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HINCKLEY AND BOSWORTH BOROUGH COUNCIL

Internal Audit Annual Report 2011/2012

March 2012

Presented at the Finance and Audit Select Committee meeting of: 26th March 2012

Approved by: Chris Williams, as Head of Internal Audit

DRAFT

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This report is prepared solely for the use of the Members and senior management of Hinckley and Bosworth Borough Council. Details may be made available to specified external agencies, including external auditors, but otherwise the report should not be quoted or referred to in whole or in part without prior consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended for any other purpose.

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1 INTRODUCTION

1.1 The Role of Internal Audit

The role of internal audit is to provide management with an objective assessment of the adequacy and effectiveness of internal control, risk management and governance arrangements. Internal audit is therefore a key part of Hinckley and Bosworth Borough Council's assurance cycle and if used properly can help to inform and update the organisation's risk profile. Internal Audit is just one of the sources of assurance available to the Council and Finance & Audit Select Committee.

The definition of internal audit, as described in CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom, is set out below:

- Internal Audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising risk management, control and governance by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.
- Whilst Internal Audit "primarily" provides an independent and objective opinion to the organisation on the control environment, it may also undertake other, non-assurance work at the request of the organisation subject to the availability of skills and resources. This can include consultancy work; indeed, Internal Audit intrinsically delivers consultancy services when making recommendations for improvement arising from assurance work, and fraud-related work.

1.2 Annual Governance Statement

The preparation and publication of an annual governance statement in accordance with the CIPFA / SOLACE Good Governance Framework is necessary to meet the statutory requirement set out in the Accounts and Audit Regulations, which set out a statutory requirement for authorities to prepare a statement of internal control in accordance with "proper practices".

As your internal audit provider, the assignment opinions that RSM Tenon provides the organisation during the year are part of the framework or assurances that assist the Council prepare an informed governance statement.

2 INTERNAL AUDIT ASSURANCE FOR 2011/2012

2.1 Context

As the provider of the internal audit service to Hinckley and Bosworth Borough Council, we provide the Council through the Finance & Audit Select Committee with an opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. In giving our opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the Council is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes.

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. This report is prepared solely for the use of Council and senior management of Hinckley and Bosworth Borough Council. Details may be made available to specified external agencies, including external auditors, but otherwise the report should not be quoted or referred to in whole or in part without prior consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended for any other purpose.

2.2 Internal Audit Assurance Statement

This annual Head of Internal Audit opinion is provided to Hinckley and Bosworth Borough Council by RSM Tenon Limited.

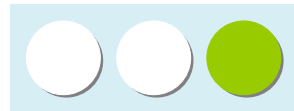
We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion on the adequacy and effectiveness of Hinckley and Bosworth Borough Council's arrangements.

For the 12 months ended 31 March 2012, based on the work we have undertaken, our opinion regarding the adequacy and effectiveness of Hinckley and Bosworth Borough Council's arrangements for governance, risk management and control is as follows:

Governance

Adequate and Effective.

Red Amber Green



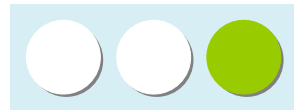
Risk Management

Risk Management arrangements require further development. We are pleased to report that good progress is being made in implementing the recommendations contained in our report issued in July 2011.



Control

Adequate and Effective.



2.3 Scope of the Internal Audit opinion

In arriving at our opinion, we have taken into account:

- The results of all internal audits undertaken during the year ended 31 March 2012 (see Appendix A for a risk map of our internal audit assurances and Appendix B for a summary of audits);
- The results of follow-up action taken in respect of audits from previous years;
- Whether fundamental or significant recommendations have been accepted by management and, if not, the consequent risks;
- The effects of any material changes in the organisation's objectives or activities;
- Matters arising from previous reports or other assurance providers to the Finance & Audit select Committee and/or Council;
- Whether or not any limitations have been placed on the scope of internal audit;
- Whether there have been any resource constraints imposed upon us which may have impinged on our ability to meet the full internal audit needs of the organisation;
- What proportion of the organisation's internal audit needs have been covered to date; and

2.4 The Basis of the Opinion

Governance

The induction process for new Members was reviewed prior to the last elections. This ensured that appropriate training was provided to new and current members, preparing them for their responsibilities as a Councillor and enabling them to make effective contributions to meetings. The Council has implemented the "modern.gov" system, which is intended to automate processes, reduce risk and ensure openness and transparency.

Risk Management

The Council's Risk Management framework and reporting arrangements, as at July 2011 correspond to a "Risk Aware" level of risk maturity, across each of the six component areas. The current lack of formal arrangements prevented a higher opinion being issued. There was insufficient evidence available to demonstrate that the "Risk Management approach meets basic expectations of stakeholders" which prevents reaching the "Risk Defined" level.

