RSM Tenon

HINCKLEY AND BOSWORTH BOROUGH COUNCIL

Internal Audit Progress Report

Finance and Audit Select Committee Meeting – 31st October 2011

CONTENTS

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. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

This report is prepared solely for the use of Board 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 periodic internal audit plan for 2011/12 was approved by the Finance and Audit Select Committee on 14th February 2011. This report summarises the outcome of work completed to date against that plan, and Appendix A provides cumulative data in support of internal audit performance.

2. FINAL REPORTS ISSUED

2.1 We have finalised 9 reports since the last Committee meeting; these are in the areas of:

- Risk Management;
- Health and Safety;
- Project Management;
- Key Performance Indicators;
- Planning;
- Housing Allocations and Voids;
- Homelessness;
- Treasury Management; and
- IT Strategy Review.

2.2 The executive summaries and agreed action plans for recommendations classified as 'High' and 'Medium' risk are included at Appendix B. Full reports of all recommendations including 'Low' risk can be provided upon request. The 'Low' risk recommendations are not included in this report, as it is felt that time and attention should be focused on the more significant risks facing the Authority (i.e. 'High' and 'Medium' recommendations).

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3.   KEY FINDINGS FROM INTERNAL AUDIT WORK

3.1   We have raised 48 recommendations across the 9 reviews that are being presented to this Committee; eight recommendations have been classified as 'High' Risk, 10 recommendations have been classified as 'Medium' Risk and the remaining 30 recommendations have been classified as 'Low' Risk.

3.2   The High and Medium Risk recommendations raised as part of the reviews relate to:

➢ **Risk Management** (Pages 9 - 17) - (Recommendation No.1) Prior to September 2010 there was a dedicated Risk Champion at the Council who ensured the "TEN" system was updated on a regular basis by risk owners and that regular reports were produced for various management teams and Members. However, in September 2010 this person relocated to a new position within the Council and since the relocation, in September 2010, of the Council's dedicated Risk Champion, there has been very little formal update of the risk registers on the "TEN" system, or production of formal reports or up-dates regarding risk to either senior management or Members. Following the above change, risk owners have not updated their risks on the "TEN" system and the formal governance of risk has not been evidenced. (High Risk)

➢ **Risk Management** – (Recommendation No.2) The Council has a Risk Management Strategy in place that was last updated in June 2010 and was due to be reviewed in June 2011, although at the time of the audit the review had not been performed. This strategy provides staff with sufficient detail on how the Risk Management Framework at the Council operates (Medium Risk)

➢ **Risk Management** – (Recommendation No.3) No Risk Management refresher training and awareness programmes have been delivered across the Council during 2010/11 and into 2011/12. (Medium Risk)

➢ **Risk Management** – (Recommendation No.4) No report or formal updates have been presented to the Finance and Audit Committee since 2010. Although the Strategic Leadership Board had received a Risk Management - end of year report for 2009/10 in June 2010, there was no such report for 2010/11, and similarly, there had been no reports on Risk Management produced for either the Corporate Operations Board or the Joint SLB/COB (Risk Management Group). (High Risk)

➢ **Risk Management** – (Recommendation No.5) As at July 2011, the Council's Strategic Risk Register currently documented in "TEN" has 23 risks that were last reviewed and updated in March 2011. From these 23 strategic risks, 10 were identified and entered in 2006, 3 in 2007, 2 in 2008, 2 in 2009, 2 in 2010 and only 1 has been identified in 2011. Testing on the other 3 Risk Registers (Corporate Services, Community Services and Business Contracts and Waste) confirmed that there had been no new risks identified since September 2010. (High Risk)

➢ **Risk Management** – (Recommendation No.6) There was no evidence to confirm that risks are discussed on a regular basis within team meetings; ensuring current risks are updated and also any new risks discussed to determine if they need to be included on the Risk Register. (High Risk)

➢ **Risk Management** – (Recommendation No.7) Testing on the "TEN" system confirmed that no updates / reviews on the risks have been carried out from 1st April 2011, including the review and update of mitigating controls and action plans. Action plans have not been updated during 2011 and where actions have been completed, the "TEN" system has not been updated to reflect this. (High Risk)

➢ **Risk Management** – (Recommendation No.8) The Council's Risk Management Strategy does not provide any guidance around key sources of assurance that can be used to support the management of each risk. (High Risk)

➢ **Risk Management** – (Recommendation No.9) There has been no formal review and reporting of risks throughout the Council, including meetings of the Executive, Finance and Audit Committee, SLB and COB from 1st April 2011. (High Risk)

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- ➤ **Risk Management** – (Recommendation No.10) All papers prepared for various committees and groups, where decisions are made, include a section on "Risk Implications" where the author is required to identify the potential risks in relation to the proposed decision. However, testing confirmed that these new risks are not then transferred onto "TEN" to be managed.(High Risk)

- ➤ **Project Management** (Pages 22-26) – (Recommendation No.1**)** The Prince2 project management methodology has not been used for the Burbage Common Project and the Recycling Containers Project, as these did not meet the financial threshold requirements at which full compliance with Prince2 is required. This resulted in a number of documents not being completed including, the Project Initiation Document; Project Plan; Project Scope statement; Communication Plan; Risk Register; Project Schedule; Issue Logs; and Business Case. However, it has not been made clear as to what documents are or are not required for various sizes of project, which can lead to inconsistency of approach and uncertainty amongst Project Managers. (Medium Risk)

- ➤ **Project Management** – (Recommendation No.2) Three out of the four projects audited did not clearly have defined project baselines of scope, schedule and cost until late into the project. The lack of established baselines means that there is a lack of focussed control of the project and credible performance measurements.(Medium Risk)

- ➤ **Key Performance Indicators** (see Pages 27-31) – (Recommendation No.1) We confirmed that the KPI targets are to be reviewed by the Joint Board on 10th August for approval. These have been reviewed and scrutinised by the Chief Executive, although formal approval has not yet been obtained. Of the sample of six indicators reviewed we found that three had no target recorded for 2011/12 in TEN. There is a risk that performance is not maximised without the inclusion of a SMART target for the service to aim for and justify their position against.(Medium Risk)

- ➤ **Key Performance Indicators** – (Recommendation No.2) For the sample of six indicators reviewed we confirmed the data reported for the year to date, or where annual at the submission for 2010/11 was appropriately supported by working papers detailing the figures used to calculate the KPI. Supporting documentation was seen for all KPIs reported with the exception of NI158, where the Integrator report used to calculate the percentage of non-decent council homes within the Borough did not include the appropriate detail to evidence reconciliation to values submitted at 31st March 2011. There is a risk that the performance reported is inaccurate. (Medium Risk)

- ➤ **Planning** (see Pages 32-36) – (Recommendation No.1) The Scheme of Delegation names the Deputy Chief Executive (Community Direction) as the delegated Officer to determine all planning decisions, with the exception of those listed as delegated to the Planning Committee. Discussions with key staff advised that this delegation has been disseminated to Planning management staff; being the Head of Planning, Head of Development Control and the two Principal Planning Officers. However, there is no evidence that this delegation has been formally documented and approved.(Medium Risk)

- ➤ **Homelessness** (see Pages 40-44) – (Recommendation No.1) In accordance with the Homelessness Act 2002, Applicants must fulfil the five criteria in order to be successful in being provided with temporary accommodation. Within the application form there is a decision form which the witness (Housing Options Officer) completes in order to make a decision. It was confirmed through testing a sample of 15 cases that in seven instances the decision form had not been completed. Without a completed decision form there is a risk that one or more aspects of the criteria may not be met and as a consequence the Council will not be adhering to the statutory requirements. (Medium Risk)
- ➤ **Homelessness** – (Recommendation No.2) Once a decision has been made by the Housing Options Officer a decision letter is sent out to the applicant. It was confirmed through testing a sample of 15 cases, that a decision letter was sent out to all applicants. It was identified that the decision letters were not clear in illustrating the Council's final decision to the applicant. There is a risk that the applicant may not understand the Council's decision and appeal the decision, resulting in further work for the department. (Medium Risk)

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> **Homelessness** – (Recommendation No.3) The Orchard system has only recently started to be used to record details of homelessness applications and a full review of the effectiveness of the system for homelessness has not yet been completed. Monitoring information is still retained on a spreadsheet. In addition; the application form questions and the questions within the Orchard system are different and therefore dependant on the Officers interpretation of what information is input onto the system. Currently, the applicant's information is input into the Orchard system once the application process is complete and a spreadsheet is still maintained to record and monitor all cases. There is a risk that not all information is accurately input onto the system and there is no consistency in the information input by the Officers. (Medium Risk)

4.   WORK IN PROGRESS OR PLANNED

4.1   For all remaining audits, commencement dates have been agreed with the auditees and all assignment planning sheets have been issued.

4.2   Six audits are nearing completion / draft reports have been issued. These relate to IT Contract / Maintenance, Creditors, Income and Debtors, Corporate Governance, Atkins Building Commercial Management, and Asset Management. The audit of Payroll is currently in progress.

5.   LIAISON WITH MANAGEMENT AND EXTERNAL AUDIT

5.1   Our management staff meet regularly with the Deputy Chief Executive (Corporate Direction), as well as other members of senior management to discuss the progress of the internal audit work.

