up following up training as requested by members as a taring programme</p>
<p><b>15</b> Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?</p>	<p>As above.</p>	0	<p>Training requested- Mazars to cover. Set up following up training as requested by members as a taring programme</p>
<p><b>16</b> Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?</p>	<p>This should be yes, as Training has been given by Finance and Internal Audit, but some of the new members may not have had the training.</p>	0	<p>Training requested- Mazars to cover. Set up following up training as</p>

Good practice questions	Action needed	Score	Simplified Action
	<b>Action:</b> Redo the training, provide copies of the training material to Audit Committee members.		requested by members as a taring programme
<b>17</b> Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?	Actions needed as above.	<b>2</b>	Training requested- Mazars to cover. Set up following up training as requested by members as a taring programme
<b>20</b> Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?	<b>Action:</b> An annual report from the Audit Committee to Council would lead to the full council acknowledging the useful work done by the Audit Committee.	<b>0</b>	Complete Annual report, Needed by September.
<b>24</b> Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	<b>Action:</b> Officers should begin to attend Audit Committee where a report covers their service, particularly if lower level of assurances are being given, or there are high level recommendations.	<b>0</b>	Officers are already attending as noted in minutes
<b>25</b> Does the committee make recommendations for the improvement of governance, risk and control arrangements?	This means does the Audit Committee issue any reports to Council. This would seem to be a score of "0".  <b>Action:</b> The Audit Committee should agree its own annual report to Council with recommendations for action. The report should be aimed at improving the culture in which financial management, risk management and governance are given due weight and attention. An alternative, but mid scoring action, would be for the minutes of the Audit	<b>0</b>	Complete Annual report, Needed by September.

Good practice questions	Action needed	Score	Simplified Action
	Committee are included in Council meeting as is the case for Scrutiny, where the Audit Committee want to make a recommendation for Council to note or take action on.		
26 Do audit committee recommendations have traction with those in leadership roles?	<p>This means does the Audit Committee issue any reports to Council. This would seem to be a score of "0".</p> <p><b>Action:</b> The Audit Committee should agree its own annual report to Council with recommendations for action. The report should be aimed at improving the culture in which financial management, risk management and governance are given due weight and attention. An alternative, but mid scoring action, would be for the minutes of the Audit Committee are included in Council meeting as is the case for Scrutiny, where the Audit Committee want to make a recommendation for Council to note or take action on.</p>	0	Complete Annual report, Needed by September.
27 Has the committee evaluated whether and how it is adding value to the organisation?	<p>This means does the Audit Committee issue any reports to Council. This would seem to be a score of "0".</p> <p><b>Action:</b> The Audit Committee should agree its own annual report to Council with recommendations for action. The report should be aimed at improving the culture in which financial management, risk management and governance are given due weight and attention. An alternative, but mid scoring action, would be for the minutes of the Audit Committee are included in Council meeting as is the case</p>	3	Complete Annual report, Needed by September.

Good practice questions	Action needed	Score	Simplified Action
	for Scrutiny, where the Audit Committee want to make a recommendation for Council to note or take action on.		
28 Does the committee have an action plan to improve any areas of weakness?	<p>This means does the Audit Committee issue any reports to Council. This would seem to be a score of "0".</p> <p><b>Action:</b> The Audit Committee should agree its own annual report to Council with recommendations for action. Including actions needed to improve on any of its own weaker areas of performance.</p>	0	Complete Annual report, Needed by September.

# FORWARD PLAN FOR AUDIT COMMITTEE 2024-2025

Item	Date	Contact
Update on Audit Committee Action Plan for improvement	25 June 2025	S151 Officer/ Chair of Audit Committee
Internal Audit Report (TBC)		Mazars
External Audit Reports		Azets
Audit Plan for 2024/25		Monitoring Officer/S151 Officer
Fraud report (If any issues to report)		Chair of Audit Committee
Training needs confirmed		
Financial Reporting (Draft Financial Statements)	1 Oct 2025	S151 Officer
Governance Risk and Control (Draft Annual Governance Statement)		Deputy S151 Officer
Chair/Deputy Chair Private Pre-Meet External Audit		S151 Officer
Annual Report of Audit Committee to Council		Chair of Audit Committee
Audit Committee Annual Self-Assessment		Chair of Audit Committee
Corporate Risk Register report		Chair of Audit Committee
Fraud Risk assessment/ Fraud Strategy and Action plan		Monitoring Officer/S151 Officer
Internal Audit Report (TBC)		S151 Officer
External Audit Reports (TBC)		Mazars
		Azets
Internal Audit Report (TBC)	26 Nov 2025	Mazars
External Audit Reports (TBC)		Azets
Fraud report (If any issues to report)		Monitoring Officer/S151 Officer
Internal Audit Report (TBC)	4 Feb 2026	Mazars
External Audit Reports (Annual Audit Report on financial statements)		Azets

Financial Reporting (Final Financial Statements) Fraud Strategy and Action plan update Governance Risk and Control (Final Annual Governance Statement)		S151 Officer S151 Officer S151 Officer
Corporate Risk Register report Update on Audit Committee Action Plan for improvement Financial Reporting (Approve Accounting Policies) Internal Audit Report (TBC) External Audit Reports (TBC) Fraud report (If any issues to report) Training needs confirmed	1 April 2026	Monitoring Officer/S151 Officer S151 Officer Deputy S151 Officer Mazars Azets Monitoring Officer/S151 Officer Chair of Audit Committee