Due to the seriousness of the findings from the original Risk Management audit, a follow up was carried out to confirm action taken to implement the recommendations made. We found that eight recommendations had been implemented in full and three were in process of implementation. We raised one new recommendation requiring risks to be considered during the annual business planning process.

Control

By the 31st March 2012 we will have undertaken a total of 38 Internal Audit reviews. Overall, this resulted in 31 positive assurance opinions being given; of which, 22 were 'Green' assurance opinions and 9 were 'Green / Amber' assurance opinions over the control environment. Three reviews were given Red / Amber assurance opinions. These related to the Leicestershire Partnership Housing Benefits and NNDR audits, and to (Planning) Enforcement. Two reviews were Advisory, relating to Risk Management (as above) and to Housing Repairs, and do not result in an Assurance opinion. Also as above, the Follow-up to the Risk Management review noted 'Adequate' progress with regard to the implementation of recommendations.

There is one report out in draft format awaiting management responses, relating to the Follow-up of previous recommendations. However, based on the findings reported we are confident that this report will not impact on the overall opinion given in this report.

Based on these results we feel that a positive opinion is warranted, but there is still an opportunity to improve the Internal Control environment to mitigate risk further.

Acceptance of Recommendations

All of the 144 recommendations made during the year were accepted by management, apart from one, relating to re-grading of cases noted during the audit of (Planning) Enforcement.

2.5 The Annual Governance Statement

The overall opinion may be used by the Council in the preparation of the annual governance statement.

2.6 Conflicts of Interest

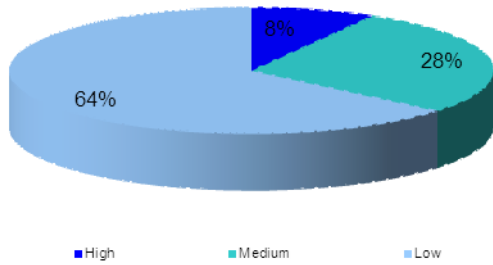
We have not undertaken any work or activity during 2011/12 that would lead us to declare any conflict of interests.

2.7 Benchmarking Data

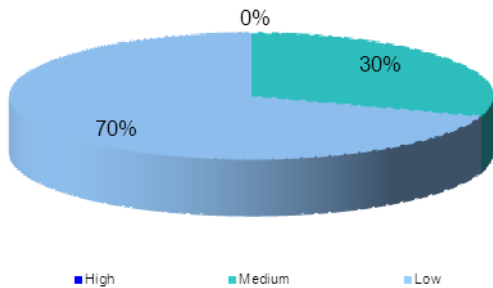
The tables below show the split of internal audit recommendations and opinions for Hinckley and Bosworth Borough Council in 2011/12 and those made in 2010/11.

Comparison of the Number of Recommendations Made

Recommendations 2011/12

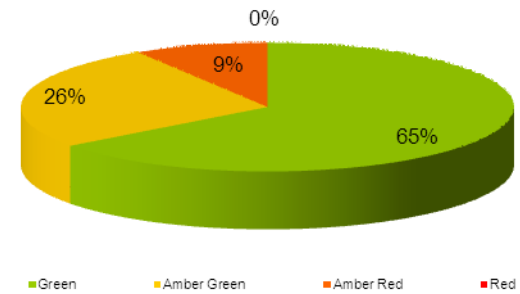


Recommendations 2010/11

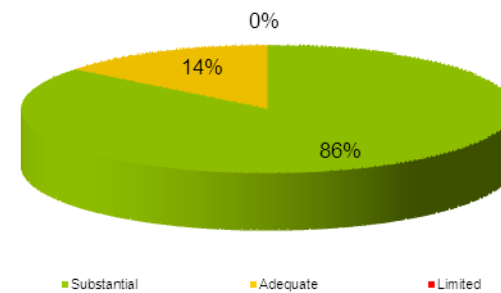


Comparison of Assurance Opinions Given

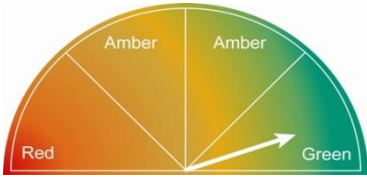
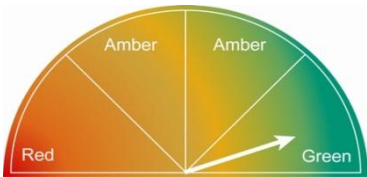
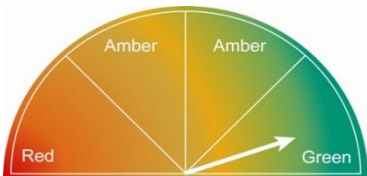
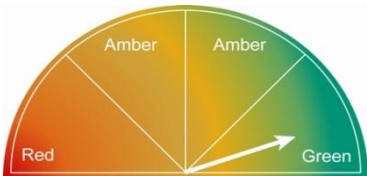
Assurance Levels 2011/12