6.   CHANGES TO OUR PLAN

6.1   The only change to the Internal Audit Plan 2011/12 since the last committee meeting, in agreement with the Deputy Chief Executive (Corporate Direction), is the audit of the New Council Offices. This audit was replaced by an audit of the Atkins Building: Commercial Management; as this was considered to be of more interest to the Council at this stage of the process. Internal Audit had no objections to the change as an audit of New Council Offices has taken place in recent years, which has also led to a positive assurance opinion being given.

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APPENDIX A: HINCKLEY AND BOSWORTH BOROUGH COUNCIL – OPERATIONAL PLAN PERFORMANCE 2011/12

Detailed below is a summary of the work undertaken in 2011/12 to date, showing the levels of assurance given and the number of recommendations arising. Reports being considered at this Committee are shown in **bold and italics**. Definitions with regard to the levels of assurance and the classification of recommendations are provided overleaf.

Auditable Area	Start Date	Debrief date	Draft report issued	Responses received	Final report issued	Audit Committee	Audit approach	Audit Days	Assurance level given	Number of Recommendations Made				
										H	M	L	In Total	Agreed
Work completed to date														
Risk Management	*11/07/11*	*19/08/11*	*02/09/11*	*02/09/11*	*12/09/11*	*31/10/11*	*Advisory*	*5*	*N/A*	*8*	*2*	*1*	*11*	*11*
Health and Safety	*18/07/11*	*04/08/11*	*07/09/11*	*13/09/11*	*13/09/11*	*31/10/11*	*Key Controls*	*8*	*AMBER / GREEN*	*0*	*0*	*7*	*7*	*7*
Project Management	*25/07/11*	*29/08/11*	*13/09/11*	*22/09/11*	*22/09/11*	*31/10/11*	*Key Controls*	*5*	*AMBER / GREEN*	*0*	*2*	*4*	*6*	*6*
Key Performance Indicators	*01/08/11*	*05/08/11*	*17/08/11*	*08/09/11*	*08/09/11*	*31/10/11*	*Key Controls*	*5*	*AMBER / GREEN*	*0*	*2*	*4*	*6*	*6*
Planning	*12/09/11*	*16/09/11*	*27/09/11*	*12/10/10*	*12/10/11*	*31/10/11*	*Key Controls*	*6*	*GREEN*	*0*	*1*	*1*	*2*	*2*
Housing Allocations & Voids	*05/09/11*	*09/09/11*	*28/09/11*	*05/10/11*	*11/10/11*	*31/10/11*	*Key Controls*	*7*	*GREEN*	*0*	*0*	*2*	*2*	*2*
Homelessness	*12/09/11*	*16/09/11*	*27/09/11*	*14/10/11*	*14/10/11*	*31/10/11*	*Key Controls*	*6*	*AMBER / GREEN*	*0*	*3*	*4*	*7*	*7*
Treasury Management	*12/09/11*	*16/09/11*	*26/09/11*	*17/10/11*	*17/10/11*	*31/10/11*	*Key Controls*	*6*	*GREEN*	*0*	*0*	*5*	*5*	*5*
IT Strategy Review	*12/09/11*	*23/09/11*	*10/10/11*	*18/10/11*	*18/10/11*	*31/10/11*	*Key Controls*	*6*	*GREEN*	*0*	*0*	*2*	*2*	*2*
Budgetary Control and Budget Setting	11/07/11	15/07/11	25/07/11	11/08/11	11/08/11	12/09/11	Key Controls	8	GREEN	0	0	1	1	1
Rent Collection and Arrears	11/07/11	22/07/11	08/08/11	10/08/11	11/08/11	12/09/11	Key Controls	5	GREEN	0	0	0	0	0

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Auditable Area	Start Date	Debrief date	Draft report issued	Responses received	Final report issued	Audit Committee	Audit approach	Audit Days	Assurance level given	Number of Recommendations Made				
										H	M	L	In Total	Agreed
Community Safety	25/07/11	29/08/11	17/08/11	19/08/11	22/08/11	12/09/11	Key Controls	5	AMBER / GREEN	0	2	2	4	4
Enforcement	01/08/11	05/08/11	17/08/11	24/08/11	24/08/11	12/09/11	Key Controls	6	AMBER / RED	1	2	3	6	5
Car parks	09/05/11	16/05/11	02/05/11	16/06/11	16/06/11	25/07/11	Key Controls	6	GREEN	0	3	0	3	3
Trade Waste (new VAT allowances)	31/05/11	08/06/11	16/06/11	27/06/11	28/06/11	25/07/11	Key Controls	6	GREEN	0	0	2	2	2
Performance Management	06/06/11	10/06/11	22/06/11	01/07/11	01/07/11	25/07/11	Key Controls	6	GREEN	0	0	3	3	3
Local Development Framework	16/05/11	23/06/11	N/A	N/A	4/07/11	25/07/11	Key Controls	5	GREEN	0	0	0	0	0
Financial Regulations	31/05/11	23/06/11	03/07/11	14/07/11	18/07/11	25/07/11	Key Controls	4	GREEN	0	3	1	4	4
Master Plan	16/05/11	24/06/11	05/07/11	14/07/11	18/07/11	25/07/11	Key Controls	5	GREEN	0	0	1	1	1
Supporting people / Wardens	13/06/11	17/06/11	7/07/11	13/07/11	14/07/11	25/07/11	Key Controls	6	GREEN	0	2	0	2	2
Totals to date:								116		9	22	43	74	73

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Auditable Area	Start Date	Debrief date	Draft report issued	Responses received	Final report issued	Audit Committee	Audit approach	Audit Days	Assurance level given	Number of Recommendations Made				
										H	M	L	In Total	Agreed
Work in progress or yet to start (including reports still in draft)														
Atkins Building – Commercial Management	03/10/11	14/10/11	17/10/11					5						
IT Contract / Maintenance	12/09/11	16/09/11	18/10/11					10						
Creditors	05/09/11	15/10/11						8						
Income and Debtors	05/09/11	15/10/11						8						
Asset Register	03/10/11	15/10/11						8						
Corporate Governance	03/10/11	15/10/11						5						
VAT	19/12/11							8						
General Ledger/ Main Accounting System	14/11/11							8						
Payroll	31/10/11							8						
Housing Benefit (shared service)*	07/11/11							70*						
Council Tax (shared service)*	28/11/11							-*						
NNDR (shared service)*	28/11/11							-*						
Data Protection and Freedom of Information	17/10/11							6						

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Auditable Area	Start Date	Debrief date	Draft report issued	Responses received	Final report issued	Audit Committee	Audit approach	Audit Days	Assurance level given	Number of Recommendations Made				
										H	M	L	In Total	Agreed
Public Consultations / Citizens Panel	12/12/11							6						
Housing Repairs	05/12/11							10						
Contracts Review	On-going							10						
Counter Fraud	TBC							10						
Follow Up	On-going							10						
Spot Checks (Bank Accounts at Sheltered Housing Schemes)	On-going							5						
Audit Management	N/A							25						
TOTAL								220						

NB * Shared Service Revenues and Benefits Reviews Days – 70 = total number of days for combined review of three audit areas, Council Tax, NNDR, and Housing Benefits. Final costs are to be apportioned between each of the three District Councils.

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APPENDIX B: HINCKLEY AND BOSWORTH BOROUGH COUNCIL – EXECUTIVE SUMMARIES AND ACTION PLANS

RISK MANAGEMENT

1. EXECUTIVE SUMMARY

1.1 INTRODUCTION

This report covers the Risk Maturity review that has recently been carried out. This was approved as part of the Internal Audit Plan 2011/12. The work was performed as an advisory review and as a result will not produce a formal opinion. However, the information included within this report may influence or be used to inform the Annual Head of Internal Audit opinion.

The Council's Risk Management Framework consists of a strategic risk register, and four operational / directorate risk registers. All data is recorded on the Councils risk management system "TEN". The maintenance of the "TEN" system is the responsibility of each directorate lead, with the overall consolidated reporting accountability being with the Chief Officer / Monitoring Officer.

Prior to September 2010, the Council employed a dedicated risk champion who was responsible for the maintenance and reporting of the risk registers, and for meeting with risk owners to update and refresh the risks within their areas of responsibility. This approach has previously been reviewed by Internal Audit and was concluded as being effective and embedded at that time. However, post September 2010, this dedicated individual relocated within the Council and as a result, the maintenance and updating of the risk registers on "TEN" was devolved to the directorate leads.

Risk Maturity is defined as:

"the extent to which a robust risk management approach has been adopted and applied as planned by management across the organisation, to identify, assess, decide on responses to, and report on opportunities and threats that affect the achievement of the organisation's objectives."[1]

During the course of this review, we have been considering not only what framework the Council has in place to; identify, assess, record and monitor risks, but how that information is used within the organisation. In doing this we have assessed and presented individual views within the conclusion against the following key components: Governance; Risk Identification; Risk Assessment; Risk Mitigation; Assurance; and Monitoring and Reporting.

