

Hinckley & Bosworth Borough Council

Internal Audit Progress Report 2013/14

January 2014



1. Introduction

This report summarises the work of Internal Audit to mid-December 2013. The purpose of the report is to update the Committee on progress made in delivering the 2013/14 audit plan and in the level of implementation of actions agreed by management in relation to audit recommendations.

2. Progress summary

The internal audit plan for the 2013/14 year 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 180 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 – the detail of the audit work in relation to the revised audits is still to be finally 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.

Review	Summary	Level of assurance				
Main Accounting System (General Ledger)	This audit examined the adequacy of the control arrangements for ensuring the integrity of the general ledger system Civica. A Significant Assurance Opinion was provided, with 3 low level recommendations made. The individual level of assurance for each system control objective reviewed is provided below.	Significant				
System control objective	Level of Assurance					
	Full	Significant	Moderate	Limited	No	
1. All input (including feeder systems) is properly controlled and verified and processing is complete, accurate and timely.	✓					
2. Output from the system is complete, accurate and timely so that all financial information can be fully relied upon.		✓				
3. Access to system functions is restricted to authorised personnel and the security and integrity of the system is maintained.		✓				

Review	Summary	Level of assurance
Financial Systems-key controls	This audit examined the key controls within the Council's financial systems (Creditors, debtors, income, cash and treasury management). A Significant Assurance Opinion was provided with regard to creditors, debtors and income, and full assurance re cash and treasury management, with 2 medium 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. Payments and Creditors					
1.1 There is an adequate segregation of duties between ordering, receiving cash, making cash payments and updating the general ledger.	✓				
1.2 Access to the ordering, invoice processing and general ledger system is restricted by appropriate controls.	✓				
1.3 Invoices are matched to orders and GRNs.			✓		
1.4 Invoices are authorised by an appropriate officer.	✓				
1.5 Duplicate payments are prevented from being made.	✓				
1.6 All payments are authorised prior to payment.	✓				
1.7 Access to the cash payments system (cheques, BACS, DDs cash payments) is restricted.	✓				
1.8 Exception reports are reviewed and addressed on a timely basis.	✓				
2. Income and Debtors					
2.1 There is an adequate segregation of duties between: preparation of orders, raising of invoices, cash receipting, cash recording, depositing income and general ledger maintenance.	✓				
2.2 Access to the income system and related data records is restricted.	✓				
2.3 Invoices are processed accurately, completely and only once.	✓				
2.4 Invoices are matched to evidence of goods or services being provided.	✓				
2.5 Adjustments to invoices (e.g. credit notes) are authorised by an appropriate official.	✓				
2.6 Access to the cash receipting system is restricted.	✓				
2.7 Receipts are recorded against the correct debtor accounts.	✓				
2.8 Unmatched receipts are corrected in a timely manner.	✓				
2.9 Action is taken in respect of overdue payments.			✓		
2.10 Write-offs are approved by an appropriate officer.	✓				
2.11 Exception reports are reviewed and addressed on a timely basis.	✓				
3. Bank, Cash and Treasury					
3.1 The cash position is monitored on a regular basis to identify shortfalls or investment opportunities.	✓				
3.2 All investments and borrowings are appropriately approved.	✓				
3.3 Investments comply with the Council's treasury management and investments	✓				

Review	Summary	Level of assurance				
policy.						
3.4 There is an adequate segregation of duties between authorising transactions, recording transactions, payment of cash and general ledger maintenance.	✓					

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

1: Payments and Creditors.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
1.1 Invoices matched to orders	Sample testing of 20 invoices received in Finance highlighted that 5 orders, totaling approximately £6,900, were only raised after the respective invoice had been received, suggesting that orders were placed outside of the formal process. This has been identified in the previous two IA reports and actions have been agreed to monitor the situation.	Non-compliance with Council's SFIs and Financial Regulations	3	Our previous recommendation that management should continue to review cases where orders are being raised retrospectively and action taken against responsible officers is reiterated.	A report is taken to COB every quarter that highlights in voices not supported by a prior order. Training has been provided to relevant officers, but ongoing non-compliance to ordering procedures will result in further reminders where necessary.	Action already ongoing	N/A

2: Income and Debtors.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
<u>2.1 Recovery Process</u>	<p>Sample testing of debtor accounts included four overdue accounts. Action had been taken for three of these, but for one a letter had been issued on 23rd July for payment due on 21st June but there has been no further action. Further testing on a random sample of 20 outstanding debts from the debt report presented to the September FAP committee highlighted that:</p> <ul style="list-style-type: none"> • 10 had been sent 2nd reminder letters and in 9 cases no payment has been received and no further action has since been taken. The reminders were issued on 27 and 03 September; 30, 13 and 09 August; 02 July; 04 June; 07 and 03 May. • 1 had only been sent a first reminder on 28 May. • 2 had been sent a further invoice in an attempt to instigate a response (12 July and 25 October). • 1 account had been suppressed since 10 June due to an invoice query. No further action has been taken since. 	Non compliance with the Council's Corporate Debt Strategy	3	The Council's documented recovery process should be followed for all outstanding debts	<p>There has been a recent change in the personnel involved in debt recovery and from the beginning of September 2013 debt recovery processes have been redefined, including revised legal actions that can be taken. Also, debts over 120 days are now sent to debt owner to suggest recovery action.</p> <p>The November report to the FAP Committee highlights a £500k reduction in overdue debt.</p>	implemented	n/a

Review	Summary	Level of assurance				
Members Allowances	This audit examined the arrangements to set, approve, pay and report upon members allowances. A Moderate Assurance Opinion was provided, with 3 medium and 5 low level recommendations made. The individual level of assurance for each system control objective reviewed is provided below.	Moderate				
System control objective	Level of Assurance					
	Full	Significant	Moderate	Limited	No	
1. Robust arrangements are in place to set and approve Members' Allowances.			✓			
2. Controls are in place to ensure the correct allowances are paid on a timely basis.			✓			
3. Robust reporting arrangements are in place in accordance with guidance and legislation.			✓			

The 3 medium level recommendations made, and management responses, were as follows:

System Control Objective 1: Robust arrangements are in place to set and approve Members' Allowances/ System Control Objective 2: Controls are in place to ensure the correct allowances are paid on a timely basis.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
1.2 Independent Remuneration Panel	HMRC guidance sets out that Council's are required to establish and maintain an independent remuneration panel to provide the local authority with advice on its scheme and the amounts to be paid. The Members' Allowance Scheme has been in place since April 2007 and until September 2012 there was no independent remuneration panel. There are no formal procedures setting out the recruitment process for panel members and the panel formed in 2012 did not have formal terms of reference.	Lack of clarity; risk of perceived lack of transparency	3	A recruitment procedure should be developed together with a Terms of Reference for the panel.	Agreed. A procedure and Terms of Reference will be developed for the 2014 review	L Horton	August 2014