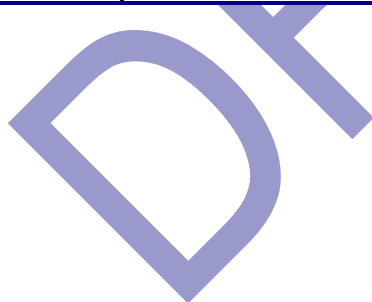
Assurance Levels 2010/11



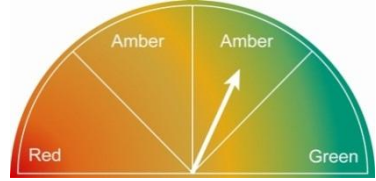
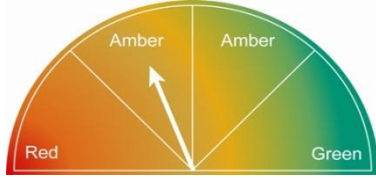
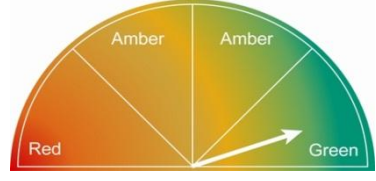
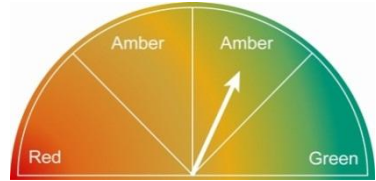
APPENDIX A: INTERNAL AUDIT ASSURANCE MAP 2011/2012

Risk Based Coverage			
Risk(s)	Source	Headline Findings	Assurance
Car parks	Service Risks / Council and Management Assurance	The Council's Business, Contract and Street Scene Services manage a total of 28 car parks throughout the Borough. Annual income from all car parks is approximately £500,000 per annum. There is a contract in place with Kings Security for the emptying of all cash from ticket machines and ensuring its timely banking. However, on one occasion, Kings staff left a cash box full of cash, in a car park. This was found and handed in by a member of the public.	
Trade Waste (new VAT allowances)	Service Risks / Council and Management Assurance	The Council is seeking to expand Waste and Recycling Collection services to commercial businesses across the wider Borough. Publicity promoting the Trade Waste service could be improved. The Service Improvement Plan should be updated and include details of relevant fees and charges.	
Performance Management	Service Risks / Council and Management Assurance	The Council uses the 'TEN' performance management system to monitor and analyse performance at service area manager level. A total of 73 performance indicators are currently monitored and are reviewed and updated on a monthly basis. The TEN system is also used to monitor Departmental Service Plans for each of the eleven Key Service Areas of the Council, these dovetail with the five strategic aims, enabling overall performance to be reported via the 'dashboard'.	
Local Development Framework	Service Risks / Council and Management Assurance	The Local Development Framework sets out how the regeneration of Hinckley town centre is to be achieved in a structured, economic and effective manner. Three documents within the Local Development Framework have been adopted by the Council; Statement of Community Involvement; Core Strategy and the Local Development Scheme. Additionally, the Hinckley Town Centre Area Action Plan was approved and adopted in September 2010. This details the planning policy and key developments planned between now and 2026.	

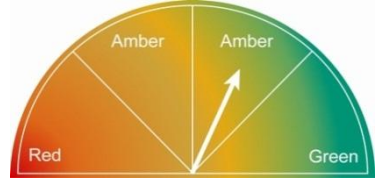
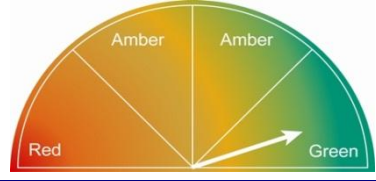
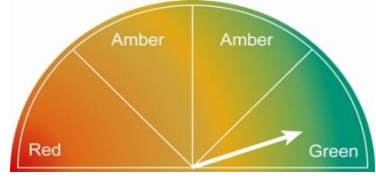
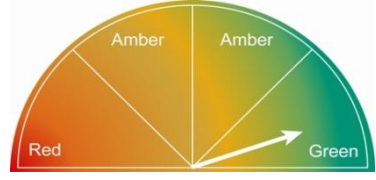
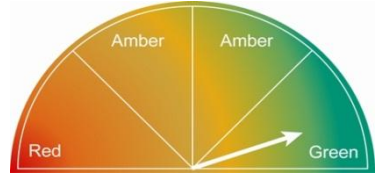
Risk Based Coverage			
Risk(s)	Source	Headline Findings	Assurance
Financial Regulations	Service Risks / Council and Management Assurance	This audit reviews a different element of the Council's Financial Procedure Rules every year. The elements rotate over a period of time, to confirm that staff throughout the Council, fully understand and adhere to the Council's rules. This year we focussed attention on waivers and the procurement process. We found that waivers are not formally logged into a register, which would provide an audit trail and also that waivers are not consistently approved in accordance with the procedure set out in Financial Procedure Rules. We also identified instances where the ordering process was not carried out in accordance with the Council's rules.	
Master Plan	Corporate Risk Register	<p>The 'Masterplan' was the name by which the key elements of the Council's on-going re-development process were known up until December 2010. The developments are now known separately as the Hinckley Town Centre Area Action Plan (HTCAAP), and the Barwell and the Earl Shilton Area Action Plans.</p> <p>The HTCAP was formally adopted by Council on March 21st 2011. The initial consultation process for the Barwell and Earl Shilton AAPs was completed in February 2011, and currently the formal AAPs are being prepared before further consultation in autumn 2011.</p>	