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1.1   CONCLUSION

Prior to September 2010, the previous Internal Audit reviews concluded that the management of risks within the Council was effective. However, at that time the risk champion responsible for the implementation and on-going review of the risk management system relocated within the Council, and responsibilities for this area, including the documenting and reporting of risk registers, was devolved to the Directorate Leads. It is apparent that since September 2011, the core reporting system 'TEN' has not been fully utilised as had been originally intended. In addition, there has been little centralised formal reporting of risks through to the Executive and the Finance and Audit Committee from either the Senior Leadership Board or the Corporate Operations Board.
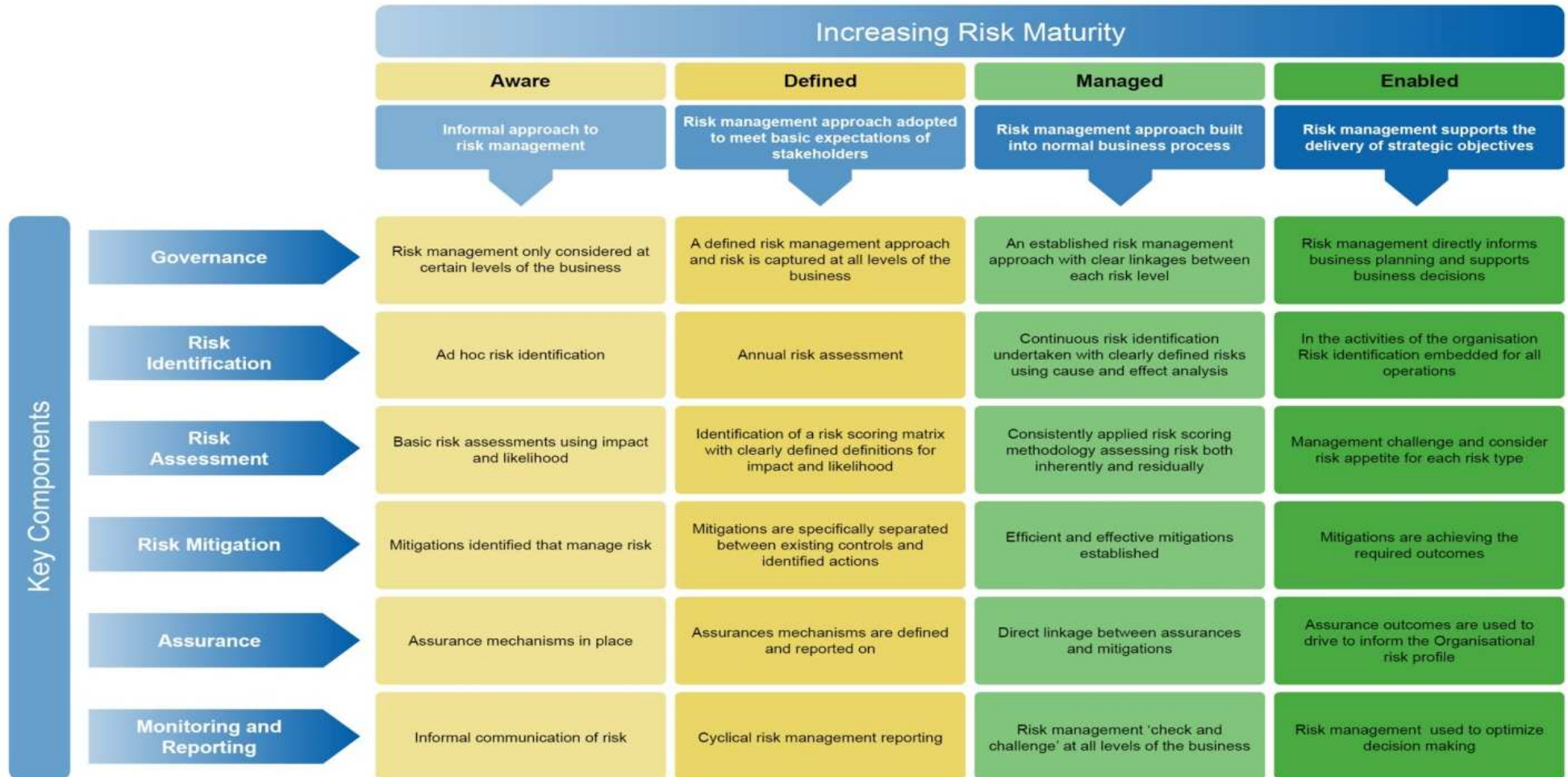
Based on the above observations, we have concluded that the Council's risk management framework and reporting arrangements as at July 2011correspond in the matrix diagram below as 'Risk Aware' across each of the six component areas. The review recognised that prior to September 2010 there was a good risk management framework in operation. However based on the current lack of formal arrangements in place we were unable to rate any of the six components higher at a higher level of risk maturity, as at the time of the current audit there was insufficient evidence available to demonstrate that the "Risk Management approach meets basic expectations of stakeholders", and thus reach the Risk Defined level.

It was also recognised during the course of the review and through discussions with key Officers that there was a general understanding and awareness of the requirements for the Council's risk management processes and procedures. However, as above there is currently a lack of sufficient evidence of formal risk management reporting and updating of risks for us to conclude that the risk management system is operating effectively in practice.

We understand the that the Council are unlikely to strive to become Risk Enabled in the near future due to a reduction in capacity and resources resulting from government funding cuts and savings targets, and thus we have made recommendations which are intended to provide guidance to the Council to assist in improving the risk management framework, and to move back up from the Risk Aware rating to become Risk Defined and thence Risk Managed during 2011/2012.

We note that since the completion of the audit fieldwork, management have actively begun to update and refresh the risk registers in "TEN" and to improve the reporting processes. We obviously welcome and appreciate this work and the speed with which management have reacted to our findings. If management continue to revitalise and refresh risk information, and ally this with regular reporting through key risk governance committees / groups, we are confident that the Council's risk maturity level will quickly improve so that risk management can regain its former levels of effectiveness.

We will undertake a follow-up review later in 2011/12 to review the extent to which such progress has been made.

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Increasing Risk Maturity

Key Components	Aware	Defined	Managed	Enabled
	Informal approach to risk management	Risk management approach adopted to meet basic expectations of stakeholders	Risk management approach built into normal business process	Risk management supports the delivery of strategic objectives
Governance	Risk management only considered at certain levels of the business	A defined risk management approach and risk is captured at all levels of the business	An established risk management approach with clear linkages between each risk level	Risk management directly informs business planning and supports business decisions
Risk Identification	Ad hoc risk identification	Annual risk assessment	Continuous risk identification undertaken with clearly defined risks using cause and effect analysis	In the activities of the organisation Risk identification embedded for all operations
Risk Assessment	Basic risk assessments using impact and likelihood	Identification of a risk scoring matrix with clearly defined definitions for impact and likelihood	Consistently applied risk scoring methodology assessing risk both inherently and residually	Management challenge and consider risk appetite for each risk type
Risk Mitigation	Mitigations identified that manage risk	Mitigations are specifically separated between existing controls and identified actions	Efficient and effective mitigations established	Mitigations are achieving the required outcomes
Assurance	Assurance mechanisms in place	Assurances mechanisms are defined and reported on	Direct linkage between assurances and mitigations	Assurance outcomes are used to drive to inform the Organisational risk profile
Monitoring and Reporting	Informal communication of risk	Cyclical risk management reporting	Risk management 'check and challenge' at all levels of the business	Risk management used to optimize decision making

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1.3   APPROACH TO REVIEW

The following areas were included in this review:

- The commitment to Risk Management by senior levels of management;
- The presence of working Risk Registers (with prioritised risks; assigned actions; assurances feeding back into the process) and an aggregated shortlist of highest risks reported to the Board;
- The extent to which Risk Management is embedded throughout the organisation; and
- Evidence that risks and opportunities are considered to inform decision making.

We have interviewed:

- Steve Atkinson, Chief Executive;
- Sanjiv Kohli, Deputy Chief Executive (Corporate Direction);
- Councillor Peter Hall, Chair of Finance and Audit Committee;
- Louisa Horton, Chief Officer - Corporate & Customer Resources, Scrutiny & Ethical Standards; and
- Cal Bellavia, Risk Management Officer.

<u>Limitations to the scope of the audit:</u>

- This review did not comment on whether individual risks were appropriately managed, or whether the organisation had identified all of the risks and opportunities facing it.
- We do not endorse a particular means of risk management. It remains the responsibility of management to agree and manage information needs and to determine what works most effectively for the organisation.
- Evaluation of the maturity of the organisation has been assessed through discussion with management and through review of documentation provided during the course of the audit.
- Our work does not provide any absolute assurance that material error; loss or fraud does not exist.

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1.4   RECOMMENDATIONS SUMMARY

The following table highlights the number and categories of recommendations made. The Action Plan at Section 2 details the specific recommendations made as well as agreed management actions to implement them.

Recommendations made during this audit:

	High	Medium	Low	Suggestions	Total
GOVERNANCE	2	2	0	0	4
RISK IDENTIFICATION	2	0	1	0	3
RISK ASSESSMENT	0	0	0	0	0
RISK MITIGATION	1	0	0	0	1
ASSURANCE	1	0	0	0	1
MONITORING AND REPORTING	2	0	0	0	2
TOTAL	8	2	1	0	11

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2   ACTION PLAN

The priority of the recommendations made is as follows:

Priority	Description
High	
Medium	Recommendations are prioritised to reflect our assessment of risk associated with the control weaknesses.
Low	
Suggestion	These are not formal recommendations that impact our overall opinion, but used to highlight a suggestion or idea that management may want to consider.

