

cw audit services

Hinckley & Bosworth Borough Council

Internal Audit
Progress Report 2013/14

September 2013



1. Introduction

This report summarises the work of Internal Audit to the end of August 2013. The purpose of the report is to update the Committee on progress made in delivering the 2013/14 audit plan. The report also refers to two remaining audits from 2012/13 for which audit reports were finalised since the last meeting.

2. Progress summary

The internal audit plan for the 2013/14 year (agreed in June 2012) totals 291 days (including work in relation to Leicestershire Revenues & Benefits Partnership (LRBP) systems). Section 5 provides details of all the audit assignments included in the 2013/14 year, together with details of the quarter in which the assignments are planned for delivery and an update on progress where assignments have commenced. We have delivered 60 days of work against the plan to date, which is in line with our planned profile at this stage of the year. As shown in Section 5, there are some proposed changes to the audit plan – with some reviews planned to be dropped, and an additional review underway. We are in discussion with senior management regarding further assurance work in relation to key corporate risks, which will replace these and possibly other reviews previously planned, and we will update the Committee on this once an approach has been agreed with management.

3. Summary of reviews completed

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

2012/13 - Argents Mead/Leisure Centre project management

The overall objective of the audit was to provide two-fold assurance with regard to the following objectives:

- Robust project management arrangements have been applied to the projects and complied with.
- Governance arrangements ensure completeness, accuracy, timeliness and balance of reporting on the projects.

In summary we found that:

- Although there is no formal policy or procedure in place relating to project management, robust project management processes have been followed in relation to the Argents Mead site and Leisure Centre projects.
- The projects are in compliance with organisational strategies, ownership and management have been clearly defined, business cases and project plans have been prepared, officers have presented information in a timely and unbiased manner and where necessary have employed professional consultants to advise in specific areas in accordance with Financial Regulations.

One medium level recommendation was made as below:

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
<u>1.1 Policy/ Procedure</u>	There is no formal document setting out the Policy and Procedures in relation to project management.	Lack of clarity and consistency	3	A policy and procedure document should be produced that sets out what approach and documents are required for projects at various financial thresholds.	We will bring a high level policy to SLB briefing with a recommendation that we delegate the agreement on the mechanics of how the policy will operate to COB.	Bill Cullen/Simon Jones	End of August 2013

Review	Summary	Level of assurance				
Capital Accounting/Fixed assets	This audit examined the arrangements for managing the Council's asset register. A Significant Assurance Opinion was provided, with 2 low level recommendations made. The individual level of assurance for each system control objective reviewed is provided below.	Significant				
System control objective	Level of Assurance					
	Full	Significant	Moderate	Limited	No	
1. An up to date register is maintained of all assets owned by the authority in accordance with current financial rules, which is updated and periodically reconciled with independent records/feeder systems/general ledger.		✓				
2. The existence and proof of ownership of all assets on the register are periodically verified and any queries resolved.		✓				
3. All additions and disposals of assets are identified and processed appropriately on the assets register.	✓					
4. All valuations are in accordance with CIPFA guidance (every five years), and the valuation programme is promptly updated to include all additions/disposals.	✓					

4. Recommendation tracking

CW Audit Services has implemented a system for tracking the actioning of agreed Internal Audit recommendations, as a management assurance tool for the Council and specifically this Committee. Managers are responsible for updating actions taken and other key information directly on the system. A further update for the Committee is provided below. This refers to all actions agreed and due by 26/8/13, where these have not been previously reported as implemented.

The first table below represents the status of agreed actions due to be implemented by 26/8/13, the second table the age of the outstanding recommendations (based on the original date due for implementation). The status shown is as advised by the relevant manager/Head of Service and does not imply that Internal Audit have verified the status.

