



Hinckley and Bosworth Borough Council: Internal Audit Final Report **Capital Programme (2024/25)**

Audit Sponsor: Ashley Wilson (Head of Finance)

Audit Contacts: Ilyas Bham (Accountancy Manager)

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Reporting Timetable

Debrief Meeting: 09/04/2025

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**forv/s
mazars**

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Disclaimer

This report (“Report”) was prepared by Forvis Mazars LLP at the request of Hinckley and Bosworth Borough Council (Hinckley) 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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Your One Page Summary

Audit Objective: To assess the design and effectiveness of the control framework for managing the Capital Programme.

Audit rationale

Why the Audit is in Your 2024/25 Plan	Your Strategic Risk	Your Strategic / Tactical Objective
High risk area with mixed views on performance.	S58: Balanced MTFs	No specific strategic / tactical objective

Summary of our opinion

Limited Opinion

See Appendix A1 for definitions

X

Summary of Recommendations

High (Priority 1)	-	Actions agreed by you	100%
Medium (Priority 2)	6	High Priority completion	N/A
Low (Priority 3)	-	Overall completion	31 March 2026

Summary of findings

Examples of good practice	Highest Priority Findings	Key root causes
<ul style="list-style-type: none"> ✓ Confirmed for three quarters that a budget outturn report including spend relating to the Capital Programme was presented to Finance & Performance Scrutiny committee. ✓ The Capital Programme 2023 - 2024 to 2026-27 and Capital Strategy in place which was approved by the Council in February 2024 	<ul style="list-style-type: none"> • The arrangement for non-complex/small projects is not documented. • Evidence of project authorisation not provided. • Projects progress is not consistently monitored. • Project risks are not consistently monitored. 	<ul style="list-style-type: none"> • The Capital Programme 2023 - 2024 to 2026-27 and Capital Strategy is high level and not supported by documented procedures. • The Capital Programme 2023 - 2024 to 2026-27 and Capital Strategy does not define the approach to monitoring project progress for noncomplex projects.

01 Summary Action Plan

Below is a high level summary of the actions that are intended to support your management of this risk area. Further detail about our findings, which have been discussed with management, are provided in our detailed action plan (see 03 Detailed Action Plan).

Ref	Recommendation	Priority	Responsible Person	Due Date
1	<ol style="list-style-type: none"> The Capital Programme 2023 - 2024 to 2026-27 and Capital Strategy should be updated to define the characteristics of a complex project, and to include the £250,000 limit. The arrangements for projects not considered complex should be defined and documented. This should include the approach to defining the scope of the project; identifying and monitoring risks; and project monitoring arrangements. 	Medium	Ilyas Bham Accountancy Manager (Deputy S151 Officer)	31 March 2026
2	<ol style="list-style-type: none"> A New Scheme Document or budget authorisation form should be produced for all new projects. This should be considered as part of the authorisation process. Evidence of approval should be retained for all new capital projects. Detailed guidance/procedures should be produced on the approval process for capital projects, including which templates are required to be complete for each project. This should be shared with any staff involved in the process. 	Medium	Ilyas Bham Accountancy Manager (Deputy S151 Officer)	31 March 2026
3	<ol style="list-style-type: none"> The Capital Programme 2023 - 2024 to 2026-27 and Capital Strategy should be updated to define the arrangements for monitoring project deliver for non-complex projects. Any projects which do not require their own Project Board should be included in the monitoring spreadsheet used by the ESB, or equivalent overarching boards. The monitoring spreadsheet used by the ESB should be updated to include updates on costs, timescales and risks. 	Medium	Ilyas Bham Accountancy Manager (Deputy S151 Officer)	31 March 2026