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
Governance - Establishment of a defined approach that ensures risk management can be used to inform business planning and support business decisions.						
1	The Council should ensure that a key Officer is assigned to oversee the updating of the risk management system "TEN" by risk owners and to prepare reports for management groups and committees. This role will ensure that the system is updated on a regular basis, and will act as a check and challenge on the data within TEN to ensure that reports produced for management and members reflect the current risk profile for the Council. The Council should also ensure that Risk Owners understand their responsibilities for updating their risks on "TEN", and that the Risk Champion is there to support them in driving and embedding risk management throughout the Council.	High	Y	This role has been incorporated into the role of the Consultation and Improvement Officer. The Chief Officer will be the "risk champion" and will ensure that the Corporate Operations Board retains ownership of the risks and that they are effectively reviewed.	Immediate	LH

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Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
2	The Risk Management Strategy should be reviewed and updated for 2011/2012	Medium	Y	In progress, the review date was July 2011.	September 2011	LH
3	The Council should develop a risk management training and awareness programme to ensure that all staff / Members are aware of and understand the principles laid down in the Risk Management Strategy.	Medium	Y	A programme will be developed using the e learning tool. On-going training and support will be given when requested by the Consultation and Improvement Officer.	October 2011	LH
4	Management should ensure that Finance and Audit Committee, Senior Leadership Board and Corporate Operations Board receive regular update reports of the Councils key risks, including details of each of the specific risks and an updated position on controls, action plans and assurances. A year-end report for 2011/2012 should be compiled and submitted to the Executive summarising risk management at the Council over the year.	High	Y	The 1st Quarter data is being sent to the Finance Audit and Performance Committee in September 2011, this will be sent quarterly. The Joint SLB/COB meetings which are held quarterly have a standing item on the agenda to discuss risk. The Deputy Chief Executive service area meetings include reviewing risks.	September 2011	LH
	Risk Identification – Identifying the risks facing the organisation, the causes of those risks and consequences should those risks occur.					
5	The Council / risk owners should undertake a complete review of the risks held on "TEN" in order to determine whether these are still the key risks the Council are facing during 2011/12 and beyond.	High	Y	This process is underway at both the service and strategic levels.	October 2011	LH

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Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
6	An agenda item should be set across service and team meetings at least on a quarterly basis to provide an opportunity to raise new risks and also to review current risks to ensure the key risks continue to be identified and communicated through the appropriate channels.	High	Y	This is within the current processes, the risks are reviewed monthly at team/directorate meetings as part of the Service Improvement planning framework.	Immediate	LH
Risk Mitigation - Understanding and analysing the impact and of implementation of controls and other risk mitigation activity.						
7	As part of recommendation 3.2.1 risk owners should undertake a review of all controls and action plans to ensure the controls in place are relevant and effective to manage the risk and also all actions are up to date and assigned to an action owner.	High	Y	This will be picked up as part of the current review of all risks.	October 2011	LH
Assurance - Directing assurance to provide comfort on how well risks are being managed.						
8	The Council should develop a formal assurance process in order to provide assurances through reporting channels that the controls in place to manage each risk are in place and working effectively. This assurance process should be included within the revised Risk Management Strategy.	High	Y	The Risk Management Strategy will detail the assurance process. This will be within current resources and cannot involve further dedicated resource. It is likely that the Strategy will place the responsibility at SLB/COB level to provide assurances of regular reviews of risk.	September 2011	LH

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Monitoring and Reporting- Reporting of risk management to support decision making.						
9	The Council should ensure that the formal reporting structure is re-introduced to ensure risk owners have updated their risks and that management update and review these risks to provide the key committees and groups with relevant assurances.	High	Y	See four and seven above.	September 2011	LH
10	All risks identified on papers to committees and groups should be linked back to the "TEN" system to ensure they are managed effectively by a risk owner.	High	Y	Service managers and report authors will be advised that the risks in reports are reflected in the risk register on TEN.	September 2011	LH

RSM Tenon

HEALTH AND SAFETY

1.   EXECUTIVE SUMMARY

1.1   INTRODUCTION

An audit of Health and Safety was undertaken as part of the approved internal audit periodic plan for 2011/12. The Council has in place a Corporate Health, Safety and Welfare Policy, which is supported by the Health, Safety and Welfare Statement that summarises the organisation's responsibilities with regards to health and safety matters and the duties of all employees. All staff is given health and safety training as part of their corporate induction. Further specific health and safety training is given by the relevant department as required depending on the role carried out by the individual.

Staff have access to the Health, Safety and Welfare Policy through the intranet. Updates to legislation, training and other health and safety related matters are communicated to staff through regular team meetings which are minuted. Examples of various team meetings and their minutes were viewed during the audit.

Management are kept informed of health and safety issues in monthly service managers' meetings and health and safety matters, including accident reporting are discussed at the Local Joint and Safety Panel meetings whose members include the Council's Principal Safety, Health and Resilience Officer and representatives from employers, the trade union (UNISON), and the Corporate Operations Board. The Principal Safety, Health and Resilience Officer monitors compliance with the Health, Safety and Welfare Policy through annual site audits across the departmental areas. Also introduced at the depot have been spot check visits of the refuse crews.

The audit was designed to assess the controls in place to manage the following objectives and risks:

Objective	To deliver assurance over the adequacy of internal controls within the health and safety system.
Risk	Serious breach of Health & Safety legislation. Failure to provide an adequate and safe working environment.

1.2   CONCLUSION
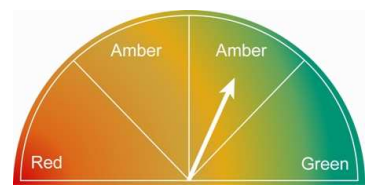
Taking account of the issues identified, the Council can take reasonable assurance that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied and effective. However we have identified issues that, if not addressed, increase the likelihood of risk materialising in this area.

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The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review. The key findings from this review are as follows:

Design of control framework

▪ A recommendation was raised that visitors to the Middlefield Lane Depot should be provided with information regarding evacuation procedures.

Application of and compliance with control framework

▪ Recommendations made include the updating of the Health, Safety and Welfare policy, and Lone Working policy; ensuring up to date lists of Fire Marshalls and First Aiders are available on the intranet for all staff; mitigating actions on the risk register are updated with recent progress made; and DSE checklists should be completed on a regular basis.

1.3 SCOPE OF THE REVIEW

To evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. Control activities are put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively. When planning the audit, the following areas for review and limitations were agreed:

Areas for consideration:

▪ Comprehensive corporate Health and Safety policy and risk assessments.

▪ Depot health and safety evaluation and mitigation measures.

▪ Fire risk assessments are performed.

▪ Health and Safety training courses.

▪ Requirement for Service units to obtain Health & Safety procedures from Contractors.

▪ Training programme for managers and development of competencies.

▪ Assurance statement from managers regarding Health & Safety issues.

▪ Approval and dissemination of corporate policy on lone working.

Limitations to the scope of the audit:

▪ We will undertake an assessment of the adequacy of aspects of the control framework and we will undertake limited testing to confirm its operation in practice.

▪ 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.

The approach taken for this audit was a risk based audit.

1.4 RECOMMENDATIONS SUMMARY

The following tables highlight the number and categories of recommendations made. The Action Plan at Section 2 details the specific recommendations made as well as agreed management actions to implement them.

Recommendations made during this audit:

Our recommendations address the design and application of the control framework as follows:

	Priority		
	High	**Medium**	**Low**
Design of control framework	0	0	1
Application of control framework	0	0	6
Total	**0**	**0**	**7**

The recommendations address the risks within the scope of the audit as set out below:

	Priority		
Risk	**High**	**Medium**	**Low**
Serious breach of Health & Safety legislation.	0	0	4
Failure to provide an adequate and safe working environment.	0	0	3
Total	**0**	**0**	**7**

1.5   ADDITIONAL FEEDBACK

Good Practice Identified During the Audit
Regular health and safety monitoring by management through the Local Joint Panel group.
Health and safety is a standing agenda item at various team meetings held at the Middlefield Lane Depot.
Proactive action taken following the identification of potential risks as seen in the recent assessment of office equipment at the Middlefield Lane Depot.

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We have included some comparative data to benchmark the number of recommendations made, as shown in the table below. In the past year, we have undertaken a number of audits of a similar nature in the sector.

Level of Assurance	Percentage of Reviews	Results of this Audit
Green	0%	
Amber	100%	✓
Red	0%	

Recommendations	Average number in similar audits	Number in this audit
Recommendations made	5.5	7.0

2. ACTION PLAN – No 'High' or 'Medium' Risk Recommendations were raised as part of this review.

RSM Tenon

PROJECT MANAGEMENT

1. EXECUTIVE SUMMARY

1.1 INTRODUCTION

An audit of Project Management was undertaken as part of the approved internal audit periodic plan for 2011/12.