Summary	1 Critical	2 High	3 Medium	4 Low	Total
Due by 26/8/2013	-	1	25	11	37
Implemented	-	-	8	4	12
Closed (effectively implemented or system changed)	-	-	-	1	1
In progress but not complete	-	1	9	2	12
Outstanding (not started)	-	-	8	4	12

Time overdue for actions o/s or not complete	1 Critical	2 High	3 Medium	4 Low	Total
Less than 3 months	-	-	4	-	4
3 – 6 months	-	1	7	3	11

Time overdue for actions o/s or not complete	1 Critical	2 High	3 Medium	4 Low	Total
Greater than 6 months	-	-	6	3	9
Total	-	1	17	6	24

The 9 issues more than 6 months overdue are as follows:

Review	Recommendation	Risk Rating	Response	Current Status per update
2011/12 Homelessness	<u>Orchard System</u> The Council should ensure there is a review of the effectiveness of the Orchard system for the Homelessness function.	3	A review of the Orchard system was planned. . January 2012 - Jo Wykes	Orchard upgrade taking place during September/October. The upgraded module will be considered alongside the review of the existing module to ensure it is used to assist service delivery.
2012/13 Fuel Controls	<u>CCTV Security Camera (1)</u> The CCTV security camera motion detection facility should be fully operational.	3	CCTV equipment comes under the remit of the Estate & Asset Team IP to liaise with Matt Burns concerning repairs to equipment. 31/12/12 – Matt Burns, Estates & Asset Manager	Not known, no update
2012/13 Fuel Controls	<u>Fuel Consumption Monitoring</u> A more robust system for regular monitoring of fuel consumption rates for individual vehicles needs	3	Agree Service area Managers/ Senior Accounts 31/1/13 - Caroline Roffey, Public Space Manager	Service managers have reports set up for their services vehicles. Options for new system to be explored over next

Review	Recommendation	Risk Rating	Response	Current Status per update
	<p>to be introduced. This should include:</p> <ul style="list-style-type: none"> - Setting of expected consumption rates for all vehicles. This may require a tolerance range to be set for some vehicles, as consumption rates can vary depending on vehicle usage. - Six monthly production of consumption rates for individual vehicles for each service area. - Records of investigation / explanations by relevant managers where consumption rate results fall below expected levels. 			4 months.
2012/13 Risk Management	<p><u>Service Improvement Plans</u></p> <p>Consideration should be given to adding a column onto the SIP tables to allow cross referencing to the risk register.</p>	4	<p>This will be actioned in the next financial years SIP.</p> <p>31/10/12 – Cal Bellavia, Performance & Improvement Officer</p>	Currently being followed up by Internal Audit as part of 2013/14 review
2012/13 Risk Management	<p><u>Training</u></p> <p>The Council should develop a risk management training and awareness programme to ensure that all staff are aware of and understand the principles set out in the Risk Management Strategy.</p>	4	<p>An E learning module will be developed and rolled out.</p> <p>31/10/12 – Louisa Horton</p>	Currently being followed up by Internal Audit as part of 2013/14 review

Review	Recommendation	Risk Rating	Response	Current Status per update
2012/13 Debtors & Debt Recovery	<p><u>Recovery Action</u></p> <p>Management should ensure that all sundry debt appearing upon monthly arrears reports is regularly followed up and chased with notes of actions being taken recorded upon Civica.</p>	3	<p>We accept that evidence of debt chasing was not available for all of the sample tested. The notes facility within Civica will be used to record all debt recovery activity although this functionality is limited as it cannot be reported upon.</p> <p>31/12/12 - Julie Kenny, Chief Officer (Finance, ICT, Asset Management, Audit & Procurement)</p>	Development still underway by Civica - this is being chased.
2012/13 Housing Repairs	<p><u>Tenant Recharge Policy</u></p> <p>The Council should consider introducing a tenant recharge policy that holds tenants accountable for the cost of repairs that have arisen through their negligence and ensure that processes are in place to enforce this.</p>	3	<p>A Recharge Policy will be introduced as part of the revised conditions of tenancy.</p> <p>30/11/12 - Ian Parsons, Housing Repairs Manager</p>	Now being addressed as part of wider Housing Repairs Action Plan. To be implemented by end December 13 subject to consultation.
2012/13 Housing Repairs	<p><u>Housing Repairs (Contractor)</u></p> <p>a) Management should review the total value of expenditure on contractors to ensure that the council is obtaining value for money in respect of their services.</p> <p>b) Contractor performance should be monitored and reported upon</p> <p>c) Every effort should be made to ensure post inspections are completed in a timely manner.</p>	3	<p>A review of Contractors used, and the associated spend, will take place to ensure value for money.</p> <p>These type of errors will be reduced when the new Direct Works System is introduced. Until then, random checks of data quality will take place.</p> <p>31/1/13 - Ian Parsons, Housing Repairs Manager</p>	A Procurement Plan is now in place for all relevant contracts over the next five years.