Ref	Recommendation	Priority	Responsible Person	Due Date
4	<ol style="list-style-type: none"> 1. The Capital Programme 2023 - 2024 to 2026-27 and Capital Strategy should be updated to define when a risk register is required for a project. 2. For any existing projects which meet the above criteria, review should be carried out to ensure that an updated risk register is in place. 	Medium	Ashley Wilson Assistant Director Finance & Audit (S151 Officer)	31 March 2026
5	<ol style="list-style-type: none"> 1. Guidance should be produced which defines the handover arrangements which must be followed upon the completion of projects. 2. A formal sign off process should be introduced to confirm that all handover activities have been complete. 	Medium	Ashley Wilson Assistant Director Finance & Audit (S151 Officer)	31 March 2026
6	<ol style="list-style-type: none"> 1. Guidance should be produced which defines the lessons learned activities which must be followed, including when the End Project Report is required to be complete. 2. End Project Reports should be reported to the Senior Leadership team and Project Boards to ensure lessons learnt are embedded across all future projects. 	Medium	Ashley Wilson Assistant Director Finance & Audit (S151 Officer)	31 March 2026

02 Value for Money and Sector Comparison

Within each of our reports, we summarise any observations we have made about the effectiveness, efficiency, and economy of your operations. This is to support our portfolio of public and social sector organisations with value for money considerations. We also summarise how you compare to similar organisations, which is intended to bring you the benefit of our insight.

Value for Money (VfM)



Effective project management should result in the achievement of project objectives, which ultimately lead to the achievement of an organisation's strategic objectives and improved overall Value for Money (VfM). Mature organisations (in terms of established project management practices) have shown to deliver more

significant cost savings per project.

While Hinckley have a Capital Programme 2023 - 2024 to 2026-27 and Capital Strategy which defines the high-level process for capital project planning and the governance framework in place, we found that this is only followed consistently for projects considered to be 'complex', or over £250,000. The arrangements for monitoring project delivery, for example, is not documented or clearly defined for projects under £250,000. This could result in a lack of effective monitoring of projects resulting in an overrun on costs, and potentially not achieving the desired benefits as a result.

We found that a project board was only in place for complex projects, and while the Economic Prosperity Board (EPB) is in place to monitor the delivery of low-cost projects, we found that not all projects are monitored through this board, and some do not have alternative formal monitoring and reporting arrangements in place. This potential lack of oversight relating to project scope, costs and risks could impact VfM as a result of the project going over budget or not achieving the desired outcomes. We have raised a recommendation in relation to this in Section 03 of this report.

Sector Comparison



In our experience in providing assurance over capital projects in the sector, we have found several best practice and industry standards may be applied to maximise the efficiency of delivering public funded projects.

While not mandated, the HM Government Functional Standard 'GovS 002: Project Delivery' (GovS002) is a useful application of good practice for publicly funded works. It defines certain principles to enable successful project delivery such as capturing experiences and lessons learned.

It is considered best practice to produce a post project report which documents the outcomes of any lessons learnt reviews and which can then be reported to senior leadership and project teams in order to apply lessons going forward and promote future improvement. While we were advised that lessons learnt would be considered as a result of a project, there is no formal process for reporting on lessons learnt, and we were not provided with evidence of the use of the End of Project Report template to document the outcome of any reviews.

We see effective management of the capital programme resulting from the application of defined management processes and procedures. We note that there are no procedures or project manual in place to support the Capital Programme 2023 - 2024 to 2026-27 and Capital Strategy, which provides a high-level approach to the capital programme. We have raised a recommendation in relation to this in Section 03 of this report.

03 Detailed Action Plan

We have identified areas where there is scope to improve the control environment. Our detailed findings are provided below. Definitions for the levels of assurance and recommendations used within our reports are included in Appendix A1.