We conducted an audit of project management methods and practices performed at the Council. We evaluated whether the Council's project management procedures were adequate, consistent in approach and in compliance with Council corporate objectives. During the course of the audit we looked at the following projects:

- Hinckley Hub - The project revolves around relocating the Council offices from the current location at Argent's Mead and Florence House sites to a new development called the Hinckley Hub. This was based on decision that the current Argents Mead offices are not "fit for purpose" and a capital expenditure of approximately £6m would be required to make them operationally viable over the long term.
- Burbage Common - Capital improvement works at Burbage Common. The project has a budget of £274,000.
- Richmond Park Play Area - This was a £72,000 project which arose due to the adoption of the Green Space Strategy (2005). The Strategy highlighted that there is a lack of high quality play provision for children and young people in the Borough, with both qualitative and quantitative deficiencies noted. The Council was committed to addressing this deficiency and to meeting the needs of children and young people by providing new and enhanced play opportunities in areas of need. On such area was Richmond Park.
- Recycling Containers - The project aims for the provision of additional and replacement Recycling and Waste Containers. Current containers provided are approximately: 46,000 Black Bins, 38,000 Brown Bins, 28,000 Blue Boxes and 1,000 various containers to apartments and schools. There is an average replacement ratio of 3% of the total containers.
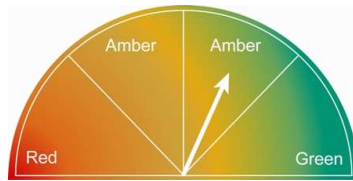
Our review found that the project management methods and practices Council were generally adequate, and in line with the objectives of the Council. However discussions with staff members showed that staff members were not clear as to which set of project management parameters the Council was operating under. Since the last internal audit of project management in 2009, the Council's Capital Forum has released new guidelines in this project, which include reference to the financial thresholds at which various project management requirements are applicable. These new guidelines were not formally approved by the Senior Leadership Board or Executive board.

The audit was designed to assess the controls in place to manage the following objectives and risks:

Objective	To ensure that the Council manages projects in a consistent and coherent manner.
Risk	The Council does not manage projects in a clear, logical and consistent manner leading to inefficient and ineffective operations.

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1.2   CONCLUSION

Taking account of the issues identified, the Council can take reasonable assurance that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied and effective.

However, we have identified issues that, if not addressed, increase the likelihood of risk materialising in this area.

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review.

The key findings from this review are as follows:

Design of control framework

- There are documented policies and procedures in place for the Council's approach to Project Management.
- There was some uncertainty amongst Project Managers regarding their roles and responsibilities in this area.
- Monthly meetings take place between Project Managers and Line Managers to discuss project progress.

Application of and compliance with control framework

- Staff are not aware which project management procedures to apply. There are currently two versions in application. Procedures compiled during the Capital Forum meeting (November 2009) have not been formally approved by the Executive.
- Stakeholder analysis was carried out for each project to ensure that key stakeholders are kept informed and decisions are made with their needs in mind.
- We noted areas where the Council could further strengthen its project management methods and practices, including the establishment of effective tracking and oversight controls for monitoring performance, and the development of a common approach to project management to be applied to all projects.

1.3   SCOPE OF THE REVIEW

The objective of our audit was to evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. Control activities are put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively. When planning the audit, the following controls for review and limitations were agreed:

Limitations to the scope of the audit:

- We will undertake an assessment of the adequacy of aspects of the control framework and we will undertake limited testing to confirm its operation in practice.
- 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.

The approach taken for this audit was a Risk-Based Audit.

RSM Tenon

1.4   RECOMMENDATIONS SUMMARY

The following tables highlight the number and categories of recommendations made. The Action Plan at Section 2 details the specific recommendations made as well as agreed management actions to implement them.

Recommendations made during this audit:

Our recommendations address the design and application of the control framework as follows:

	Priority		
	High	**Medium**	**Low**
Design of control framework	0	0	0
Application of control framework	0	2	4
Total	**0**	**2**	**4**

The recommendations address the risks within the scope of the audit as set out below:

	Priority		
Risk	**High**	**Medium**	**Low**
The Council does not manage projects in a clear, logical and consistent manner leading to inefficient and ineffective operations.	0	2	4
Total	**0**	**2**	**4**

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1.5   ADDITIONAL FEEDBACK

We have also made a suggestion where we have identified innovation or good practice at other organisations that Hinckley & Bosworth Borough Council may wish to consider:

Good Practice Identified During the Audit
Projects managed by qualified individuals who clearly demonstrate dedication to successfully deliver on their capital objectives.

2   ACTION PLAN

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
1	Staff should be reminded that a consistent approach to Project Methodology should be followed at all times as detailed by the Council requirements and procedures. This should include ensuring that all relevant documents are developed and maintained. The Council should detail what approach and documents are required for the projects at the various financial thresholds detailed. This should be detailed in the project management guidance. The guidance for project management should make it clear what is expected of officers in relation to the use of the Prince2 methodology for the various project thresholds. The latest guidance and policy should be made available to all officers.	Medium	Y	A standing item will be placed on the Capital Forum Agenda.	November 2011	Michael Brymer

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Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
2	The Council should ensure that the documented project management process includes a defined scope, schedule and cost at the earliest opportunity. This process should be applicable to all projects.	Medium	Y	This information would be available if the correct project management forms were used.	November 2011	All Managers responsible for projects

RSM Tenon

KEY PERFORMANCE INDICATORS

1.   EXECUTIVE SUMMARY

1.1   INTRODUCTION

An audit of Key Performance Indicators (KPIs) was undertaken as part of the approved internal audit periodic plan for 2011/12. After discussion with senior management, the audit focussed on six KPIs, and sought to ensure that these were being calculated correctly, and that they were being reported in line with the Council's performance management system requirements.

Hinckley and Bosworth Borough Council use the TEN system to record and monitor performance against its key performance indicators. 2011/12 KPI's were included in the Service Improvement Plans. These were agreed at the Senior Leadership Board meeting on 17th March 2011 and therefore the list of all performance measures the Council wishes to report against was also approved. Targets for each of these are due to be formally agreed at the Joint Board meeting on 10th August 2011.

The frequency of reporting depends on the indicator, and tends to be either monthly, quarterly or annually. In the TEN system each KPI is given a 'Collector' and an 'Owner', and is the responsibility of a Head of Service. Collection of KPIs into TEN is undertaken in line with the relevant frequency required. On a monthly basis the Performance and Improvement Officer reminds all Collectors, owners and Heads of Service of their requirement to submit outturns against their KPIs.

We noted that NI191 (Residual household waste per household) and NI192 (Percentage of household waste sent for reuse, recycling and composting) were reported one month in arrears, although this is due to the Council's reliance upon data reported by external organisations. NI151 (Overall employment rate) data is taken from a NOMIS report detailing the employment rate between January 2010 and December 2010, so is always 6 months behind. NI8 (Adult participation in sport & active recreation) is reported based on data from Sport England based on the period of October 2009 and October 2010, and is reported annually at 31st March. However we found in all these cases reporting was based on the latest information available to the Council.
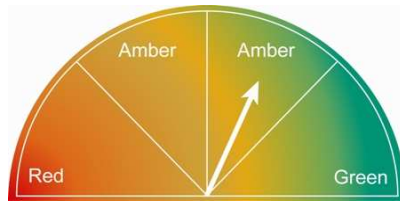
In line with the Data Quality Management Policy and Performance Indicator Working Paper and Evidence Guidance, each Collector should maintain a file of supporting documentation detailing how their KPI was calculated so that this can be verified by Audit. For the sample of six KPIs reviewed we were unable to confirm the data submitted in TEN to working papers in one instance.

Through the TEN system KPI Collectors, owners and Heads of Service can review their performance against target, compare this to previous periods and also to the national average (where benchmarking data exists). A dashboard report has been produced which allows owners to focus on poor performance so that justification can be provided when reported to the Senior Leadership Board and the Finance and Audit Services Select Committee.

The audit was designed to assess the controls in place to manage the following objectives and risks:

Objective	To provide appropriate and timely information to management regarding on-going performance of key operational areas.
Risk	Performance Indicator information is insufficient, inaccurate, untimely or unnecessary.

RSM Tenon

1.2 CONCLUSION

Taking account of the issues identified, the Council can take reasonable assurance that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied and effective. However we have identified issues that, if not addressed, increase the likelihood of risk materialising in this area.

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review. The key findings from this review are as follows:

Effectiveness

▪ The outturn of key performance indicators is reported through the TEN system of recording performance management information. For the period of July we confirmed with the Performance and Improvement Officer that only one performance indicator had not been reported within the allotted timescale to enable reporting.

Design of control framework

▪ TEN is used to record all KPI's from the Service Improvement Plans, and this allows each KPI to be reported in line with the specified frequency. Performance can also be reported against set targets and previous periods.

Application of and compliance with control framework

▪ Targets have not yet been formally agreed for the 2011/12 KPI's.

▪ Requirements for data Collectors, owners and Heads of Service are documented within the Data Quality Management Policy and Performance Indicator Working Paper and Evidence Guidance. However there have been a number of minor changes to actual working practices for 2011/12, which are not yet reflected in these documents.

▪ For NI158 (Percentage of non-decent council homes) we were unable to verify the outturn submitted at 31st March 2011 to the working papers provided. We also confirmed that there was no procedural documentation detailing how the KPI is collated and calculated.

▪ Training regarding performance management and KPIs has not been provided to Officers since February 2010. The Performance and Improvement Officer confirmed that an e-learning module will be developed for Data Quality Management to allow training to be undertaken at a time suitable to each Officer.

RSM Tenon

1.3   SCOPE OF THE REVIEW

To evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. Control activities are put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively. When planning the audit, the following controls for review and limitations were agreed:

Limitations to the scope of the audit:

- We will undertake an assessment of the adequacy of aspects of the control framework and we will undertake limited testing to confirm its operation in practice.
- The review will not comment on the adequacy of results within the performance management system, it will only evaluate the mechanisms around identifying, achievement and monitoring of the performance criteria.
- 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.