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
<u>1.3 Mileage Rates</u>	<p>The Members' Allowance Scheme sets out that car allowances for authorised journeys on "approved duties" will be paid at the same rate as the casual user rate for employees. However, it was noted that mileage rates paid to Members is 65p compared to 40p as set out in the April 2012 Travel Policy.</p> <p>At a Senior Members' Cross-Party meeting on 9th December 2011, the minutes show "SA fed back following discussion at the last meeting, giving details of the outcome of work agreed at that meeting. In summary, if Members' Allowances were brought in line with revised levels for staff, there would be significant losses. After a good deal of discussion on relative merits (with sympathy for both arguments) and a debate on increase in Member Allowances recommended by independent Panel but deferred by Council, it was agreed make no change in travel payments at this point. SA to review Allowances position".</p> <p>This should have been a decision for Council on recommendation from the Independent Remuneration Panel rather than this forum which is not a decision making body.</p>	Non-compliance with the Scheme	3	The Remuneration Panel should recommend the allowances to be paid which should then be considered by Council.	This will be included in the next review	S Atkinson	October 2014

System Control Objective 3: Robust reporting arrangements are in place in accordance with guidance and legislation.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
3.1 Publication - Reports	<p>The Local Authorities (Members Allowances) Regulations 2003 ("the Regulations") require that as soon as reasonably practicable after receiving a report from their panel which sets out the panel's recommendation, local authorities must publish a notice in at least one newspaper circulating in their area setting out the details.</p> <p>The independent remuneration panel produced a report in October 2012 recommending that allowances be revised. This has not been published in a newspaper or on the website.</p>	Non-compliance with legislation	3	The Council should comply with the 2003 regulations in relation to publication of panel recommendations.	The October 2012 report and the Council decision is now published on the website. In addition a press release will be released.	L Horton	October 2013

Review	Summary	Level of assurance				
Risk Management	This audit examined key aspects of the Council's arrangements for risk management. A Significant Assurance Opinion was provided, with 2 medium and 1 low level recommendations made. The individual level of assurance for each system control objective reviewed is provided below.	Significant				
System control objective	Level of Assurance					
	Full	Significant	Moderate	Limited	No	
1. All services have developed risk registers which comply with Council guidance and Policy/Strategy and link to delivery of corporate/service plan objectives.		✓				
2. Controls mitigating risks and necessary further management action plans to address risks have been identified and documented within risk registers.	✓					
3. Risk registers are reviewed and updated in a timely fashion.		✓				
4. Robust reporting arrangements are in place to ensure risk registers inform corporate and Committee reporting and that strategic and service risk registers inform each other.		✓				

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

System Control Objective 3: Risk registers are reviewed and updated in a timely fashion.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
3.1 Risk Identification	Although the Risk Management Strategy sets out the key risk categories to be considered when identifying risks, there is no evidence of robust processes in place to ensure that these are taken into consideration during the annual Service Improvement Planning process. Discussions with various service managers revealed differing approaches are being used to identify risks. This matter was raised in our 2012/13 audit.	Risks may be missed and therefore not managed appropriately.	3	Processes should be introduced to ensure that risk identification is robust and consistent across the Council. Consideration should be given to re-establishing the annual process whereby corporate services facilitated risk brainstorming sessions.	Agreed. Risk Awareness Workshops to be held annually	C Bellavia	November/December 2013 and ongoing

System Control Objective 4: Robust reporting arrangements are in place to ensure risk registers inform corporate and Committee reporting and that Strategic and service risk registers inform each other.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
4.1 Committee Reports	Although the template used to produce all committee reports includes a "Risk Implications" section which prompts authors to ensure that risks are captured on project, service or corporate risk registers, no evidence was seen that there is a robust process in place to ensure that this happens in practice. Some service managers consulted agreed that this was not necessarily always the case. This matter was raised in our 2012/13 audit.	Risks may not be managed	3	A process should be developed to ensure that all applicable risks identified on reports to committees and groups are linked back to the risk registers.	The report template will be amended to ensure there is a prompt to link back any risks to the Service or Corporate Risk Register	R Owen	October 2013

Review	Summary	Level of assurance				
Markets	This audit examined the arrangements for setting, collecting and banking fees and charges, and for forecasting income levels. A Significant Assurance Opinion was provided, with 4 medium and 4 low level recommendations made. The individual level of assurance for each system control objective reviewed is provided below.	Significant				
System control objective	Level of Assurance					
	Full	Significant	Moderate	Limited	No	
1. Approved fees and charges are correctly applied to council market stalls at Hinckley and Atherstone.		✓				
2. Robust arrangements are in place for collecting cash from markets and banking promptly, completely and accurately.		✓				
3. Robust arrangements are in place for forecasting income and addressing the impact of the economic downturn.			✓			

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

System Control Objective 1: Approved fees and charges are correctly applied to council market stalls at Hinckley and Atherstone.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
1.5 Insurance	Stall holders are required to either be a member of the Market Traders Federation or take out and maintain an All Risks Insurance and Employer's Liability Insurance. <ul style="list-style-type: none"> • Hinckley licenced stall holders - 8 traders did not have evidence of valid insurance on file. • Hinckley casual stall holders - not always evidence of valid insurance on file. • Atherstone - no evidence of 	Members of the public not covered	3	Proof of valid insurance should be retained on file.	Investigate the opportunity that the Council purchases a group insurance for all traders, this will then negate the need for copies of insurance. In the mean time all traders must give a copy of valid Insurance to the Markets Manager or they will not be able to trade.	Mark Hryniw Gary Shepherd/Mark Hryniw/Paula Padmore	January 2014 October 2013

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
	<p>valid insurance on file.</p> <ul style="list-style-type: none"> Farmers' Market - no evidence of valid insurance on file. <p>-although the Markets Manager informed us that proof of insurance is requested before stall holders are allowed to trade.</p>						

System Control Objective 2: Robust arrangements are in place for collecting cash from markets and banking promptly, completely and accurately.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
<u>2.1 Cash Collection and Banking</u>	<p>The Hinckley Market, Farmer's Market and Atherstone Market were visited and a note made of the stalls trading. Subsequent checks were made to ensure that all stalls had been charged for either by cash for the casuals or by invoice for the licenced traders and all were found to be accurate.</p> <p>There are no independent checks undertaken to reconcile receipts issued with bankings.</p>	Fraud or error	3	Independent checks should be carried out to reconcile receipts issued to income banked.	Independent checks to be carried out when Markets Manager is on holiday.	Mark Hryniw	As from October 2013

