

# **Hinckley & Bosworth Borough Council Audit Committee – 18 September 2024 Internal Audit Progress Report**

Date Prepared: September 2024

Strictly private and confidential

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## Disclaimer


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

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# 1. Snapshot of Internal Audit Activity

Below is a snapshot of the current position of the delivery of the 2023/24 Internal Audit Plan.





**AC decisions needed**

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

**RAG status of delivery of plan to timetable**

On track

**Key updates**

As reported in the July 2024 Audit Committee, the Leisure Centre audit has been deferred to the 2024/25 Internal Audit plan due to the current capacity within the service. The IT Asset Management Audit is underway, and the draft report is due to be issued in September 2024. Upon the issue of the draft report, all audits in the plan will be complete.

Since the last Audit Committee meeting in July 2024, we have issued and finalised the report for the Recording of Electric and Gas usage and the Health and Safety audit. Both reports were given a Moderate opinion. [A summary of the audit findings can be found in section 2.](#) We have also issued the Draft report for the Risk Management, Budget Control, and Main Accounting audits. We are awaiting management responses in order to finalise the reports.

The follow up of outstanding recommendations which are now due, has also been completed. A draft report has been issued and we are awaiting management responses in order to finalise the report.

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

[Thought Leadership – Beyond efficiency, can be found in Section 4.](#)

Assurance opinions to date

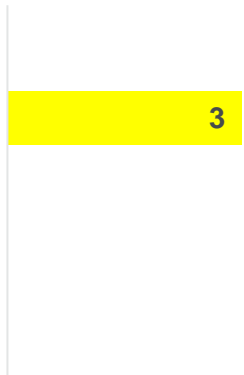
Substantial

Moderate

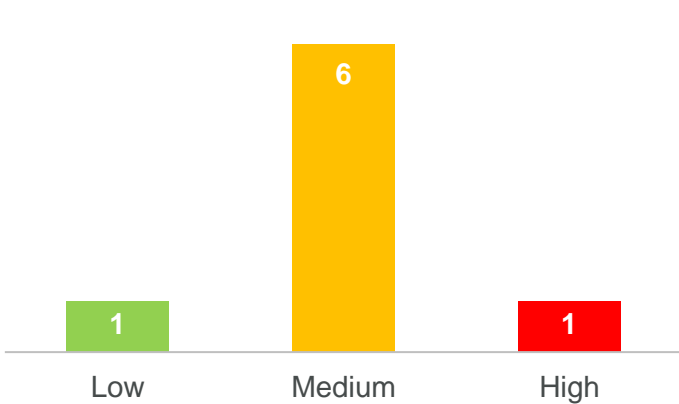
Limited

Unsatisfactory

Advisory



Audit recommendations to date




## 2. Latest Reports Issued – Summary of Findings

Since our last update, we have issued our final report relating to our review of Recording of Electric and gas usage, which AC is asked to review separately.

A summary of our most significant findings and the root cause(s) of issues is included below.

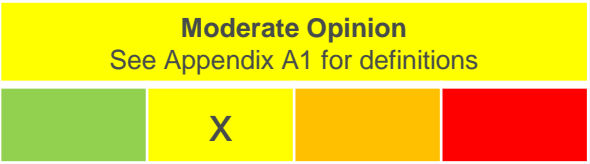
**Audit Objective:** to provide assurance on the adequacy and effectiveness of the key controls in place in relation to the monitoring and use of electric and gas usage data.