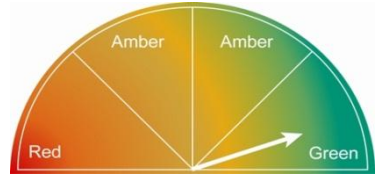
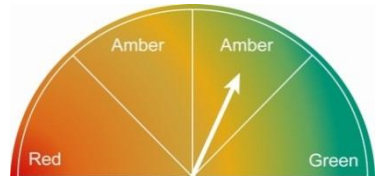
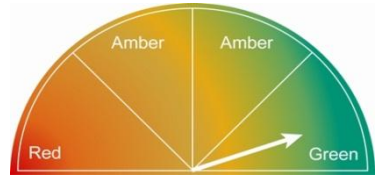


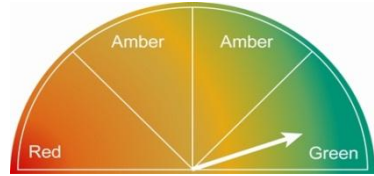
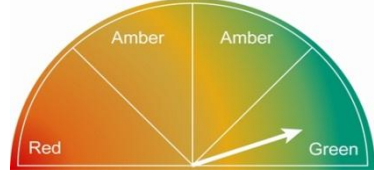
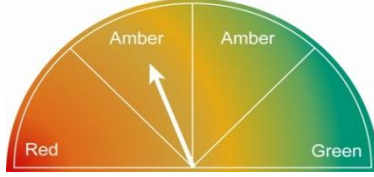
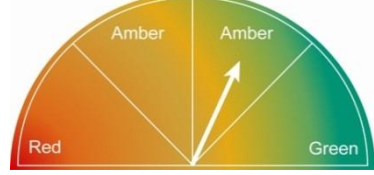
Risk Based Coverage			
Risk(s)	Source	Headline Findings	Assurance
Supporting people / Wardens	Service Risks / Council and Management Assurance	<p>Supporting People is undertaken in conjunction with Leicestershire County Council's (LCC) 'Vulnerable People's' work and is now known as 'Housing Related Support. A contract is in place for the 11 sheltered schemes across the Borough. The current contract was due to end in December 2011, but LCC has recently extended this for a further twelve months. A five year strategy (2010-15) has been documented which defines the aims and objectives of delivering Housing Related Support. Services are provided by HBBC, although the prices charged to users of the service are controlled by LCC.</p> <p>An annual contract review, known as the 'Quality Assessment Framework' (QAF), is undertaken by the Contract Officer in order to provide recommendations and an overall score based on criteria defined by LCC. The last QAF was completed in May 2011; as a result of this assessment HBBC were required to prepare an action plan providing details of planned improvements to its housing related support services for presentation to the County Council in June 2011.</p>	
Budgetary Control and Budget Setting	Service Risks / Council and Management Assurance	<p>The budget for 2011-12 was set at £9.677m, which when compared with the outturn for 2010-11, of £10,634m, demonstrates the extent of the financial cuts forced on the Council by the Comprehensive Spending Review. The Council closely monitors its financial performance to ensure that it remains within budget.</p>	
Rent Collection and Arrears	Service Risks / Council and Management Assurance	<p>The total rent due to the Council from its council housing tenants during 2011-12 is approximately £10.4 million. The Council consistently collects over 98.5% of the rent due. The annual rent increase applied for 2011-12 was an average of 3.9%. Following closure of the Cashiers Office at Argents Mead, a range of alternative payment methods have been established and communicated to tenants.</p>	