1. The arrangement for non-complex/small projects are not documented.	
Finding(s) and Risk	Recommendation(s)
<p>Hinckley has a Capital Programme 2023 - 2024 to 2026-27 and Capital Strategy in place which was approved by the Council in February 2024. This document defines the high-level process for capital project planning and the governance framework, including authorisation, approval and monitoring arrangements.</p> <p>We were advised by the Accountancy Manager that the process is only to be followed for complex projects, or projects over £250,000. They advised that projects of less than £250,000 would follow a more simplistic approach and would not require the completion of a Project Initiation Document. The £250,000 limit was not documented in the Capital Strategy, and it was not defined what characteristics result in a project being considered complex however it was documented in the Economic Prosperity Board Terms of Reference (December 2024). The Economic Prosperity Board is responsible for overseeing and ensuring delivery of the outcomes of the Council’s property and investment projects and regeneration schemes. We note that projects within the programme under £250,000 make up a combined total of £1.7 million of the £25.7 million total.</p> <p>Furthermore, we note that for smaller/projects not considered complex, there was no formal process to document and define other considerations such as scope, risk or timescales of each project.</p> <p>Risk and Impact: Where scope, risk or timescales are not defined, there is a risk that projects may overrun or exceed expected costs, or expected benefits not being achieved.</p>	<p>The arrangements for projects not considered complex should be defined and documented. This should include the approach to defining the scope of the project; identifying and monitoring risks; and project monitoring arrangements.</p>
	Root Cause(s)
	<p>No clear framework or templates in place for managing non-complex projects as complex projects are prioritised.</p>
Management Comments / Agreed Actions	

The £50,000 definition is in the Economic Prosperity Board's terms of reference. All projects are reported as part of the budget monitoring process to SLT and Finance and Performance. Non-Complex projects are managed by budget holders. This monitoring of these projects will be added to the overview process by the Economic Prosperity Board (EPB).

Responsible Person	Ilyas Bham Accountancy Manager	Action Due Date	31 March 2026
		Priority Level	Medium

2. Evidence of project authorisation not provided

Finding(s) and Risk	Recommendation(s)
<p>The authorisation limits for each project are defined within the Financial Procedure Rules, based on the total value of the project. We were advised that for each project, a New Scheme Document or budget authorisation form should also be produced, which breaks down the total expected costs of the project for approval.</p> <p>For a sample of five projects, we sought to confirm that each had been approved in accordance with the Financial Procedure Rules. For one of the five projects, relating to car park major works with a total cost of £160,000, evidence of approval was not provided at the time of the audit. Furthermore, while we note that the total budget was approved within the Capital Programme, we were unable to ascertain that the budgets were supported by accurate breakdown of costs, as the New Scheme Document and budget authorisation form were not provided for one of the samples of five projects.</p> <p>We note that there are no procedures/manuals in place to provide guidance to staff in following the governance arrangements with regards to the Capital Programme.</p> <p>Risk and Impact: When a project is not supported by an approved and accurate budget, there is a risk of value for money not being achieved.</p>	<ol style="list-style-type: none"> 1. A New Scheme Document or budget authorisation form should be produced for all new projects. This should be considered as part of the authorisation process. 2. Evidence of approval should be retained for all new capital projects. 3. Detailed guidance/procedures should be produced on the approval process for capital projects, including which templates are required to be complete for each project. This should be shared with any staff involved in the process. <p>Root Cause(s)</p> <p>Supporting procedures are not in place.</p>

Management Comments / Agreed Actions

All capital projects re approved by members as part of the budget setting process and their approve is minuted The EPB have already set in place forms for the setting up of new projects and these will be put forward for use in the case of complex, projects (Over £250,000). Smaller projects will have a simplified form for completion put in place. The budget authorisation forms have been drafted, and the forms and requirements have already been sent to all staff in March 2025.

Responsible Person	Ilyas Bham Accountancy Manager	Action Due Date	31 March 2026
		Priority Level	Medium

3. Projects are not consistently monitored

Finding(s) and Risk

The Capital Programme 2023 - 2024 to 2026-27 and Capital Strategy defines that project progress should be monitored by the Project Team and that the Project Board will receive Highlight Reports and a Project Risk Register. We were advised that this only applies to complex projects.