Audit rationale														
<b>Why the Audit is in Your 2023/24 Plan</b> At the request of the S151 Officer, an audit will be carried out to review the controls in place to ensure the accurate recording of electric and gas usage.	<b>Your Strategic Risk</b> S.58 Balanced MTFs, and S.55 Climate Emergency	<b>Your Strategic / Tactical Objective</b> Work towards a greener borough.												
Summary of our opinion														
<div style="text-align: center;"> <div style="background-color: yellow; padding: 5px; margin-bottom: 5px;"> <b>Moderate Opinion</b>                          See Appendix A1 for definitions                     </div>  </div>	<b>Summary of Recommendations</b> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="background-color: red; color: white;">Priority 1 (High)</td> <td style="text-align: center;">-</td> </tr> <tr> <td style="background-color: orange;">Priority 2 (Medium)</td> <td style="text-align: center;">4</td> </tr> <tr> <td style="background-color: green;">Priority 3 (Low)</td> <td style="text-align: center;">-</td> </tr> </table>	Priority 1 (High)	-	Priority 2 (Medium)	4	Priority 3 (Low)	-	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="background-color: green;"><b>Actions agreed by you</b></td> <td style="background-color: green;"><b>100%</b></td> </tr> <tr> <td>Priority 1 completion</td> <td>N/A</td> </tr> <tr> <td>Overall completion</td> <td>31 March 2025</td> </tr> </table>	<b>Actions agreed by you</b>	<b>100%</b>	Priority 1 completion	N/A	Overall completion	31 March 2025
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<b>Actions agreed by you</b>	<b>100%</b>													
Priority 1 completion	N/A													
Overall completion	31 March 2025													
Summary of findings														
<b>Examples of good practice</b> <ul style="list-style-type: none"> <li>✓ Budget Monitoring Reports are circulated to Budget-holders on a monthly basis, outlining actual and budgeted expenditure by cost code including utility expenditure.</li> <li>✓ The Council forecasts utility budgets by using actual utility costs incurred for particular sites, alongside assumptions received by utility providers.</li> </ul>	<b>Highest Priority Findings</b> <ul style="list-style-type: none"> <li>• Inconsistencies between council records of buildings maintained.</li> <li>• Meter readings are not regularly and consistently uploaded to the central tracking log.</li> <li>• A lack of ongoing monitoring and reporting of CO2 emissions.</li> <li>• Inaccurate Reporting of CO2 Emissions.</li> </ul>	<b>Key root causes</b> <ul style="list-style-type: none"> <li>• Separate staff members compiling Council records of buildings maintained.</li> <li>• No guidance in place to define staff roles and responsibilities.</li> <li>• A lack of a formal approach to ongoing monitoring.</li> <li>• A lack of automation in calculating CO2 emissions</li> </ul>												

## 2. Latest Reports Issued – Summary of Findings

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

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

Audit rationale								
<p><b>Why the Audit is in your 2023/24 Plan</b></p> <p>To assess the adequacy of arrangements in place in relation to managing Health and Safety, and to provide assurance that Hinckley and Bosworth Borough Council is taking appropriate measures to comply with its statutory obligations.</p>	<p><b>Your Strategic Risk</b></p> <p>S.16: Failure to adhere to Health and Safety legislation and regulations.</p>	<p><b>Your Strategic / Tactical Objective</b></p> <p>N/A - No specific strategic or tactical objective</p>						
Summary of our opinion								
 <p><b>Moderate Opinion</b> See Appendix A1 for definitions</p>	<p><b>Summary of Recommendations</b></p> <table border="1"> <tr> <td>Priority 1 (High)</td> <td>-</td> </tr> <tr> <td>Priority 2 (Medium)</td> <td>2</td> </tr> <tr> <td>Priority 3 (Low)</td> <td>-</td> </tr> </table>		Priority 1 (High)	-	Priority 2 (Medium)	2	Priority 3 (Low)	-
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Priority 1 completion	N/A							
Overall completion	March 2025							
Summary of findings								
<p><b>Examples of good practice</b></p> <ul style="list-style-type: none"> <li>✓ A Health, Safety and Welfare Policy is in place, as well as a suite of other health and safety related policies and procedures such as the Reporting Accidents &amp; Incidents and Risk Assessment Arrangements procedures.</li> <li>✓ A Health &amp; Safety Risk Management Report is presented to the SLT meeting on a quarterly basis, and includes health and safety incidents, health and safety inspections and training completion rates.</li> </ul>	<p><b>Highest Priority Findings</b></p> <ul style="list-style-type: none"> <li>• Incomplete refresher training and lack of central monitoring of toolbox talks</li> <li>• Accidents, incidents and near miss actions and promptness of investigations not formally monitored.</li> </ul>	<p><b>Key root causes</b></p> <ul style="list-style-type: none"> <li>• Lack of escalation process for the non-completion of health and safety refresher training.</li> <li>• Toolbox talk training takes place in-person and is more difficult to monitor in comparison with the e-learning courses.</li> <li>• Level of resource to monitor and track all recommendations not sufficient</li> </ul>						