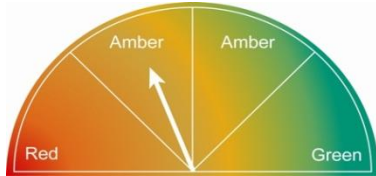
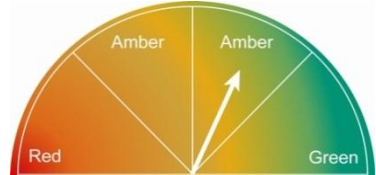
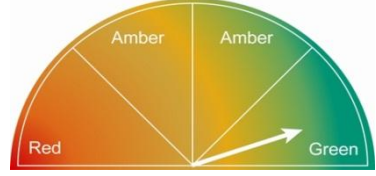
Risk Based Coverage			
Risk(s)	Source	Headline Findings	Assurance
Community Safety	Service Risks / Council and Management Assurance	The Council has a Community Safety Team that is committed to reducing crime and the fear of crime within the Borough. Community Safety issues, particularly those involving allegations of Anti-Social Behaviour have increased following the Pilkington case. We found that a formal completion and closure report is not always completed and independently reviewed.	
Enforcement	Service Risks / Council and Management Assurance	The Planning Enforcement Team investigates alleged breaches of planning consents. Where breaches are confirmed, Enforcement have the power to issue Enforcement Notices, which must be adhered to, by law. There are currently 197 open enforcement cases, of which 89 date from prior to April 2011. A new Planning Enforcement Protocol has recently been approved and implemented. While 100% of enforcement complaints are acknowledged with three working days, only 84% are responded to within 15 working days.	
IT Strategy Review	Service Risks / Council and Management Assurance	The IT Strategy has been developed in line with the Council's Corporate Plan 2010 - 2015, and reflects the on-going requirements of individual service areas across the Council. The IT Strategy is structured in a way that it defines within a formal roadmap, the agreed actions to be completed with the lead contact and completion dates next to each activity. An agile and flexible approach has been adopted as part of the IT Strategy, in order to allow for the IT department to respond to the on-going needs of individual departments. Progress against implementation of the IT Strategy roadmap is reported back into the Corporate Direction Management Team on a monthly basis.	
Health and Safety	Corporate Risk Register	Our review identified a range of relatively minor procedural issues. In particular, the Health, Safety and Welfare Policy and Lone Working Policy were both in need of review and updating. Lists of Fire Marshalls and First Aiders available on the intranet were not up to date. DSE (Display Screen Equipment) checklists are completed regularly at every location.	

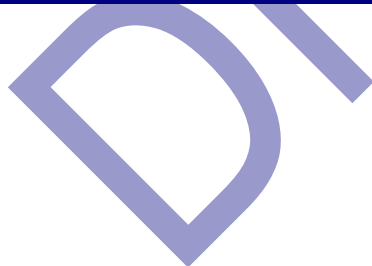
Risk Based Coverage			
Risk(s)	Source	Headline Findings	Assurance
Project Management	Corporate Risk Register	Our review focussed on a sample of four significant projects: the Hinckley Hub; Burbage Common improvements; Richmond Park Play area and the provision of recycling containers. We found that project management arrangements are generally adequate although there was some confusion as to which set of project management parameters, the Council was operating under. We also noted that the new project management guidelines, issued by the Council's Capital Forum, had not been formally approved by the Senior Leadership Board or by Executive Board.	
Key Performance Indicators	Service Risks / Council and Management Assurance	This audit was focussed on six Key Performance Indicators, selected in agreement with management and sought to ensure that these were being calculated correctly and reported in accordance with performance management system requirements. We found that for one indicator (NI 158), the documents supporting the date input into the 'TEN' system, had not been retained and that there was no procedural documentation available detailing how the KPI is collated and calculated. The Data Quality Policy is also in need of review and updating.	
Planning	Service Risks / Council and Management Assurance	The Council uses the Uniform system to maintain case files and to record all information following receipt of a planning application. All documents relating to each planning application are also scanned into the Anite document imaging system, making them available for public scrutiny. We found that the assigned responsibility for signing off planning applications, which has been delegated to key staff, is not documented within the Council's Scheme of Delegation.	
Housing Allocations & Voids	Service Risks / Council and Management Assurance	The Council manages approximately 3425 homes and at the time of audit, 92 were void (2.7%). The arrangement in place for letting homes has recently changed from the traditional allocation system to the Choice Based Letting process. Properties available for letting are advertised weekly, enabling prospective tenants to bid for their choice.	