From a sample of five projects, we were advised that a project board was only in place for one project. We were advised that for small projects, they will be monitored through various project boards covering multiple projects in the programme, such as the Economic Prosperity Board (EPB) which covers all projects relating to the Council's property and investment projects and regeneration schemes. We were provided with a spreadsheet used for monitoring projects which are the responsibility of the EPB. We sought the confirm that the four projects from our sample which did not have a Project Board in place were included and were being monitored by the EPB. We note none of the four projects were included in the spreadsheet.

Furthermore, on review of the spreadsheet we found this did not include information such as: current costs, expected timescales and whether these have been met, or ongoing risks.

Risk and Impact: Where scope, risk or timescales are not monitored, there is a risk that projects may overrun or exceed expected costs, or expected benefits not being achieved.

Recommendation(s)

1. The Capital Programme 2023 - 2024 to 2026-27 and Capital Strategy should be updated to define the arrangements for monitoring project deliver for non-complex projects.
2. Any projects which do not require their own Project Board should be included in the monitoring spreadsheet used by the EPB or equivalent overarching boards.
3. The monitoring spreadsheet used by the EPB should be updated to include updates on costs, timescales and risks.

Root Cause(s)

The Capital Programme 2023 - 2024 to 2026-27 and Capital Strategy does not define the approach to monitoring project progress for noncomplex projects.

Management Comments / Agreed Actions

The Capital Programme 2023 - 2024 to 2026-27 and Capital Strategy will be updated to define the arrangements for monitoring project deliver for non-complex projects.

The Economic PB is for items over £250k unless requested, so is this really required or adding value, what are the benefits of this as reported to budget holders, SLT and F&P members on a quarterly bases as part of the Outturn reports.

Where relevant they will be included, the EPB already has a RAG rating, which covers a high-level risk position.

Responsible Person	Ashley Wilson Assistant Director Finance & Audit (S151 Officer)	Action Due Date	31 March 2026
		Priority Level	Medium

4. Risks are not consistently monitored

Finding(s) and Risk	Recommendation(s)
<p>The Capital Programme 2023 - 2024 to 2026-27 and Capital Strategy states that prior to project approval and sign off, a feasibility exercise will be carried out to identify the project objectives, project cost and project risks.</p> <p>For the sample of five projects, we sought to confirm that the risks had been identified. However, an active risk register could only be provided for one of the five projects. We were advised for smaller projects that there is no defined approach to identifying and recording risks, or when a risk register is required for a project.</p> <p>Risk and Impact: Where risks are not defined or monitored, there is a risk that projects may overrun or exceed expected costs, resulting in expected benefits not being achieved.</p>	<ol style="list-style-type: none"> 1. The Capital Programme 2023 - 2024 to 2026-27 and Capital Strategy should be updated to define when a risk register is required for a project. 2. For any existing projects which meet the above criteria, review should be carried out to ensure that an updated risk register is in place.
	<p>Root Cause(s)</p>
	<p>The Capital Programme 2023 - 2024 to 2026-27 and Capital Strategy is high level and not supported by documented procedures.</p>

Management Comments / Agreed Actions

Agree. Definitions of when a risk register is required for a project will be included and risk registers are already in place for key projects. This will be discussed with service heads to see what the most practical way to do this is. However, for the small expenditure samples selected this would be overly onerous in terms of the benefits derived. 4 out of 5 were less than £250k.

<p>Responsible Person</p>	<p>Ashley Wilson Assistant Director Finance & Audit (S151 Officer)</p>	<p>Action Due Date</p>	<p>31 March 2026</p>
		<p>Priority Level</p>	<p>Medium</p>

5. A lack of formal completion and handover activities.

Finding(s) and Risk

Upon the completion of capital projects, it is essential to have formal handover activities to ensure an effective and robust transition of responsibilities. We were advised that the handover in relation to capital projects is not defined or documented and that handover activities would be done on a project-to-project basis. We were further advised that the outcomes were not documented and therefore we were unable to test in this area.

Risk and Impact: In absence of consistently apply mandated completion and handover activities, there is a risk of poor uptake from end users/stakeholders and the risk of reputational damage or missed achievement of benefits.

