

Hinckley & Bosworth Borough Council Audit Committee – 13 November 2024 Internal Audit Progress Report

Date Prepared: October 2024

Strictly private and confidential

Contents

- 01 Snapshot of Internal Audit Activity
- 02 Latest Reports Issued – Summary of Findings
- 03 Overview of Internal Audit Plan 2023/24 and 2024/25
- 04 Thought Leadership

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.

The Report was prepared solely for the use and benefit of Hinckley & Bosworth Borough Council and to the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in this report for further information about responsibilities, limitations and confidentiality.

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

Since the last Audit Committee meeting in September 2024, we have issued and finalised the reports for Main Accounting and Budgetary Control. Both reports were given a Substantial opinion. [A summary of the audit findings can be found in section 2.](#) We have also completed the fieldwork for the Council Tax and NNDR, and Sickness Management audits from the 2024/25 audit plan. Fieldwork for the Treasury Management audit is ongoing.

The follow up of outstanding recommendations which are now due, is ongoing, and the exit meeting for the IT Asset Management audit has been held.

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

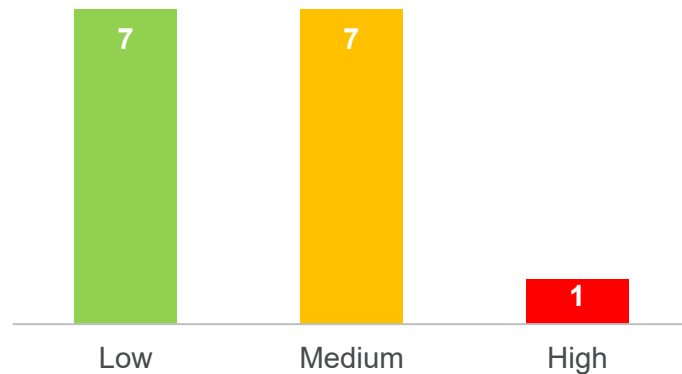
[Thought Leadership – Beyond efficiency, can be found in Section 4.](#)

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 Main Accounting, 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: assess the design and effectiveness of the control framework for managing the Council's Accountancy System and General Ledger for 2023/24.

Audit rationale														
Why the Audit is in Your 2023/24 Plan To ascertain that the internal controls relating to the Council's Accountancy System and General Ledger provide complete and accurate financial information.	Your Strategic Risk S.58 Balanced MTFS.	Your Strategic / Tactical Objective N/A – no specific strategic or tactical objective												
Summary of our opinion														
<div style="text-align: center;"> <p>Substantial Opinion See Appendix A1 for definitions</p> </div>	Summary of Recommendations <table border="1"> <tr> <td>High Priority</td> <td>-</td> </tr> <tr> <td>Medium Priority</td> <td>-</td> </tr> <tr> <td>Low Priority</td> <td>3</td> </tr> </table>	High Priority	-	Medium Priority	-	Low Priority	3	<table border="1"> <tr> <td>Actions agreed by you</td> <td>100%</td> </tr> <tr> <td>High Priority completion</td> <td>N/A</td> </tr> <tr> <td>Overall completion</td> <td>April 2025</td> </tr> </table>	Actions agreed by you	100%	High Priority completion	N/A	Overall completion	April 2025
High Priority	-													
Medium Priority	-													
Low Priority	3													
Actions agreed by you	100%													
High Priority completion	N/A													
Overall completion	April 2025													
Summary of findings														
Examples of good practice <ul style="list-style-type: none"> ✓ Key reconciliations are performed monthly and approved by appropriate members of the finance team, verified for January to March 2024. ✓ Password Controls limit access to the General Ledger and approvals are inbuilt for posting manual journals. ✓ Quarterly reporting of financial performance is in place to Finance Performance and Scrutiny Panel and Senior Leadership Team relating to Q2, 3 and Year end for 2023/24. 	Highest Priority Findings <ul style="list-style-type: none"> • Leavers' accounts remaining on the Finance System Civica • Lack of procedural guidance relating to journals and virements. • Instances of journals with no narrative. 	Key root causes <ul style="list-style-type: none"> • A lack of periodic reconciliation to confirm the business case for staff with Civica access. • The finance team have been constant for several years. As such there has not been the perceived need for ongoing training. • A lack of specific guidance requiring journal narratives and circumstances. 												

2. Latest Reports Issued – Summary of Findings

Since our last update, we have issued our final report relating to our review of Budgetary Control, 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 ascertain that Hinckley & Bosworth Borough Council has adequate and effective key controls in place in relation to Budgetary Control.