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
<u>2.2 Arrears</u>	The latest weekly arrears list as at 22nd July 2013 showed a relatively high level of outstanding debts of approximately £3,000 and one trader currently owes more than £700 which relates to 4 months of rent. The Arrears Policy states that if rent is outstanding after 3 months the relevant senior officer should speak to the trader and inform him both verbally and in writing that if the outstanding amount is not paid within 14 days then the matter will be reported to the Cashiers for legal action to be taken to recover the debt. Market Conditions states that if any licenced trader becomes 3 months behind in paying their rent the Council will suspend the licence and the stall holder will be treated as a casual until the due amount has been paid. No legal action has been instigated and no licences have been suspended to date.	Income not received	3	The Arrears Policy and Market Conditions should be complied with.	Arrears Policy to be refreshed.	Mark Hryniw/Gary Shepherd/ Paula Padmore	October 2013

System Control Objective 3: Robust arrangements are in place for forecasting income and addressing the impact of the economic downturn.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
<u>3.1 Budgeting</u>	<p>A Market Action Plan was developed and approved by the SLB in March 2013 to attempt to improve and sustain the markets. The elements set out in the plan have been actioned or are in progress and although income was £1,500 more than the previous year as at the end of July 2013, actual income levels are below budgeted levels based on a target of £183,000 spread evenly over the year:</p> <ul style="list-style-type: none"> • April 2013 £602 adverse variance • May 2013 £3,795 adverse variance • June 2013 £2,128 adverse variance • July 2013 £1,166 adverse variance 	Falling income levels.	3	<p>Proactive steps should continue to be taken to improve and sustain markets activity.</p> <p>Consideration should be given to revising the current budgeted income levels.</p> <p>The target income levels should be profiled over the year to reflect seasonal variations.</p>	<p>Markets Operations Group to meet quarterly to ensure the action Plan is being progressed.</p> <p>Report being sent to SLB to request budget revision, in line with action plan.</p> <p>Target income to be profiled through the year.</p>	<p>Mark Hryniw/Market Ops Group</p> <p>Simon Jones</p> <p>Mark Hryniw/Daks ha Mehta</p>	<p>October 2013 – ongoing</p> <p>October 2013</p> <p>October 2013</p>

Review	Summary	Level of assurance				
Car Parks	This audit examined the arrangements for collecting and banking car park fees and charges and for the maintenance of parking machines. A Moderate Assurance Opinion was provided, with 1 High, 5 Medium and 2 low level recommendations made. The individual level of assurance for each system control objective reviewed is provided below.	Moderate				
System control objective	Level of Assurance					
	Full	Significant	Moderate	Limited	No	
1. Approved fees and charges are correctly applied to car parks.	✓					
2. Suitable arrangements are in place for maintenance of car park machines to ensure their effective operation.		✓				
3. All car park income due is received promptly and intact in accordance with the set budget.			✓			
4. Processes are in place to ensure the accuracy of charges from the cash collection contractor.			✓			

The 1 high and 5 medium level recommendations made, and management responses, were as follows:

System Control Objective 2: Suitable arrangements are in place for maintenance of car park machines to ensure their effective operation.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
2.1 Contract Renewal Metric Group Ltd	The original contract for the maintenance of car parking machines with the Metric Group was entered into by the Council in January 2005. (Date of contract commencement 1 January 2005 to 30 June 2005 - 6 months). Audit has confirmed with the Public Space Officer (Car Parks) that through her requests to the Council's Legal Department and then to the Metric Group that no updates to the original contract exists. This indicates that there is no signed agreement covering current arrangements and that the service has not been subject to review and market testing for nearly a decade.	The Council may not achieve value for money. The basis for current prices being charged cannot be verified/challenged. The absence of any signed agreement may hinder any disputes over the service provided.	3	The contract for machines maintenance should be subject to market testing after which formal contractual documentation agreed and signed by both parties should be retained. In the short term to reduce its exposure to risk, the Council should formalise its current arrangements with the Metric Group Ltd.	Accepted. The Public Space Officer (Car Parks) will seek to identify if other companies can maintain these machines or only the Metric Group. We have previously explored training a member of staff to maintain the machines but this was rejected as did not ensure full cover (holidays / sickness etc) or value for money.	Jackie Lee Public Space Officer (Car Parks)	31 December 2013

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
					If an alternative supplier cannot be sourced then we will bench mark charges paid by other Local Authorities and ensure a revised agreement with the Metric Group is put in place.		
2.2 Monitoring of Performance Indicators	Audit review of the March 2013 Engineers Service Report (listing the machines serviced and dates and times) highlighted that one of the Council's machines (Hinckley Church Walk SL2528) had not been serviced. However the related invoice included this machine as being serviced (cost excl. VAT £88.56). The Engineers Report is not routinely checked to the related invoice and therefore had not detected this omission by the contractor.	All machines may not be maintained as per agreement. Potential loss of income. Council paying for services not received.	3	All maintenance reports received from the Metric Group should be compared to Council records to confirm that the required services have been fully supplied and then to invoices to confirm that the Council is only invoiced and pays for services received. The Council should ascertain from the Metric Group why the machine had not been serviced and to seek a credit note for the amount paid for servicing a machine that had not been serviced. This recommendation links to 4.2.	Accepted. Credit note to be sought. Invoices to be reconciled before payment by the Public Space Officer (Car Parks).	Jackie Lee Public Space Officer (Car Parks)	31 October 2013

System Control Objective 3: All car park income due is received promptly and intact in accordance with the set budget.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
3.1 Contract – Kings Armoured Security Services Ltd	A copy of the original contact signed in June 2006 with the Kings Armoured Security Services Ltd retained by the Council has been provided to Audit. However this only relates to the car park run in agreement with Market Bosworth Parish Council. No contract for the Council's remaining 18 car parks could be located despite checks being made with the Legal Department. This indicates that there is no signed agreement covering current arrangements with Kings and that the service has not been subject to review and market testing in the last seven years.	Absence of signed agreement may hinder any disputes over service provided. The Council may not achieve value for money. The basis for current prices being charged cannot be verified.	2	The contract for cash collection and counting and banking should be subject to market testing after which formal contractual documentation agreed and signed by both parties should be retained. In the short term to reduce exposure to risk, the Council should formalise its current arrangements with Kings Armoured Security Services Ltd.	Already implemented. Quotes for cash collection obtained and the contract for cash collection established in line with the Audit recommendation.	Caroline Roffey Head of Street Scene Services	Implemented
3.4 Monthly Reconciliation	At present the Public Space Officer (Car Parks) assigns a sequential number to each Reconciliation Sheet she receives from Kings and then matches it to the Monthly Transactions Listing produced by the Finance Department which details the amount banked for each day of collection (and which should agree to the Reconciliation Sheet total). However since there is a time difference between cash banking and the amount appearing on the bank statement there will always be differences between the Monthly Transactions Listing and the spreadsheet ("Jan – June 2013 Cash Collection") amounts recorded by the Public Space Officer (Car Parks) as this is based on the Reconciliation Sheets provided by Kings. Adjustments are also required to these amounts due to discrepancies identified by the bank when they count the cash deposited by Kings. Because of these factors it cannot readily be confirmed that for each month the amount claimed to have been collected and banked by Kings. Further there are no supervisory checks to ensure	Anomalies in income reconciliation not detected and actioned in a timely manner.	3	A formal monthly reconciliation procedure to confirm the amount of cash collected and banked by Kings agrees to the Council's Bank statements needs to be put in place. There should be a supervisory evidenced review of the reconciliation. The format of the reconciliation should be fairly straightforward, simply listing: <ul style="list-style-type: none"> Total amount collected and banked by Kings in the month. Total amount per bank statements for the month: Reconciling items: <ul style="list-style-type: none"> Difference in cash counted by Kings Ltd and the bank Cash banked not yet credited to the account (these should 	Accepted. Reconciliation procedure to be put in place. The Public Space Officer (Car Parks) to establish spreadsheet to monitor. The Head of Street Scene Services to sign this off each month.	Caroline Roffey Head of Street Scene Services Jackie Lee Public Space Officer (Car Parks)	31 December 2013