Risk Based Coverage			
Risk(s)	Source	Headline Findings	Assurance
Homelessness	Service Risks / Council and Management Assurance	The Council has a responsibility to prevent homelessness within the Borough and also to act promptly when residents actually become homeless. The Housing Options Team provides advice and assistance to approximately 25 new cases every week, in addition to managing the current caseload. The current economic environment has resulted in an increase in the number of people who are potentially homeless.	
Treasury Management	Service Risks / Council and Management Assurance	The total value of investments as at 31 August 2011 was £6,670,000 and the total borrowings for the same date was £4,300,000. The Council has adopted a risk adverse strategy and have resorted to investing with safer investment houses such as Building Societies. However, these lower risk investments have achieved lower returns.	
Income and Debtors	External Audit Reliance	At the time of the audit, a total of £1,869,000 was owed to the Council by over 4,000 separate current and past debtors. We found that the Corporate Debt Recovery Strategy has not been updated since 2007 and that there is scope for additional data analysis to identify trends and to monitor overall recovery performance.	
Creditors	External Audit Reliance	We tested a sample of payments made to creditors to confirm that staff processing creditor payments are fully complying with the procedures set out in the Council's Financial Procedure Rules. We found no areas of concern. The Council is paying 99.2% of creditors within 30 days and is compliant with the Public Sector Payment Policy.	
Payroll	External Audit Reliance	The Council maintains an in-house payroll processing service, the annual budget for this service is £300,000. We found that access rights for HR Advisors required clarification and that time sheets and expense claims were not always authorised timely.	

Risk Based Coverage			
Risk(s)	Source	Headline Findings	Assurance
General Ledger	External Audit Reliance	The Council's General Ledger is operated using the Civica Financial system. An Integrated Interface Module is automatically run every 20 minutes, which allows for all transactions to be fed from the feeder systems to the General Ledger. Daily transactions are backed-up daily while the whole GL is backed-up weekly. Currently, a typical month of operation includes approximately 9,000 transactions posted through the General Ledger.	
Asset Register	Service Risks / Council and Management Assurance	The Council has invested in a new system for recording and reporting its Fixed Asset Register, however this is not effectively utilised as the database has not been fully populated. The system is up to 31 st March 2010 but all more recent transactions still require inputting. The Council's policies surrounding asset management, including the Financial Procedures Rules, the Land and Property Acquisition Policy and the Land and Property Disposals Policy, are all out of date.	
IT Contract	Service Risks / Council and Management Assurance	The Council has a fully outsourced ICT Services contract through Steria; support services provided include hardware and software, business applications and server management and support. The IT Managed Services contract was awarded to Steria in 2006. The contractual terms have been renegotiated on two occasions in 2008 and 2011; the contract is due to expire in 2016. There is a Service Level Agreement in place which forms the basis of the contract with Steria and sets out how they are to provide on-going support for a range of IT services within the Council and the required quality of the service, particularly in terms of response and resolution times. A Service Level Agreement ensures that the performance of the contract can be assessed objectively, against the key performance indicators included in the agreement.	

Risk Based Coverage			
Risk(s)	Source	Headline Findings	Assurance
Corporate Governance	Corporate Risk Register	The induction process for new members was reviewed prior to the last elections. This ensured that appropriate training was provided to new and current members, preparing them for their responsibilities as a Councillor and enabling them to make effective contributions to meetings. The Council has implemented the "modern.gov" system, which is intended to automate processes, reduce risk and ensure openness and transparency.	
Atkins Building – Commercial Income	Service Risks / Council and Management Assurance	The Atkins Building currently houses 18 business tenants in its three floors of refurbished office space and meeting rooms. There is currently a 76% occupancy rate and at present, is generating £141,000 in rental income. Our audit identified that tenants are not always provided with details of the fire and other risk assessments applicable to their area of the building.	
Housing Benefit (shared service)	External Audit Reliance	The Leicestershire Partnership (Revenues and Benefits) was formed in 2011 to provide a shared service for processing all aspects Housing Benefit, Council Tax and NNDR for HBBC, HDC and NWLDC. This is the first time the shared service has been audited. Housing Benefit processing performance levels across the Partnership are currently failing to reach the target set. We also recommended that staff should complete Declarations of Interest, that system parameters should be independently checked and that standardised procedures notes should be produced.	
Council Tax (shared service)	External Audit Reliance	A number of relatively minor control issues were identified. These mostly arise from the lack of standardised procedures. This is being rectified. We also found that supporting documentation is not always obtained and retained in order to evidence the grounds for making a decision.	