Review	Recommendation	Risk Rating	Response	Current Status per update
2012/13 Council Tax	<p><u>Supporting Documentation</u></p> <p>Care should be taken to ensure that supporting documentation is indexed correctly to the relevant account.</p>	4	<p>Will ensure that records are captured on the document management system and indexed correctly.</p> <p>The admin co-coordinator will be undertaking management checks on scanned/indexed items.</p> <p>31/1/13 – Storme Coop, Partnership Manager</p>	<p>This action will be enhanced when the new Academy Mobile module is introduced in 2013. This was delayed from 2012 due to technical issues with the software/hardware. As part of this work, BPR will be undertaken on all inspection processes to ensure that the inspection of empty properties is carried out in a timely manner. The issue with missing evidence has been addressed by more stringent procedures within the admin team</p>

The high risk recommendation still in progress relates to the 2012/13 Creditors review, regarding invoices without orders. A further management report on this matter is due to go to the Corporate Operations Board meeting on 16th September.

5. 2013/14 Internal audit plan

Description of audit	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Current Status	Assurance level
Budgetary Control				✓		
Main Accounting			✓		Terms of reference agreed	
Council Tax (LRBP)			✓		Terms of reference agreed	
Business Rates (LRBP)			✓		Terms of reference agreed	
Benefits (LRBP)			✓		Terms of reference agreed	
Financial Systems – key controls			✓		Terms of reference agreed	
IT audit – Payment Card Industry Data Security Standards compliance		✓	✓		Terms of reference agreed; in progress	
IT audit – risk assessment (advisory)					Timing and terms of reference to be agreed	
Corporate Governance – members allowances		✓			Fieldwork complete; draft report imminent	
Risk Management		✓			Fieldwork complete; draft report issued	
Customer Services (reception)-second stage review following move to the Hub*			✓			

Description of audit	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Current Status	Assurance level
Payroll & expenses			✓	✓		
Mobile Communications - advisory		✓	✓		Terms of reference agreed; in progress	
Anti-Social Behaviour Management System			✓		Terms of reference under discussion	
Housing Rents				✓		
Tenant Scrutiny					Likely to drop out of plan	
Sheltered Housing					Likely to drop out of plan	
Community Safety				✓	Potential scope discussed	
Town Centre Regeneration *					Timing to be agreed	
Carbon Management Plan					Likely to drop out of plan	
Section 106 agreements/contributions			✓		Terms of reference agreed	
Hinckley Club for Young People			✓		Under discussion	
Leisure Centre					Likely to drop out of plan	
Markets		✓			Fieldwork complete; draft report issued	
Housing Repairs					Timing to be agreed	

Description of audit		Qtr 1	Qtr 2	Qtr 3	Qtr 4	Current Status	Assurance level
Car Parks			✓			Fieldwork complete; draft report issued/imminent	
Street Cleansing			✓			Fieldwork complete; draft report issued/imminent	
Additional review: DECC grant claim sign-off			✓			In progress	
Follow Up Review						Timing and coverage to be agreed	

- Denotes agreed carry-forward from 2012/13