The approach taken for this audit was a Risk-Based Audit.

1.4   RECOMMENDATIONS SUMMARY

The following tables highlight the number and categories of recommendations made. The Action Plan at Section 2 details the specific recommendations made as well as agreed management actions to implement them.

Recommendations made during this audit:

Our recommendations address the design and application of the control framework as follows:

	Priority		
	High	**Medium**	**Low**
Design of control framework	0	0	0
Application of control framework	0	2	4
Total	**0**	**2**	**4**

RSM Tenon

The recommendations address the risks within the scope of the audit as set out below:

	Priority		
Risk	**High**	**Medium**	**Low**
Performance Indicator information is insufficient, inaccurate, untimely or unnecessary.	0	2	4
Total	**0**	**2**	**4**

Recommendations implemented since the previous audit in this area:

Date of previous audit: 1 August 2011			
Assurance:	**Fundamental**	**Significant**	**Merits Attention**
Number of recommendations made during previous audit	0	0	1
Number of recommendations implemented	0	0	1
Recommendations not yet fully implemented:	**0**	**0**	**0**

1.5   ADDITIONAL FEEDBACK

We have also made a suggestion where we have identified innovation or good practice at other organisations that Hinckley and Bosworth Borough Council may wish to consider:

Suggestions Made During the Audit
Consideration should be given to enabling the audit trail for performance management within TEN to show when and what was amended within the system.

RSM Tenon

2   ACTION PLAN

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
1	In future, targets should be established in a timelier manner to ensure that they are in place before the first stage of reporting at the end of April.	Medium	Y	To be incorporated into Service Improvement Planning process (2012/15 cycle)	October/November 2011	LH
2	As per the Data Quality Policy, suitable working papers should be retained for NI158, to evidence and support the values reported within TEN.	Medium	Y	Email sent to collector and Head of service on 12 Aug to request compliance	End September	LH

RSM Tenon

PLANNING

1. EXECUTIVE SUMMARY

1.1 INTRODUCTION

An audit of Planning was undertaken as part of the approved internal audit periodic plan for 2011/12.

The Uniform system is used to open case files and record all information following the receipt of a planning application. All documents relating to applications are scanned into the Anite document imaging system which is linked to Uniform. Anite is also available in public access format, via the Councils website, for public viewing of documents relating to past and current applications.

Forms are available for members of the public to submit planning applications; however electronic applications by the national system, the 'Planning Portal' are strongly encouraged. Applications are entered into Uniform by a Planning Technician and cases allocated to Planning Officers based on Officer experience, speciality and geographical location. Applications are checked to ensure all required documents are present, the fee has been paid and that drawings are to scale. After this validation process, the statutory timeframe in which a decision should be reached is commenced.

For 'major' applications, the department has 13 weeks to reach a decision. For minor and 'other' applications, eight weeks are permitted. The target due date is automatically calculated by the Uniform system to prevent errors. Depending on the categorisation, complexity and public interest in the case, cases are decided by either the Planning Committee, who meet four-weekly, or by Delegated Officers within the Planning department. The Planning Committee is provided with recommendations from the Case Officer, prior to the meeting, to provide technical recommendations. Applications which exceed the statutory time frame for a decision are reported to the Head of Planning, with the reason for delay explained. To date in 2011/12, 377 applications have been received.
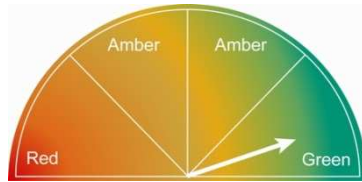
Applicants have the right to appeal against refused decisions. Opening case letters are received from the Planning Inspectorate, advising of any documents which the Council must provide and the key dates which must be met. Review of a sample of appeals found that key dates had been met, and in all but one case, the Inspectorate agreed with the original application decision and dismissed the appeal. To date in 2011/12, 14 appeals have been received.

The volume and type of applications (major/minor/other) are reported using the Councils performance monitoring software on a monthly basis. Quarterly statistics are submitted with regards appeals received. Quarterly statistics are also reported to the Department for Communities and Local Government (DCLG).

The audit was designed to assess the controls in place to manage the following objectives and risks:

Objective	To ensure that all planning decisions within the Council are taken with due regard to all external and internal strategies, policies, requirements and legislation.
Risk	Planning decisions are not taken in accordance with the statutory provision of S.38(6) of the Planning and Compulsory Act 2004.

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1.2   CONCLUSION

Taking account of the issues identified, the Council can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review. The key findings from this review are as follows:

Design of control framework

▪ The responsibilities of the Planning Committee with regards to making application decisions are clearly documented within the Scheme of Delegation. However, the assigned responsibility for signing off planning application decisions which has been delegated to key staff is not documented within the Councils Scheme of Delegation.

▪ The planning procedure has yet to be fully documented due to continued uncertainty over future legislative changes.

Application of and compliance with control framework

▪ For three out of the 20 applications sampled the decision had been reached subsequent to the statutory timeframe of either eight or 13 weeks. However, from our review we concluded that these delays were out of the control of planning staff and due to delays caused by the applicant.

▪ An explanatory report is sent to the Head of Planning for all overdue decisions.

▪ Planning Committee meetings are held every four weeks and are minuted to record decisions made.

▪ Regular performance monitoring is in place, both internally through the Tens monitoring software and externally to the Department of Communities and Local Government (DCLG).

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1.3   SCOPE OF THE REVIEW

To evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. Control activities are put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively. When planning the audit, the following limitations were agreed:

Limitations to the scope of the audit:

▪   We will undertake an assessment of the adequacy of aspects of the control framework and we will undertake limited testing to confirm its operation in practice.

▪   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.

▪   The enforcement of planning decisions is not included in this review as a separate audit of Planning Enforcement was undertaken in 2011/12.

The approach taken for this audit was a Risk-Based Audit.

1.4   RECOMMENDATIONS SUMMARY

The following tables highlight the number and categories of recommendations made. The Action Plan at Section 2 details the specific recommendations made as well as agreed management actions to implement them.

Recommendations made during this audit:

Our recommendations address the design and application of the control framework as follows:

	Priority		
	High	**Medium**	**Low**
Design of control framework	0	0	0
Application of control framework	0	1	1
Total	**0**	**1**	**1**

The recommendations address the risks within the scope of the audit as set out below:

Risk	Priority		
	High	**Medium**	**Low**
Planning decisions are not taken in accordance with the statutory provision of S.38(6) of the Planning and Compulsory Act 2004.	0	1	1
Total	**0**	**1**	**1**

1.5 ADDITIONAL FEEDBACK

We have included some comparative data to benchmark the number of recommendations made, as shown in the table below. In the past year, we have undertaken a number of audits of a similar nature in the sector.

Level of Assurance	Percentage of Reviews	Results of this Audit
Green	75%	X
Amber	25%	
Red	0%	

Recommendations	Average number in similar audits	Number in this audit
Recommendations made	**3.75**	**2**

2   ACTION PLAN

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
1	The delegated responsibility of signing off application decisions should be formally documented to ensure all decisions are made by approved Officers of the Council. This assigned responsibility should be documented within the Scheme of Delegation.	Medium	Y	This is being presented formally to the Full Council on 25th October 2011	25th October	Simon Wood

RSM Tenon

HOUSING ALLOCATIONS AND VOIDS

1.   EXECUTIVE SUMMARY

1.1   INTRODUCTION

An audit of Housing Allocations and Voids was undertaken as part of the approved internal audit periodic plan for 2011/12.

The Council manages approximately 3,425 properties. At the time of the audit approximately 60 were available to let and 32 were classed as void properties. In March 2011, the methodology behind the letting process was changed to a Choice Based Letting (CBL) process. Previously, applicants for housing were scored and held on a waiting list and properties were offered to those at the top of the list. Now applicants housing needs are assessed and they placed on one of four letting bands based on their circumstances.

Properties available for letting are advertised weekly on the CBL website. Applicants can then bid on properties they are interested in.

The Council are in the process of bringing Housing Repairs and therefore work on void properties back in house. This is set to occur on 29 September 2011 when the contractor Willmott Dixon will cease to carry out works. At the time of the review, the Housing Register contained approximately 1,295 applicants actively seeking accommodation.

The audit was designed to assess the controls in place to manage the following objectives and risks:

Objective	To ensure that Council properties are utilised effectively for housing applicants who meet proscribed criteria as per Council policies and procedures and in line with statutory requirements.
Risk	Housing waiting list not up to date. Allocations not made in line with policy. Failure to limit housing voids resulting in rent loss.

1.2   CONCLUSION
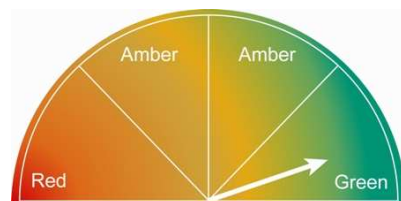
Taking account of the issues identified, the Council can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review.

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The key findings from this review are as follows:

Effectiveness

▪ Of the 3,425 properties that the Council are responsible for only 0.9% are void properties.

Design of control framework

▪ There is a Housing Allocations Policy in place as well as a scheme guide for the Choice Based Lettings process.

▪ Regular meetings are held to discuss void properties and the action that is to be taken going forward.

▪ Where attempts to obtain identity documents for applicants have not succeeded, evidence is not retained.