Risk Based Coverage			
Risk(s)	Source	Headline Findings	Assurance
NNDR (shared service)	External Audit Reliance	Our audit identified a range of control issues that had been inadequately prioritised by the shared service providers. We note that the standardisation of procedures will be included in the 2012-13 service plans. Debt recovery was still progressing using the recovery timetables inherited from the partners. This was hindering recovery action but a standard procedure is now in place.	
Data Protection Compliance	Service Risks / Council and Management Assurance	Our main concern is with the potential access to personal information within the confidential waste arrangements. Management are reviewing these arrangements, although the system may not be fully replaced until the Council re-locates to the Hinckley Hub, in late 2012.	
Public Consultations / Citizens Panel	Service Risks / Council and Management Assurance	The Council has in place a 'Communication and Engagement Strategy'. It operates in conjunction with a set of published 'Consultation Standards'. The objective is to use appropriate methods of consultation and engagement to reach all areas of the community and to use the information gained to inform the Council's priority actions and to improve service delivery. We found that it was difficult to evidence the impact of the consultation process on actual Council policies and decisions.	

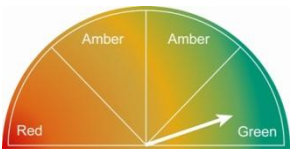
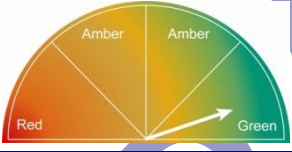
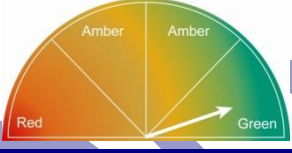
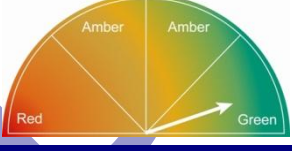


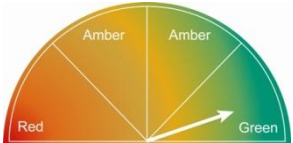
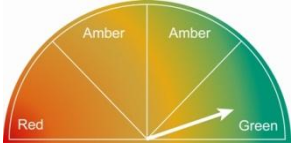
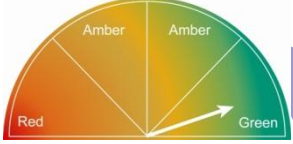
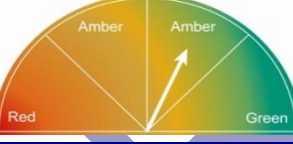
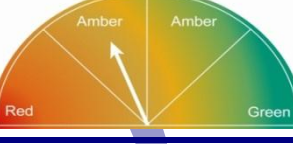

Risk Based Coverage			
Risk(s)	Source	Headline Findings	Assurance
Housing Repairs	Service Risks / Council and Management Assurance	<p>The Council's housing repairs service was undertaken by the external contractor, Willmott Dixon from 2007/08 under an open-book agreement, up until 29th September 2011. There have been a number of disputes and disagreements with Willmott Dixon over the years regarding the cost of the service. At the request of senior management, this audit focussed on selected costs included in three Willmott Dixon invoices against which the Council had raised significant objections.</p> <p>The review was inconclusive with regards to evidence of intentional inaccurate mis-charging of costs by Willmott Dixon, although some minor instances were noted where it appeared that Willmott Dixon were failing to ensure that the repairs service was being provided in the most economic fashion (as expected by the Council under the open-book agreement).</p> <p>Throughout the review areas of fundamental disagreement between the Council and Willmott Dixon were noted. Many of these relate to differing interpretations of contractual terms, dating back to 2007 but including many issues arising since that time. Such issues include the achievement of best value, what the 'Period 13' payment made at the end of 2010/11 by the Council actually covered, and responsibilities for data transfer between the company's Vixen and the Council's Orchard operating systems.</p>	Advisory work, therefore no opinion given.

Risk Based Coverage			
Risk(s)	Source	Headline Findings	Assurance
VAT	Service Risks / Council and Management Assurance	Roles and responsibilities in relation to VAT have been defined and training has been provided to relevant members of staff. VAT codes have been pre-set into the Civica Financial Management System. Control account reconciliations are produced and reviewed in a timely manner at the end of the month prior to preparation and submission of the VAT returns. The VAT return is produced and reconciled back to the Financial Management System, the return is then reviewed by a senior member of staff. The cashflow and bank statements are reviewed to confirm that the correct amount of reclaimed VAT has been received by the Council. From a review of the reports produced detailing all transactions included on the VAT return we confirmed that relevant VAT rates had been applied. Relevant and supporting information is retained to support transactions and returns made.	
Spot Checks (Bank Accounts at Sheltered Housing Schemes)	On-going assurance over compliance with procedures.	<p>Each sheltered accommodation scheme operates under its own rules and is outside the full control of the Council. This means that there is no unified or centrally approved method for managing Tenants' funds which has led to a diversity of approaches in this area.</p> <p>We have made a small number of recommendations for improvements which should be communicated to all schemes within Borough for implementation as appropriate to each individual set of circumstances.</p> <p>It should be clearly noted that there is no evidence or suggestion of any wrong-doing or mis-management of funds by the Wardens at the schemes visited.</p>	