### 3. Overview of Internal Audit Plan 2023/24

The table below lists the status of all reviews within the 2023/24 Plan.

Review	Original Days	Revised Days	Audit Sponsor	Status	Start Date	AC	Assurance Level	Total	High	Medium	Low
Housing Benefit and Local Council Tax Support	10	-	Storme Coop	Final Report	April 2024	July 2024	Moderate	3	1	1	1
Recording of Electric and gas usage	10	-	Ashley Wilson	Final Report	May 2024	September 2024	Moderate	3	-	3	-
Risk Management	10	-	Julie Kenny	Draft Report	July 2024	November 2024	-	6	-	6	-
Budget Control	8	10	Ashley Wilson	Draft Report	July 2024	November 2024	-	3	-	3	-
Health and safety	10	-	Sophia Hands	Final Report	July 2024	September 2024	Moderate	2	-	2	-
IT Asset Management Audit	10	-	John Palmer	Fieldwork	August 2024	November 2024	-	-	-	-	-
Main Accounting	10	-	Ilyas Bham	Draft Report	August 2024	November 2024	-	4	-	-	4
Leisure Centre	12	0	Simon Jones	Deferred*	-	-	-	-	-	-	-
Follow up	5	-	-	-	October 2024	November 2024	-	-	-	-	-
Management and reporting	15	-	-	-	-	-	-	-	-	-	-
<b>Totals</b>	<b>100</b>	<b>90</b>					<b>Totals</b>	<b>21</b>	<b>1</b>	<b>15</b>	<b>5</b>

\*Due to capacity issues in the service, the Leisure Centre audit has been deferred, and will be carried out in February 2025 as part of the 2024/25 Internal Audit plan.

## 04. Thought Leadership – Beyond efficiency: what’s left for local government?

The Local Government Association has found that councils across England are forecast to run a collective funding deficit of £4bn over the next two years and that “easy savings have long since gone”. Forvis Mazars, in partnership with Surveys in Public Sector, has conducted an in-depth study of local authorities nationwide to understand the approaches to financial sustainability and risk and the likelihood that they are effective.

### Key findings from the survey

1. Financial sustainability is fraught with few efficiencies left to be found
2. Local authorities remain divided on organisational culture and risk
3. Digitalisation is ongoing but the time for transformation is now

*Councils should not lose sight of long-term goals, such as social housing provision and sustainability as they address immediate issues relating to the scarcity of resources and financial pressures. We found that workplace culture placed low (16%) on our list of risks that respondents cited, despite recruitment and retention (58%), being the second highest risk. Given that employee morale, burnout and siloed mentalities are all intrinsically linked to workforce retention, culture must factor into any conversations on recruitment going forward.*

[Download the full report here](#)

# Contact

## Forvis Mazars

### **Peter Cudlip**

Partner

Peter.Cudlip@mazars.co.uk

### **Sarah Knowles**

Internal Audit Manager

Sarah.Knowles@mazars.co.uk

### **Ashley Stewart**

Assistant Manager

Ashley.Stewart@mazars.co.uk

### **Statement of Responsibility**

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

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

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

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

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