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
	confirmation that the Reconciliation Sheets and Bank Statements are in agreement.			be cleared each month).			

System Control Objective 4: Processes are in place to ensure the accuracy of charges from the cash collection contractor

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
4.1 Checks on contractor invoices	<p>There is no checking of the Collection Rota to the Contractor's Reconciliation Sheet to confirm that the required collections have taken place. Further there is no checking of the monthly contractor invoice to the Reconciliation Sheets to confirm that the collections being charged for are correct and that the calculation of the % of the cash charged for agrees with the amount banked as per the bank details.</p> <p>Audit testing of the income collected and banked confirmed that the contractor was charging for collection and processing of cash based on the weekly collection rotas and the associated amounts collected and banked.</p>	<p>Non compliance with the collection rota.</p> <p>Incorrect charges for cash collection and processing (overcharging).</p>	3	<p>It should be ensured that checking of the Collection Rota to the Contractor's Reconciliation Sheet to confirm that the required collection has taken place is undertaken.</p> <p>Further related checks should be undertaken on the monthly contractor invoice to the Council's monthly reconciliations to confirm that the collections being charged for are correct and that the calculation of the % of the cash processed agrees with the amount banked as per the bank details.</p>	The Public Space Officer (Car Parks) will check all invoices against collection rota and reconciliation sheet. Notes of checks to be recorded within the creditors system to show this check has been made before invoice is passed to the manager for approval.	Jackie Lee Public Space Officer (Car Parks)	31 October 2013
4.2 Metric Group Invoices	<p>Audit testing highlighted that the Metric Group invoice for the scheduled July 2013 maintenance of machines had been received in advance - in June 2013.</p> <p>This finding links to the finding at 2.2.</p>	Council paying for services not received.	3	Invoices from the Metric Group should only be received and paid for after the agreed maintenance of machines has been completed and verified.	To be revised dependent on new machine maintenance arrangements.	Jackie Lee Public Space Officer (Car Parks)	31 December 2013

Review	Summary	Level of assurance				
Street Cleansing	This audit examined the arrangements for street cleansing service standards and requests and for dealing with income. A Significant Assurance Opinion was provided, with 4 medium 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. Arrangements are in place to ensure the setting, achievement and monitoring/reporting of cleanliness service standards.		✓				
2. Effective processes are in place to promptly and effectively deal with service requests.		✓				
3. Income relating to the service is promptly recognised, charged in accordance with legislation or the Councils scale of charges, collected and properly accounted for.		✓				

System Control Objective 1: Arrangements are in place to ensure the setting, achievement and monitoring/reporting of cleanliness service standards.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
1.1 ASC monitoring results	Audit testing was undertaken to confirm that "hot spots" identified under the new ASC (Assessment of Street Cleansing) monitoring results for quarter 1 have been carried forward into the Monitoring Plan for quarter 2 to ensure that corrective action has been undertaken to effect improvements. Of the 21 'hotspots' tested, four had not been rolled forward for inspection as part of the QTR2 ASC Monitoring Plan.	Resources not directed to areas requiring Improvements. Unclean neighbourhoods. Reputational risk for Council.	3	It should be ensured that all areas identified with relatively high scores arising from the Assessment of Street Cleansing Monitoring exercises are included in future quarterly ASC plans for further monitoring. The areas identified by Audit should be added to current monitoring plans.	Accepted that on going monitoring is required. Some of the hotspots identified in the earliest monitoring proved to have been incorrectly selected instead of the ones that required ongoing monitoring and have now been removed. Monitoring of "hot spots" from now on will cover the following three months at the end of	Lisa Kirby Senior Clean Neighbourhood Officer	31 October 2013

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
					each quarter until cleanliness improvements are sustained.		

System Control Objective 2: Effective processes are in place to promptly and effectively deal with service requests.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
2.1 Housing Department Requests	Audit testing of 6 Housing Department requests for cleansing works for the period January 2013 – June 2013 highlighted that in 5 cases the date of completion of the works had not been recorded on the Housing Department Order before it was passed to the Cemetery and Green Spaces Officer who raises the internal recharge to the Housing Department.	Lack of audit trail to readily confirm that work has been completed within required deadlines.	3	It should be ensured that the date of completion of works requested by the Housing Department should be recorded on the related Housing Department order by the Neighbourhood Warden before he passes it to the Cemetery and Green Space Officer for internal recharging.	Accepted – the completion date will be recorded on the Housing Department order before the internal recharge is raised.	Lisa Kirby Senior Clean Neighbourhood Officer	31 October 2013
2.2 External Requests – Special Collections	The Uniform System is used by the Street Cleaning Services to record all details of special collection requests from the date of the request to closure of the request (job completion). Audit testing of 6 special requests for the period January 2013 – June 2013 highlighted that two did not end up resulting in a payment being made and it is assumed that no collections were made. The requests were subsequently closed on the Uniform System but no explanatory notes were added to identify the reasons for closing the requests. Of the remaining four special requests, the audit trail on the Uniform System was not complete with details such as those listed below missing: <ul style="list-style-type: none"> • Details of quotes – dates and amounts; • Invoicing and payment details (where applicable); 	Lack of /incomplete audit trail to readily confirm that all requests appropriately actioned and paid for. Cannot monitor if required deadlines met. Customer dissatisfaction. Reputational risk for Council.	3	It should be ensured that full details of all requests for a special collections are recorded on the Uniform System including: <ul style="list-style-type: none"> • Quote date/ amount • If quotes were not provided and the reasons; • Date of acceptance / rejection of quote by customer; • Payment date; Method and Receipt reference; • Reductions in payment received compared to quote; • Date for completion of the request / date of completion of the request; • Customer satisfaction /dissatisfaction (and how resolved) 	Special collections have now been absorbed within the bulky collection service to improve efficiency. Therefore quotes are no longer made. Implementing this recommendation in relation to quotations is not applicable as this system no longer exists. The use of the bulky collection system should ensure the other points in the Audit recommendation	Lisa Kirby Senior Clean Neighbourhood Officer	Not Applicable