▪ There is no target in place for the turnaround time of void properties. . There are 3 KPI Targets in place for the Responsive Repairs Contract? (see attached)

Application of and compliance with control framework

▪ All prospective tenants complete and sign a Choice Based Lettings Scheme application form.

▪ Signed tenancy agreements are in place for housed tenants.

▪ During the sign up process a checklist is completed and signed by both the tenant and the Allocations Officer. The checklist ensures that the tenant is aware of utility suppliers, the importance of paying the rent on time, and if they have any difficulty paying the rent then the Council should be contacted immediately.

1.3   SCOPE OF THE REVIEW

To evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. Control activities are put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively. When planning the audit, the following limitations were agreed:

Limitations to the scope of the audit:

▪ We will undertake an assessment of the adequacy of aspects of the control framework and we will undertake limited testing to confirm its operation in practice.

▪ 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.

The approach taken for this audit was a Risk-Based Audit.

1.4   RECOMMENDATIONS SUMMARY

The following tables highlight the number and categories of recommendations made. The Action Plan at Section 2 details the specific recommendations made as well as agreed management actions to implement them.

RSM Tenon

Recommendations made during this audit:

Our recommendations address the design and application of the control framework as follows:

	Priority		
	High	**Medium**	**Low**
Design of control framework	0	0	0
Application of control framework	0	2	2
Total	**0**	**2**	**2**

The recommendations address the risks within the scope of the audit as set out below:

	Priority		
Risk	**High**	**Medium**	**Low**
Housing waiting list not up to date.	0	0	0
Allocations not made in line with policy.	0	0	1
Failure to limit housing voids resulting in rent loss.	0	0	1
Total	**0**	**0**	**2**

2. ACTION PLAN – No 'High' or 'Medium' Risk Recommendations were raised as part of this review.

RSM Tenon

HOMELESSNESS

1   EXECUTIVE SUMMARY

1.1   INTRODUCTION

An audit of Homelessness was undertaken as part of the approved internal audit periodic plan for 2011/12.

The Council has the responsibility and commitment to aid the Borough's citizens from becoming homeless. The Housing Options Team consists of a Housing Options Manager and two Housing Options Officers who deal with a number of complex cases on a daily basis. Due to the economic climate the Housing Options Team has witnessed an increase in information requests and requests for advice and assistance from members of the public, and an increase in full declaration cases. There is also pressure on the Housing Options Team to deal with the cases appropriately to limit the reputational risk to Council. Within this financial year till the end of August there were 408 Advice and Assistance cases, of which 64 were declaration cases.

The Orchard system is used throughout the Housing service area within the Council however the Housing Options Team have only recently started to utilise the system. The Housing Options Team retain manual files and documentation through from Advice and Assistance to the Declaration stage to the Termination of Tenancy.

When an applicant requires help, an Advice and Assistance application form is completed. The applicant is interviewed to understand their situation and establish possible solutions to their problem. The applicant may be provided with a bond from the Prevention Fund to aid with any rent arrears or other small payments up to the value of £500 to prevent them from becoming homeless. The bond is then paid back by the applicant over an agreed length of time. If the applicant's homelessness cannot be prevented, then a homelessness declaration is completed with the Housing Options Officer. In order for an applicant to be eligible for temporary accommodation, they must fulfil the five specific criteria's as a statutory requirement under the Homelessness Act 2002. Once these criteria have been fulfilled the applicant is notified via letter and temporary accommodation is provided. The Council provides applicants with accommodation within hostels however under special circumstances the Council can provide bed and breakfasts. The applicants are required to pay a contribution for the temporary accommodation if this does not occur the applicants forfeit their accommodation.

The audit was designed to assess the controls in place to manage the following objectives and risks:

Objective	To deal with homeless applicants and the provision of temporary accommodation for the homeless within the Borough in line with Council strategic aims and relevant statutory legislation.
Risk	The Homeless are not dealt with in an appropriate manner and in line with Council strategy or statutory legislation.

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1.2   CONCLUSION
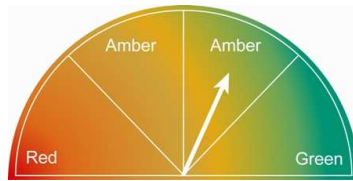
Taking account of the issues identified, the Council can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

However we have identified issues that, if not addressed, increase the likelihood of the risk materialising.

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review. The key findings from this review are as follows:

Design of control framework

▪ There are policies and procedures in place for this area; however updates are required, as out of date statistics are currently included.

▪ A review of the Orchard system is required to ensure the system is utilised to its full capacity and efficiently for this area. In addition processes should be modified to suit the application of the Orchard system such as the application form.

Application of and compliance with control framework

▪ Testing was completed following the process through from the applicant requesting advice and assistance, reviewing declarations completed, through to the termination of the tenancy. Through testing, it was not always possible to find all information within the manual folders.

▪ Monthly meetings are held with the Senior Accountant to discuss budgetary movements or discrepancies. It is also an opportunity to discuss whether additional budget may be required or any actions are required to ensure expenditure is within the budgeted amount.

▪ On a monthly basis the Housing Options Manager views all Advice and Assistance claims to ensure that the correct decision has been made. It was confirmed that any other viable options or decisions that could have been made are discussed with the Housing Options Officers on a one to one basis as a form of on-going training.

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1.3   SCOPE OF REVIEW

The objective of our audit was to evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. Control activities are put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively. When planning the audit, the following controls for review and limitations were agreed:

Limitations to the scope of the audit:

- We will undertake an assessment of the adequacy of aspects of the control framework and we will undertake limited testing to confirm its operation in practice.
- 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.

The approach taken for this audit was a Risk-Based Audit.

1.4   RECOMMENDATIONS SUMMARY

The following tables highlight the number and categories of recommendations made. The Action Plan at Section 2 details the specific recommendations made as well as agreed management actions to implement them.

Recommendations made during this audit:

Our recommendations address the design and application of the control framework as follows:

	Priority		
	High	**Medium**	**Low**
Design of control framework	0	0	0
Application of control framework	0	3	4
Total	**0**	**3**	**4**

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The recommendations address the risks within the scope of the audit as set out below:

Risk	Priority		
	High	Medium	Low
The Homeless are not dealt with in an appropriate manner and in line with Council strategy or statutory legislation.	0	3	4
Total	0	3	4

Recommendations implemented since the previous audit in this area:

Date of previous audit: July 2009			
Assurance:	Fundamental	Significant	Merits Attention
Number of recommendations made during previous audit	0	0	4
Number of recommendations implemented	0	0	3
Recommendations not yet fully implemented:	0	0	1

During the previous audit four merits attention recommendations were raised. These four recommendations related to the Homelessness Strategy, the Frontline Prevention Fund Policy, the file Checklist and monitoring of performance codes. It can be confirmed through our testing and discussions during this review that three recommendations had been implemented and one had not been implemented. The recommendation which was not implemented related to the Frontline Prevention Fund Policy; we have re-iterated the recommendation.

1.5   ADDITIONAL FEEDBACK

We have also made a suggestion where we have identified innovation or good practice at other organisations that Hinckley and Bosworth Borough Council may wish to consider:

Suggestions Made During the Audit
In addition to the recommendation made relating to the review of policies we would suggest that in line with good practice all Homelessness Policies should have version control and a review date stated within the policy.

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2 ACTION PLAN

	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
1	The Housing Options Officers should ensure that for all applicants a decision form is completed and retained within the applicant's folder.	Medium	Y	Officer's will be reminded of the requirement and checks undertaken	November 2011	Jo Wykes
2	The Council should review and amend the letters provided to applicants in regards to their application. Decision Letters should be concise and provide all the relevant information and all the statutory requirements.	Medium	Y	Letters will be reviewed and training undertaken with Officers	January 2012	Jo Wykes
3	The Council should ensure there is a review of the effectiveness of the Orchard system for the Homelessness function.	Medium	Y	A review of the Orchard system was planned.

. | January 2012 | Jo Wykes |

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TREASURY MANAGEMENT

1   EXECUTIVE SUMMARY

1.1   INTRODUCTION

An audit of Treasury Management was undertaken as part of the approved internal audit periodic plan for 2011/12.

The audit was designed to ensure the Council have funds available when needed to meet business requirements and to ensure that financial assets of the Council are safeguarded and not placed at excess risk. During the course of the audit, we ensured that Treasury Management staff have documented procedures available to them, cash flow forecasts are produced and reviewed, and that major loan and investment opportunities are identified.

The Treasury Management function is an integral part of the financial management of the Council's affairs. The overall responsibility of the Treasury Management function resides with the Deputy Chief Executive, Corporate Direction with the day to day operational duties delegated to the Assistant Accountant. Statutory requirements and the CIPFA Code of Practice on Treasury Management strictly regulate the Council's Treasury Management activities. The Council receive independent financial advice from Sector Financial Consultants. The investment and borrowing strategies were approved by the Council at the commencement of the financial year. 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.

There is currently great uncertainty over the future of the economy and over the future of interest rates which affect the Council's borrowing activities and increases the risks associated with Treasury Management activities. As a result, the Council have adopted a risk adverse strategy and have resorted to investing with safer investment houses such as Building Societies. However, this has resulted in lower risk investments offering lower returns. To demonstrate, in the 2007/8 financial year the Council was earning interest in excess of £1 million. This has been reduced to just under £100,000 in 2010/11.