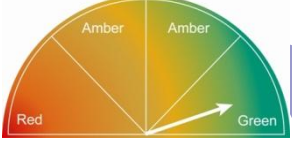
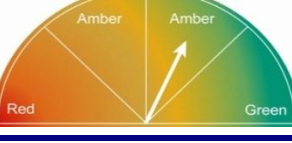
Other Coverage			
Area	Rationale for coverage	Headline Findings	Assurance
Follow Up	On-going assurance over the implementation of internal audit recommendations.	Final version of report not yet issued.	-
Risk Management	Compliance with Statutory requirements	The Council's risk management framework and reporting arrangements, as at July 2011 correspond to a "Risk Aware" level of risk maturity, across each of the six component areas. The current lack of formal arrangements prevented a higher opinion being issued. There was insufficient evidence available to demonstrate that the "Risk management approach meets basic expectations of stakeholders" which prevents reaching the "Risk Defined" level.	Advisory work, therefore no opinion given.
Risk Management Follow-up	On-going assurance over the implementation of internal audit recommendations.	Due to the seriousness of the findings from the original Risk Management audit, a follow up was carried out to confirm action taken to implement the recommendations made. We found that eight recommendations had been implemented in full and three are in process of implementation. We raised one new recommendation requiring risks to be considered during the annual business planning process.	Adequate progress has been made.

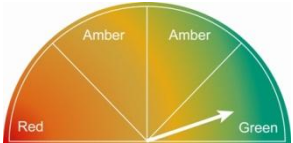




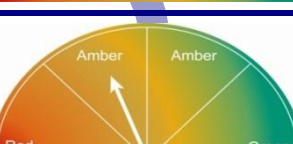
APPENDIX B: INTERNAL AUDIT OPINIONS AND RECOMMENDATIONS 2011/2012


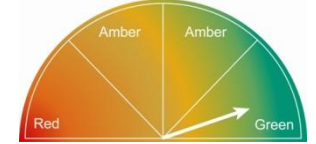
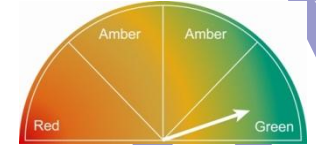

Auditable Area	Assurance Level Given	Number of Recommendations made				
		High	Medium	Low	In Total	Agreed
Car Parks		0	3	0	3	3
Trade Waste (new VAT allowances)		0	0	2	2	2
Performance Management		0	0	3	3	3
Local Development Framework		0	0	0	0	0
Financial Regulations		0	3	1	4	4
Master Plan		0	0	1	1	1

Auditable Area	Assurance Level Given	Number of Recommendations made				
		High	Medium	Low	In Total	Agreed
Supporting people / Wardens		0	2	0	2	2
Budgetary Control and Budget Setting		0	0	1	1	1
Rent Collection and Arrears		0	0	0	0	0
Community Safety		0	2	2	4	4
Enforcement		1	2	3	6	5
IT Strategy Review		0	0	2	2	2

Auditable Area	Assurance Level Given	Number of Recommendations made				
		High	Medium	Low	In Total	Agreed
Health and Safety		0	0	7	7	7
Project Management		0	2	4	6	6
Key Performance Indicators		0	2	4	6	6
Planning		0	1	1	2	2
Housing Allocations & Voids		0	0	2	2	2
Homelessness		0	3	4	7	7

Auditable Area	Assurance Level Given	Number of Recommendations made				
		High	Medium	Low	In Total	Agreed
Treasury Management		0	0	5	5	5
Income and Debtors		0	0	2	2	2
Creditors		0	1	2	3	3
Payroll		0	0	2	2	2
General Ledger		0	0	2	2	2
Asset Register		0	1	5	6	6

Auditable Area	Assurance Level Given	Number of Recommendations made				
		High	Medium	Low	In Total	Agreed
IT Contract		0	0	0	0	0
Corporate Governance		0	0	4	4	4
Atkins Building – Commercial Income		0	1	1	2	2
Housing Benefit (shared service)		0	5	6	11	11
Council Tax (shared service)		0	3	4	7	7
NNDR (shared service)		0	2	13	15	15

Auditable Area	Assurance Level Given	Number of Recommendations made				
		High	Medium	Low	In Total	Agreed
Data Protection Compliance		1	1	1	3	3
Public Consultations / Citizens Panel		0	0	2	2	2
Housing Repairs	Advisory work, therefore no opinion given.	0	0	0	0	0
VAT		0	0	1	1	1
Risk Management	Advisory work, therefore no opinion given.	8	2	1	11	11
Risk Management Follow-up	Adequate progress has been made.	2	2	0	4	4
Spot Checks (Bank Accounts at Sheltered Housing Schemes)		0	2	4	6	6
Follow Up	Report issued in draft.					