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
	<ul style="list-style-type: none"> Date for completion of the request / date of completion of the request; Reasons why a quote for £20 was made but payment of £10 was accepted; Customer satisfaction / dissatisfaction (and resolution). 			Supervisory checks should be introduced to ensure that no job should be closed on the system unless it has been confirmed that all this information has been recorded.	are effectively addressed including the recommendation at 3.1 below.		

System Control Objective 3: Income relating to the service is promptly recognised, charged in accordance with legislation or the Councils scale of charges, collected and properly accounted for.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
3.1 Confirmation of Payment to Income System	Audit testing was undertaken to confirm that four payments received for special collections could be traced to the Income Receiving System. One of the payments (for £55) could not be traced to the Income Receiving System due to the very limited detail relating to the payment recorded on the Uniform System.	Lack of audit trail which means payments cannot be readily confirmed.	3	As per Recommendation at 2.2.	As 2.2 above the special collection system is now merged with the bulky collection system. Payment is made and a receipt issued at the point the collections are booked. The system does not allow a booking to be made without this information.	Lisa Kirby Senior Clean Neighbourhood Officer	N/A

Review	Summary	Level of assurance				
Leicestershire Revenues & Benefits Partnership – Council Tax	This audit examined the Partnership's arrangements for administering key controls with regards to Council Tax in relation to partner authorities. A Significant Assurance Opinion was provided, with 5 medium and 3 low level recommendations made. The individual level of assurance for each system control objective reviewed is provided below.	Significant				
System control objective	Level of Assurance					
	Full	Significant	Moderate	Limited	No	
1. Suitable, authorised policies and procedures are in place covering Council Tax processing, and staff are aware of these and that they need to comply with them.		√				
2. Relevant property records are accurately, comprehensively and efficiently maintained and updated.		√				
3. Council Tax liability is determined efficiently and in line with statutory requirements for all properties.	√					
4. Billing procedures are in accordance with statutory regulations and amounts due in respect of each chargeable property have been correctly calculated and promptly demanded from the person or persons liable.	√					
5. The application of discounts/exemptions is authorised in accordance with statute, the authority's policy and is supported by documentary evidence.			√			
6. Secure and efficient arrangements are made for all collections, and all collections are promptly posted to the correct tax payers' accounts.	√					
7. Collection rates and other key performance indicators are regularly monitored.	√					
8. Refunds are in accordance with regulations and the Council's Standing Orders and Financial Regulations and all refunds are valid and authorised.	√					
9. Recovery and enforcement procedures are managed efficiently and in accordance with statutory requirements.	√					
10. Non-recoverable debts are written-off in accordance with policy and with suitable authorisation.	√					
11. There is a routine reconciliation between the Council Tax system and the Cash Receipting system.	√					

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

System Control Objective 1: Suitable, authorised policies and procedures are in place covering Council Tax processing, and staff are aware of these and that they need to comply with them.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
1.1 Policies and Procedures	As recommended during the previous audit, standard procedure notes should be developed to ensure that a consistent approach to Council Tax processing is undertaken across all three Councils within the partnership. The Partnership Manager informed us that all procedures and guidelines are currently being reviewed and will be discussed at the joint committee meeting on 20/11/13. Those with a financial impact will then go to the respective cabinets/executives for approval in January/February 2014.	Inconsistencies in working practices.	3	Every effort should be given to ensuring that the completion date for the standardised procedure notes is achieved.	Policies and Reports have been approved by the Joint Committee on 20 th November 2013 Depending on each Council's constitution these will be adopted immediately or final approval will be sought from our respective Executives/Cabinets	Leigh Butler Storme Coop Sue Williams-Lee	February 2014

System Control Objective 5: The application of discounts/exemptions is authorised in accordance with statute, the authority's policy and is supported by documentary evidence.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
5.1 Exemptions	Testing of 20 exemptions for each council found that: <ul style="list-style-type: none"> HDC - 1/20 not correctly applied, 1/20 no supporting documentation. NWL - all correctly applied and supporting documentation retained. HBBC - 1/20 no supporting documentation, 2/20 past review dates. <p>The details have been provided to the Team Leaders.</p>	Incorrect exemptions applied.	3	Care should be taken to ensure that supporting documentation is indexed correctly to the relevant account. Team Leaders should investigate the exemption that has been incorrectly applied and rectify where necessary. Reviews should be carried out as soon as possible.	Staff will be reminded of the importance of indexing and coding of discounts correctly when applied. Management checks are undertaken of work processed	Clare Sewell Russell York	December 2013

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
5.2 Discounts	<p>Testing of 20 discounts for each of the three councils found that:</p> <ul style="list-style-type: none"> HDC - 1/20 discount incorrectly applied NWL - 1/20 no supporting documentation HBBC - 1/20 discount incorrectly applied <p>The details have been provided to the Team Leaders.</p>	Incorrect discounts applied.	3	<p>Care should be taken to ensure that supporting documentation is indexed correctly to the relevant account.</p> <p>Team Leaders should investigate the discounts that have been incorrectly applied and rectify where necessary.</p>	<p>Staff will be reminded of the importance of indexing and coding of discounts correctly when applied.</p> <p>Management checks are undertaken of work processed</p>	Clare Sewell Russell York	December 2013
5.3 Inspections	<p>As noted during the previous audit, inspections were not always being carried out on a 6 monthly basis of a property becoming empty. From sample testing of 20 empty properties within each authority it was noted:</p> <ul style="list-style-type: none"> NWL 16/20 properties were not inspected within 6 months of them becoming empty. HDC 15/20 properties were not inspected within 6 months of them becoming empty. HBBC 1/20 properties were not inspected within 6 months of them becoming empty. 	Inappropriate exemptions given	3	<p>Although it is understood that this should have been addressed as part of the Capita Mobile solution which has been delayed, the Partnership should ensure that all empty and void properties are inspected at least 6 months from being registered as eligible.</p>	<p>HDC - Capacity Grid have undertaken a review of empty properties during Sept/Oct 2013</p> <p>Will review arrangements to ensure they are inspected in a timely manner.</p> <p>Inspection reports are produced to inspect those that are due an inspection</p>	Clare Stone Linda Howe	February 2014
5.5 Inspections – separation of duties	<p>The HDC inspectors make the necessary amendments to the amounts due and discounts given following their visits, whereas the HBBC and NWL inspectors complete the inspection screen and/or the notes sections of the system and the Team Leaders make the necessary amendments.</p>	Errors may occur.	3	<p>To ensure adequate separation of duties, the Team Leaders should make the necessary amendments to amounts due following inspections.</p>	<p>Disabled Relief Applications records updated by billing staff not inspectors</p>	Linda Howe Claire Stone	January 2014