Audit rationale																	
Why the Audit is in your 2023/24 Plan	Your Strategic Risk	Your Strategic / Tactical Objective															
To assess the adequacy of arrangements in place in relation to managing Budgetary Control.	S.20: Non-compliance with Financial Regulations.	N/A - No specific strategic or tactical objective.															
Summary of our opinion																	
<div style="border: 1px solid black; padding: 5px; text-align: center;"> Substantial Opinion See Appendix A1 for definitions </div> <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <div style="background-color: #90EE90; width: 20px; height: 20px; display: flex; align-items: center; justify-content: center; font-weight: bold; font-size: 1.2em;">X</div> <div style="background-color: #FFFF00; width: 20px; height: 20px;"></div> <div style="background-color: #FFA500; width: 20px; height: 20px;"></div> <div style="background-color: #FF0000; width: 20px; height: 20px;"></div> </div>		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2">Summary of Recommendations</th> </tr> </thead> <tbody> <tr> <td style="background-color: #FF0000; color: white; text-align: center;">High Priority</td> <td style="text-align: center;">-</td> </tr> <tr> <td style="background-color: #FFA500; text-align: center;">Medium Priority</td> <td style="text-align: center;">-</td> </tr> <tr> <td style="background-color: #90EE90; text-align: center;">Low Priority</td> <td style="text-align: center;">3</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <thead> <tr> <th style="background-color: #90EE90;">Actions agreed by you</th> <th style="background-color: #90EE90;">100%</th> </tr> </thead> <tbody> <tr> <td>High Priority completion</td> <td>N/A</td> </tr> <tr> <td>Overall completion</td> <td>April 2025</td> </tr> </tbody> </table>		Summary of Recommendations		High Priority	-	Medium Priority	-	Low Priority	3	Actions agreed by you	100%	High Priority completion	N/A	Overall completion	April 2025
Summary of Recommendations																	
High Priority	-																
Medium Priority	-																
Low Priority	3																
Actions agreed by you	100%																
High Priority completion	N/A																
Overall completion	April 2025																
Summary of findings																	
Examples of good practice <ul style="list-style-type: none"> ✓ Financial Outturn reports are presented on a quarterly basis to the Finance & Performance Scrutiny Committee. Appendices to reports detail forecast year end variances for budget areas, including an explanation of overspends. ✓ The council maintains a record of all virements. The spreadsheet records the date of the virement, and who requested and approved it. Review of a sample of eight virements found that all had been approved appropriately. ✓ Review of monthly budget monitoring reports provided to budget holders found that ledger codes with large variances are identified. 		Highest Priority Findings <ul style="list-style-type: none"> • There is not a standardised programme of training in place for all budget holders in accordance with the Financial Procedure Rules. • Budget monitoring is not recorded consistently, and monthly monitoring spreadsheets were not available for 2 out of 5 of our sample of budgets. 															
		Key root causes <ul style="list-style-type: none"> • Budget holders receive informal / ad hoc guidance, however this is not formal training such as e-learning and is not monitored. • No formalised and documented budget monitoring process, such as a budget monitoring procedure document defining how monthly budget monitoring should be carried out and documented. 															

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	Actual / Revised Days	Audit Sponsor	Status	Start Date	AC	Assurance Level	Total	High	Medium	Low
Housing Benefit and Local Council Tax Support	10	10	Storme Coop	Final Report (July 2024)	April 2024	July 2024	Moderate	3	1	1	1
Recording of Electric and gas usage	10	10	Ashley Wilson	Final Report (Aug 2024)	May 2024	September 2024	Moderate	4	-	4	-
Risk Management	10	10	Julie Kenny	Draft Report (Sept 2024)	July 2024	-	-	-	-	-	-
Budgetary Control	8	10	Ashley Wilson	Final Report (Oct 2024)	July 2024	November 2024	Substantial	3	-	-	3
Health and safety	10	10	Sophia Hands	Final Report (Sept 2024)	July 2024	September 2024	Moderate	2	-	2	-
IT Asset Management Audit	10	10	John Palmer	Fieldwork	August 2024	-	-	-	-	-	-
Main Accounting	10	10	Ilyas Bham	Final Report (Oct 2024)	August 2024	November 2024	Substantial	3	-	-	3
Leisure Centre	12	0	Simon Jones	Deferred*	-	-	-	-	-	-	-
Follow up	5	5	-	-	October 2024	-	-	-	-	-	-
Management and reporting	15	15	-	-	-	-	-	-	-	-	-
Totals	100	90					Totals	15	1	7	7

*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.

3. Overview of Internal Audit Plan 2024/25

The table below lists the status of all reviews within the 2024/25 Plan.

Review	Original Days	Revised Days	Audit Sponsor	Status	Start Date	AC	Assurance Level	Total	High	Medium	Low
Council Tax & NNDR	12	-	Storme Coop	In Review	September 2024			-	-	-	-
Sickness Management	10	-	Julie Stay	In Review	September 2024			-	-	-	-
Treasury Management	10	-	Ashley Wilson	Fieldwork	October 2024		-	-	-	-	-
Waste Management	10	-		Planning	November 2024			-	-	-	-
Capital Programme	12	-		Planning	December 2024			-	-	-	-
Homelessness	12	-		Planning	January 2025		-	-	-	-	-
Fire Safety	10	-		Planning	February 2025			-	-	-	-
Leisure Services	12	-	Simon Jones	Planning	February 2025		-	-	-	-	-
IT Audit - TBC	10	-									
Follow up	5	-	-	-	October 2024		-	-	-	-	-
Management and reporting	15	-	-	-	-	-	-	-	-	-	-
Totals	118						Totals				

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.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or reply for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

Registered office: 30 Old Bailey, London, EC4M 7AU, United Kingdom. Registered in England and Wales No 0C308299.