The audit was designed to assess the controls in place to manage the following objectives and risks:

Objective	To ensure that funds are available when needed to meet business requirements and those financial assets of the Council are safeguarded and not placed at risk.
Risk	Insufficient cash available to meet liabilities due to inefficient or ineffective management of funds.

1.2   CONCLUSION
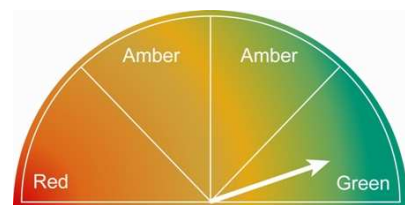
Taking account of the issues identified, the Council can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

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The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review.

The key findings from this review are as follows:

Effectiveness

▪ The Council managed to achieve an average return of 1.49% on internally managed funds during 2009/10.

Design of control framework

▪ There is adequate segregation of duties within the day to day operations of the Treasury Management activities.

▪ Treasury Management staff were found to be unaware of the requirements of the Non-Investment Product Code.

Application of and compliance with control framework

▪ Reconciliations relating to investments, interest rates and borrowing are adequately and regularly carried out.

▪ Meetings between senior staff with Treasury management responsibilities were not being documented.

1.3   SCOPE OF THE REVIEW

To evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. Control activities are put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively. When planning the audit, the following controls for review and limitations were agreed:

Limitations to the scope of the audit:

▪ Our review does not provide an opinion on the appropriateness or security of the Council's investments or banking deposits, or of the appropriateness of its investment policies.

▪ We will undertake an assessment of the adequacy of aspects of the control framework and we will undertake limited testing to confirm its operation in practice.

▪ 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.

▪ Our audit does not seek to replicate advice provided by your treasury management or investments advisor.

The approach taken for this audit was a Risk-Based Audit.

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1.4   RECOMMENDATIONS SUMMARY

The following tables highlight the number and categories of recommendations made. The Action Plan at Section 2 details the specific recommendations made as well as agreed management actions to implement them.

Recommendations made during this audit:

Our recommendations address the design and application of the control framework as follows:

	Priority		
	High	**Medium**	**Low**
Design of control framework	0	0	3
Application of control framework	0	0	2
Total	**0**	**0**	**5**

The recommendations address the risks within the scope of the audit as set out below:

	Priority		
Risk	**High**	**Medium**	**Low**
Insufficient cash available to meet liabilities due to inefficient or ineffective management of funds.	0	0	5
Total	**0**	**0**	**5**

2.   ACTION PLAN – No 'High' or 'Medium' Risk Recommendations were raised as part of this review.

RSM Tenon

IT STRATEGY REVIEW

1   EXECUTIVE SUMMARY

1.1   INTRODUCTION

This audit of the IT Strategy was undertaken as part of the approved internal audit periodic plan for 2011/12.

The IT Strategy has been developed in line with the Council's Corporate Plan 2010 - 2015, and in line with the on-going requirements of individual service areas across the Council.

The IT Strategy document was initially set out to be a five year plan, with the document originally dating back to 2005. However, changes with regards to the location of the Council's IT department going forward is currently being negotiated, as such, annual updates are being made to the existing IT Strategy document, until the location has been finalised.

The decision to annually revise the existing IT Strategy document has been agreed by the Strategic Leadership Board (SLB) and Corporate Operations Board (COB) within 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 which may not have been considered or included as part of the annual Service Improvement Plan (SIP) process.

Progress against implementation of the IT Strategy roadmap is reported back into the Corporate Direction Management Team (CDMT) on a monthly basis. Representatives from the CDMT then report by exception updates on implementation of the IT Strategy into the SLB and COB.

The audit was designed to assess the controls in place to manage the following objectives and risks:

Objective	An appropriate IT strategy has been documented and procedures are in place to oversee its implementation.
Risk	IT developments are uncoordinated, unplanned and/or incompatible with existing systems; IT systems and infrastructure do not meet the Council's needs; and The goals of the IT strategy are not achieved and the organisation fails to achieve its objectives.

1.2   CONCLUSION
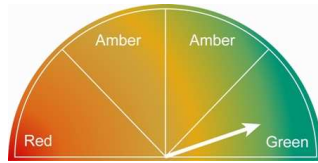
Taking account of the issues identified, the Council can take substantial assurance that the controls upon which Hinckley & Bosworth Borough Council relies to manage this area is suitably designed and consistently applied.

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review.

The key findings from this review are as follows:

Design of control framework

We have found the following well-designed control.

▪ The ICT Manager regularly attends the Leicestershire Council's IT Manager's meeting to understand what other strategies are being used at other Councils. In addition, the ICT Manager also uses SOCITM (Society of Information Technology Management) to develop the Councils ICT Strategy.

Application of and compliance with control framework

We have identified the following examples of consistently applied controls:

▪ The IT Strategy had been approved by the E-Government Scrutiny Panel on the 8th September 2005 and the ICT Council on the 13th September 2005. A follow up approval of the IT Strategy took place on 9th October 2006 by the E-Government Scrutiny Panel and this was confirmed by review of the minute of meetings.

▪ Key stakeholders within the Council and other external interested parties have been consulted regularly as part of the IT Strategy development process and this was confirmed by review of the IT 'Service Improvement Plan (SIP)' as well as information being retrieved from other department Service Improvement Plans.

▪ Responsibility for developing the IT Strategy plan has been assigned to appropriate staff within the Council and this was confirmed by review of the IT Strategy, section 5 of the plan outlines the ICT Manager's responsibilities of developing the plan. In addition, input from other key departments is also involved in formulating the IT Strategy plan.

▪ The responsibility of implementing the IT Strategy plan has been clearly assigned to the ICT Manager and this was confirmed by review of the 'Business Delivery Plan' (roadmap), however, activities are distributed to other members of IT staff, which are also clearly assigned within the 'Business Delivery Plan' (roadmap).

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▪ Timescales for delivering the IT Strategy have been outlined within a roadmap. In addition, progress against the roadmap is reviewed on an on-going basis to ensure that targets are met and this was confirmed by review of the 'Business Delivery Plan' (roadmap) which outlined the timescales for activities to be completed by HBBC IT staff. Each activity within the roadmap documents a reference number, outcome, the assigned member of staff and a target date. The IT 'Service Improvement Plan' documents that any delays to projects are notified to management during the monthly meetings with CDMT, which can then be discussed at COB and SLB level. In addition, management are able to view the 'Service Improvement Plans' for IT at any time to identify issues and/or delays.

▪ Progress made towards delivering the IT Strategy is regularly reported to management and this was confirmed by review of minute of meetings held with the CDMT on a monthly basis. The CDMT report to the Corporate Operations Board (COB) and the Strategic Leadership Board (SLB) by exception only.

We have made two Low category recommendations relating to the following:

▪ The development of the IT Strategy document has been based on an agile and flexible approach, in order to accommodate for the on-going demands of the individual Council departments. This information is not directly reflected within the IT Strategy. Without the agreed approach for development and implementation of the IT Strategy being included within the IT Strategy document, this can result in management within the Council not being clearly made aware of the factors impacting the development and implementation of the IT Strategy.

▪ The Council has established an IT strategy; however, the strategy references activities from 2008/09 which are no longer valid. Failure to review and maintain the Business Continuity Plan and the IT Strategy plan on an annual basis provides an increased risk that the plan and/or strategy becomes out-dated if it is not reviewed frequently. In addition, there is a risk that the IT Strategy may become ineffective if it is not formally approved and adopted by Council on an annual basis.

1.3   SCOPE OF THE REVIEW

To evaluate the adequacy of risk management and control within this area and the extent to which controls have been applied, with a view to providing an opinion. Control activities are put in place to ensure that risks to the achievement of Hinckley & Bosworth Borough Council's objectives are managed effectively. When planning the audit, the following areas for consideration and limitations were agreed:

Areas that this audit focused on:

▪ Processes followed to develop the IT Strategy;

▪ Roles and responsibilities in developing and implementing the IT Strategy;

▪ Procedures in place for the management and monitoring of the implementation of the IT Strategy;

▪ Alignment of the IT Strategy with the Council's Business plans; and

▪ Effectiveness of delivering of the IT Strategy against the roadmap.

Limitations to the scope of the audit:

▪ This audit reviewed and verified the processes and procedures in place to manage and monitor the IT Strategy, and not critically assessed the contents of the documentation.

▪ 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.

The approach taken for this audit was a key controls audit.

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1.4   RECOMMENDATIONS SUMMARY

The following tables highlight the number and categories of recommendations made. The Action Plan at Section 2 details the specific recommendations made as well as agreed management actions to implement them.

Recommendations made during this audit:

Our recommendations address the design and application of the control framework as follows:

	Priority		
	High	**Medium**	**Low**
Design of control framework	0	0	0
Application of control framework	0	0	2
Total	**0**	**0**	**2**

The recommendations address the risks within the scope of the audit as set out below:

	Priority		
Risk	**High**	**Medium**	**Low**
IT developments are uncoordinated, unplanned and/or incompatible with existing systems;	0	0	2
IT systems and infrastructure do not meet the Council's needs;	0	0	0
The goals of the IT strategy are not achieved and the organisation fails to achieve its objectives; and	0	0	0
Total	**0**	**0**	**2**

2.   ACTION PLAN – No 'High' or 'Medium' Risk Recommendations were raised as part of this review.

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