Review	Summary	Level of assurance				
Leicestershire Revenues & Benefits Partnership – Business Rates	This audit examined the Partnership's arrangements for administering key controls with regards to business rates in relation to partner authorities. A Significant Assurance Opinion was provided, with 2 medium and 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. Suitable, authorised policies and procedures are in place covering Business Rates processing, and staff are aware of these and that they need to comply with them.		√				
2. Relevant property records are accurately, comprehensively and efficiently maintained and updated.	√					
3. Business Rates liability is determined efficiently and in line with statutory requirements for all properties.	√					
4. Billing procedures are in accordance with statutory regulations and amounts due in respect of each chargeable property have been correctly calculated and promptly demanded from the person or persons liable.	√					
6. The application of discounts/exemptions is authorised in accordance with statute, the authority's policy and is supported by documentary evidence.		√				
6. Secure and efficient arrangements are made for all collections, and all collections are promptly posted to the correct tax payers' accounts.	√					
7. Collection rates and other key performance indicators are regularly monitored.	√					
8. Refunds are in accordance with regulations and the Council's Standing Orders and Financial Regulations and all refunds are valid and authorised.	√					
9. Recovery and enforcement procedures are managed efficiently and in accordance with statutory requirements.	√					
10. Non-recoverable debts are written-off in accordance with policy and with suitable authorisation.	√					
11. There is a routine reconciliation between the Business Rates system and the Cash Receipting system.	√					

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

System Control Objective 1: Suitable, authorised policies and procedures are in place covering Business Rates processing, and staff are aware of these and that they need to comply with them.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
<u>1.1 Policies and Procedures</u>	As recommended during the previous audit, standard procedure notes should be developed to ensure that a consistent approach to Business Rates processing is undertaken across all three Councils within the partnership. The Partnership Manager informed us that all procedures and guidelines are currently being reviewed and will be discussed at the joint committee meeting on 20/11/13. Those with a financial impact will then go to the respective cabinets/executives for approval in January/February 2014.	Inconsistencies in working practices.	3	Every effort should be given to ensuring that the completion date for the standardised procedure notes is achieved.	Policies and Reports have been approved by the Joint Committee on 20 th November 2013 Depending on each Council's constitution these will be adopted immediately or final approval will be sought from our respective Executives/Cabinets.	Leigh Butler Storme Coop Sue Williams-Lee	February 2014

System Control Objective 5: The application of discounts/exemptions is authorised in accordance with statute, the authority's policy and is supported by documentary evidence.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
<u>5.2 Empty Property Inspections</u>	As noted during the previous audit, inspections were not always being carried out on a quarterly basis. From sample testing it was noted that although inspections were issued within three months of a property being registered as being empty, delays in carrying out the inspections meant that: <ul style="list-style-type: none"> HBBC - 10/20 properties had not been inspected within 3 months of the property becoming empty 	Inappropriate exemptions given.	3	Although it is understood that this should have been addressed as part of the Capita Mobile solution which has been delayed, the Partnership should ensure that all empty and void properties are inspected on a quarterly basis.	Agree, will review current arrangements to meet the 3 month inspection	Jon Beange	May 2014

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
	<ul style="list-style-type: none"> HDC - 17/20 properties had not been inspected within 3 months of the property becoming empty NWL - 15/20 properties had not been inspected within 3 months of the property becoming empty 						

Review	Summary	Level of assurance				
Leicestershire Revenues & Benefits Partnership – Benefits	This audit examined the Partnership’s arrangements for administering key controls with regards to benefits in relation to partner authorities. A Significant Assurance Opinion was provided, with 8 medium and 4 low level recommendations made. The individual level of assurance for each system control objective reviewed is provided below.	Significant				
System control objective	Level of Assurance					
	Full	Significant	Moderate	Limited	No	
1 Suitable, authorised policies and procedures are in place covering Benefits processing, overpayments and counter fraud, and staff are aware of these and that they need to comply with them.		✓				
2 Processes are in place to ensure all benefit claims are processed and payments made in accordance with regulations and relevant policies, and are legitimate and appropriate.		✓				
3 All relevant records and accounts are accurately updated in a timely manner to record all benefits transactions (including reconciliations to feeder and other systems).		✓				
4 All payments and associated output are timely, recorded securely and data protected against unauthorised access.		✓				
5 Overpayments of benefit are identified and accounted for in accordance with legislation/regulations, the organisation’s policy, standing orders and financial regulations, and recovery (and where non-recoverable, write off) arrangements		✓				

Review	Summary	Level of assurance				
are efficient and effective.						
6 Fraud investigation is in accordance with statute, professional guidelines and the organisation's Standing Orders, Financial Regulations and relevant policies.	✓					
7 Processing times, accuracy, overpayment levels, fraud case outcomes and other key performance indicators are regularly monitored.	✓					

The 8 medium level recommendations, and management responses, are as follows:

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
1.2 Training Needs Analysis (TNA)	There is no procedure in place to ensure that staff receive adequate training to ensure they are competent in their role. There is a Training Needs Analysis (TNA) in place which would evaluate the competencies of staff and highlight where further training may be required. However to date only two members of staff have completed this.	Skills and competencies required for the effective processing of Housing Benefit and Council Tax Support Claims may not be maintained, resulting in increased processing errors.	3	To ensure that staff training remains current and addresses any identified weaknesses the TNA should be routinely completed by all relevant staff.	<p>Quality Assurance is in place utilising the module within the Capita application</p> <p>Training Needs Analysis (TNA) is utilised when we have repeat issues with data quality resulting from misinterpretation of regulations and guidance in place.</p> <p>Records are kept of all training which is kept within the revenues and benefits support team area. For each course training session is noted along with the people attending. We will explore whether we can keep this at individual level as there will be some work involved to doing is.</p>	Storme Coop Russell York	31/3/2014

System Control Objective 2: Processes are in place to ensure all benefit claims are processed and payments made in accordance with regulations and relevant policies, and are legitimate and appropriate.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
<u>2.1 Backdated Claims</u>	High value cheques over £1k are separately identified as part of the payment run procedures and an e-mail message is sent to the Benefits Assessor responsible for that payment asking for confirmation that this is accurate. An e-mail of confirmation is received by the Benefits Control Officer prior to the payment run being processed and retained. Most of the high value payments are for social landlords but those relating to claimants are usually for backdated claims where there is no independent verification to confirm that backdated claims have been calculated correctly.	Backdated claims may be processed incorrectly and may not comply with the legislative framework.	3	High value backdated claims should be authorised by Team Leaders.	We will undertake an additional check that backdated claims are authorised where the value is >£2k	Leigh Butler	31 st December 13
<u>2.2 Backdated Claims - Independent Authorisation</u>	Audit testing of 15 claims showed that in one case a visiting officer reached the opinion that a request to backdate a claim (£1,482.16) was valid because the applicant had been ill. However, there was no medical reference retained to support this view. The same officer also processed the claim. There is inadequate independent evidence to support the decision taken.	Lack of evidence to support a decision made. There is also a conflict of interest where a visiting officer processes their client's claims for benefit support.	3	Whenever possible all evidence to support a decision relating to a claim should be documented and retained. Visiting officers should not process the claims of their clients. Where this is not possible the decision should be approved by a Team Leader	Disagree, visiting officers will continue to review claims resulting from home visits. There is a management check / QA in place to ensure accuracy of where records are amended. There is a benefits protocol in place whereby benefit decision makers are aware of when dealing with claims if they know the claimant personally.		

System Control Objective 3: All relevant records and accounts are accurately updated in a timely manner to record all benefits transactions (including reconciliations to feeder and other systems).

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
<u>3.2 Changes to Welfare Benefit Parameters - Annual Updates</u>	Welfare benefit parameters are updated in line with the circular from the DWP. They are processed by one of the Team Leaders and checked by another Team Leader. Screen prints taken from Academy and which record the name of the inputter and the name of the team leader who has checked that the data has been input correctly, are not always dated (the date of the amendment is on the screen print) or authorised by signature.	Changes in welfare benefit parameters may not be input and checked correctly and there is no audit trail to demonstrate the correct segregation of responsibilities.	3	All changes should be authorised by both the inputter and the Team Leader responsible for checking the accuracy of the changes, and dated by both parties.	Team Leader will countersign that parameters have been input correctly	Storme Coop	31 March 2014
<u>3.3 System Access Controls</u>	All leavers should have access to the Citrix and Academy systems disabled when they leave the employment of the Council. The process for removing leavers from the systems is that the Team Leader or HR personnel notify the Systems Administration Team in writing that a member of staff is about to leave or has left. A request is then forwarded to the IT Dept to remove that staff member from Citrix (no notification is received from IT to confirm that this request has been processed) and access to Academy is disabled. In practise this process does not happen and the Systems Administration team is not always notified of leavers, particularly agency staff, home workers, Customer Service Centre staff and staff working in the call centre at Charnwood. However, even staff working in the Benefits and CT teams are not routinely reported to Systems Administration when they leave.	Leavers access rights are not disabled on a timely basis and staff may be able to access systems after they have left the employment of the Council.	3	Processes for removing access controls for staff that have left the employment of the Council should be reviewed and complied with, and confirmation should be obtained to demonstrate that access to Citrix has been disabled.	Staff leavers in the partnership are disabled when the leave. Need to ensure for our partners that we receive information on leavers to ensure they are 'system disabled'	Lesley Gardner	31 December 13

System Control Objective 4: All payments and associated output are timely, recorded securely and data protected against unauthorised access.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
<u>4.1 Management of Potential Conflicts of Interest</u>	Benefits staff do not routinely complete Declarations of Interest forms although they are aware that they must alert their supervisor where they consider there is a conflict of interest, such as when they receive information regarding family or friends and which will require an adjustment to their account. The Partnership operates on a culture of trust for such matters.	Benefits officers overlook conflicts of interest and may process and view claims and records in which they have an interest.	3	Conflicts of interest should be managed as far as possible, and officers should be asked to complete and sign a Declaration of Interest which confirms they will not process any applications or amendments to claims, nor view the records of persons who are family or friends. This should be undertaken annually to remind staff of this obligation.	Protocol is now in place for this as agreed by HR Managers for all 3 Councils.		

System Control Objective 5: Overpayments of benefit are identified and accounted for in accordance with legislation/regulations, the organisation's policy, standing orders and financial regulations, and recovery (and where non-recoverable, write off) arrangements are efficient and effective.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
<u>5.2 Overpayments - Clawback from New Claims</u>	In 1 case a new Housing Benefit claim was processed but it did not take account of an outstanding overpayment for that claimant of £1,152.60. The assessor should have made arrangements to clawback this sum from the new payment.	Failure to follow procedures for recovering overpayments from existing benefit claimants	3	Benefit Assessors should check for the existence of outstanding overpayments before authorising new claim payments	Benefit decision makers will be reminded of the importance to ensure that the overpayment is tagged to ensure recovery of ongoing benefit is not missed.	Leigh Butler	31/12/2013
<u>5.3 Overpayments - Accuracy of Correspondence with Claimant</u>	From audit sample of 58 records there were 8 cases where inaccurate information about the overpayment was communicated in correspondence to the claimant, and 5 of these cases reported an incorrect value for the overpayment.	Inaccurate reporting of information may be confusing and misleading for the claimant.	3	Wherever possible the correspondence to the claimant should be accurate.	Benefit decision makers will be reminded to ensure where there is a difference that the award letter reflects this change	Leigh Butler	31/12/2013

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 30/11/13, which were carried forward into 2013/14 audit year as still outstanding at that time. The first table below represents the status of such agreed actions due to be implemented by 30/11/13, 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, albeit where we have followed up our prior year recommendations we have dealt with these as closed or implemented where possible.

Summary	1 Critical	2 High	3 Medium	4 Low	Total
Due by 30/11/2013	-	2	49	43	94
Implemented	-	1	23	32	56
Closed (effectively implemented or system changed)	-	1	11	5	17
Not completed yet	-	-	15	6	21

Time overdue for actions o/s or not complete	1 Critical	2 High	3 Medium	4 Low	Total
Less than 3 months	-	-	6	6	12
3 – 6 months	-	-	1	-	1
Greater than 6 months	-	-	8	-	8

Time overdue for actions o/s or not complete	1 Critical	2 High	3 Medium	4 Low	Total
Total	-	-	15	6	21

The 8 issues more than 6 months overdue are as follows:

Review	Recommendation	Risk Rating	Response	Current Status per update
2011/12 Homelessness	<p><u>Orchard System</u></p> <p>The Council should ensure there is a review of the effectiveness of the Orchard system for the Homelessness function.</p>	3	<p>A review of the Orchard system was planned.</p> <p>January 2012 - Jo Wykes</p>	<p>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.</p>
2012/13 Fuel Controls	<p><u>CCTV Security Camera (1)</u></p> <p>The CCTV security camera motion detection facility should be fully operational.</p>	3	<p>CCTV equipment comes under the remit of the Estate & Asset Team IP to liaise with Matt Burns concerning repairs to equipment.</p> <p>31/12/12 – Matt Burns, Estates & Asset Manager</p>	<p>The CCTV at The Jubilee Building has been operating satisfactorily as a stand-alone system since the site was handed over in March. This means that footage is recorded on site at all times (with approximately 30 day retention on the hard drive, which can be archived permanently on to a DVD) and the cameras on site are all</p>

Review	Recommendation	Risk Rating	Response	Current Status per update
				<p>motion sensitive. The system has additional functionality that allows it to be 'set' as an alarm out-of-hours. This means that images from the CCTV can be monitored off-site if the alarm is activated and a challenge can be made via loud speakers installed next to the CCTV cameras. This element of the system is not yet fully commissioned as an issue exists with connectivity which is currently being investigated.</p>
2012/13 Fuel Controls	<p><u>Fuel Consumption Monitoring</u></p> <p>A more robust system for regular monitoring of fuel consumption rates for individual vehicles needs 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. 	3	<p>Agree Service area Managers/ Senior Accounts</p> <p>31/1/13 - Caroline Roffey, Public Space Manager</p>	<p>Fuel monitoring through existing systems has proved inaccurate. New vehicle telematics system will be installed in March 2014. This will enable fuel use to be monitored more accurately by vehicle, and by driver and enable a fuel reduction scheme to be introduced to improve fuel efficiency through driver training.</p>

Review	Recommendation	Risk Rating	Response	Current Status per update
	<ul style="list-style-type: none"> - 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. 			
2012/13 Housing Repairs	<p><u>Tenant Recharge Policy</u></p> <p>The Council should consider introducing a tenant recharge policy that holds tenants accountable for the cost of repairs that have arisen through their negligence and ensure that processes are in place to enforce this.</p>	3	<p>A Recharge Policy will be introduced as part of the revised conditions of tenancy.</p> <p>30/11/12 - Ian Parsons, Housing Repairs Manager</p>	<p>Now being addressed as part of wider Housing Repairs Action Plan. To be implemented by end December 13 subject to consultation.</p> <p>A Tenant Recharge report is to be presented to FAP Cttee in Jan 14.</p>
2012/13 Housing Repairs	<p><u>Repairs Administration</u></p> <p>The Council should ensure that when implementing hand held devices, it automates as many processes as possible in order to reduce current administrative burden and improve overall efficiency.</p>	3	<p>The new Orchard Direct Works Module has been procured to assist with streamlining processes. Once in place, this should reduce the amount of manual processes as handheld devices will be used by engineers to receive and complete jobs.</p> <p>30/4/13 -Ian Parsons, Housing Repairs Manager</p>	<p>The Direct Works module is now due to start implementation over Summer 2014 due to main Orchard upgrade taking precedence.</p> <p>Revised date 29/8/14</p>
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</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</p>	<p>A Procurement Plan is now in place for all relevant contracts over the next five years. (See separate update also on</p>

Review	Recommendation	Risk Rating	Response	Current Status per update
	<p>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>		<p>introduced. Until then, random checks of data quality will take place.</p> <p>31/1/13 - Ian Parsons, Housing Repairs Manager</p>	<p>Direct Works Module). Revised date 29/8/14</p>
2012/13 Anti-Fraud	<p><u>Risk Assessment - NFA Fraud Loss Tool</u></p> <p>HBBC should use the NFA fraud loss tool to determine the Council's likely fraud risk exposure and ensure that all potential risks have been addressed.</p>	3	<p>Agreed. The Fraud loss tool will be assessed and we will adopt relevant elements.</p> <p>30/4/13 – Julie Kenny</p>	<p>Dealt with through fraud awareness session that was performed by PwC and a fraud risk assessment will be produced as a result (by March 2014).</p>
2012/13 Anti-Fraud	<p><u>Resilience Check</u></p> <p>"The LGFS also recommends that Councils use the free resilience tool on the National Anti-Fraud Network (NAFN) website to perform a resilience check of their current fraud response capabilities."</p>	3	<p>Agreed</p> <p>30/4/13 – Julie Kenny</p>	<p>Dealt with through fraud awareness session that was performed by PwC and a fraud risk assessment will be produced as a result (by March 2014).</p>

2013/14 Internal audit plan

Description of audit	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Current Status	Assurance level
Budgetary Control				✓	Scoping the work	
Main Accounting			✓		Final report issued	Significant
Council Tax (LRBP)			✓		Final report issued	Significant
Business Rates (LRBP)			✓		Final report issued	Significant
Benefits (LRBP)			✓		Final report issued	Significant
Financial Systems – key controls			✓		Final report issued	Significant
IT audit – Payment Card Industry Data Security Standards compliance		✓	✓		In progress; draft report imminent	
IT audit – risk assessment (advisory)				✓	Due to commence imminently	
Corporate Governance – members allowances		✓			Final report issued	Moderate
Risk Management		✓			Final report issued	Significant
Customer Services (reception)-second stage review following move to the Hub*			✓			
Payroll & expenses				✓	Terms of reference agreed, starting in January	

Description of audit	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Current Status	Assurance level
Mobile Communications - advisory		✓	✓		Terms of reference agreed; in progress	
Anti-Social Behaviour Management System			✓		Terms of reference agreed; to start imminently	
Housing Rents				✓	Scope discussed	
Tenant Scrutiny					Likely to drop out of plan	N/A
Sheltered Housing					Likely to drop out of plan	N/A
Community Safety				✓	Potential scope discussed	
Town Centre Regeneration *				✓	Advisory/assurance input re the Town Centre regen project under discussion.	
Carbon Management Plan					Likely to drop out of plan	N/A
Section 106 agreements/contributions			✓		Draft report imminent	
Hinckley Club for Young People			✓		Advisory input and briefing report provided; further discussions in progress	
Leisure Centre					Likely to drop out of plan	N/A
Markets		✓			Final report issued	Significant
Housing Repairs			✓	✓	Terms of reference agreed; in progress	

Description of audit	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Current Status	Assurance level
Car Parks		✓			Final report issued	Moderate
Street Cleansing		✓			Final report issued	Significant
Additional review: DECC grant claim sign-off			✓	✓	Delayed at Council request - in progress	
Additional review/support: MIRA project				✓	Under discussion	
Additional review/support: HRA Investment Strategy				✓	Under discussion	
Follow Up Review					Allocation to be used to resource corporate risk assurance audits (MIRA, Town Centre, HRA Investment Strategy)	

- Denotes agreed carry-forward from 2012/13