Recommendation(s)

1. Guidance should be produced which defines the handover arrangements which must be followed upon the completion of projects.
2. A formal sign off process should be introduced to confirm that all handover activities have been complete.

Root Cause(s)

No formal documented approach to follow.

Management Comments

Agree. Guidance will be included in updates to project documentation. The sign off process can be included in the Project Guidance document but will take into consideration the type and complexity of the capital project. i.e. handing over a refurbished building compared to installation of ICT equipment.

Responsible Person

Ashley Wilson
Assistant Director Finance & Audit (S151
Officer)

Action Due Date

31 March 2026

Priority Level

Medium

6. No formal process for assessing lessons learned upon the completion of a project

Finding(s) and Risk	Recommendation(s)
<p>It is important to assess a project upon its completion, to identify any issues and their root causes; opportunities for improvement to allow for improving performance; and to avoid repeat mistakes for future projects. It is best practice to produce a post project report which documents the outcomes of any lessons learnt reviews and then report to senior leadership and project teams in order to apply lessons going forward.</p> <p>We were advised that whilst lessons learnt would be considered as a result of a project, there is not a formal process for reporting on lessons learnt to ensure they can be embedded for future projects. We were however provided with an End of Project Report template which includes a section for the Achievement of the Projects Objectives; Performance Against the Planned Target Time and Cost; and the Key Learning Points. However, no evidence was provided to confirm these had been completed for recently completed projects.</p> <p>We note that the requirement for the End Project Report is not documented.</p> <p>Risk and Impact: Where formal lessons learnt activities are not carried out and reported, there is a risk that mistakes relating to cost and delivery are repeated for future projects, resulting in expected benefits not being achieved.</p>	<ol style="list-style-type: none"> 1. Guidance should be produced which defines the lessons learned activities which must be followed, including when the End Project Report is required to be complete. 2. End Project Reports should be reported to the Senior Leadership team and Project Boards to ensure lessons learnt are embedded across all future projects.
	<p>Root Cause(s)</p>
	<p>No documented approach to lessons learned activities.</p>

Management Comments / Agreed Actions

Agree. Lessons learned is included in the Project Templates. Anything which needs highlighting can be added to an annual report to the EPB. The same annual report to the Economic Partnership Board could be forwarded to SLT as required.

Responsible Person	Ashley Wilson Assistant Director Finance & Audit (S151 Officer)	Action Due Date	31 March 2026
		Priority Level	Medium

A1 Audit Information

Agreed Audit Objective and Scope

The objectives of our audit were to assess whether Hinckley has in place adequate and appropriate policies, procedures, and controls in relation to the management of the Capital Programme, with a view to providing an opinion on the extent to which risks in this area are managed. The audit considered the following risks relating to the area under review:

Capital Programme Management

- The processes defined for managing projects within the Capital Programme do not align with the agreed best practice methodology and exposes Hinckley to risk in terms of successful delivery.

Investment Criteria and Selection

- Projects in the capital programme are initiated without a basis of investment criteria, leading to resources used for projects with limited beneficial value.

Project Appraisal and Approval

- Hinckley does not include relevant assumptions/costs in appraisals which may lead to approval of unviable or unsuitable projects.
- Capital Project appraisals do not adequately identify the required parameters for successful delivery to time, scope, and budget impacting the optimum use of programme funds.
- Approval criteria for Capital Projects are unclear and inconsistently applied which may lead to approval of unviable or unsuitable projects.

Project Monitoring

- Projects are not accurately monitored and managed leading to scope creep and slippages in time, budget and quality parameters.
- Governance processes are inadequate for the delivery of Capital Projects, leading to poor decision-making impacting project quality and benefits realisation.

Completion and Handover

- Capital Projects do not consistently apply mandated completion and handover activities leading to poor uptake from end users/stakeholders and the risk of reputational damage or missed achievement of benefits.
- Lessons learned are not considered post capital projects leading to repeated mistakes, increased costs, and compromised quality in future projects.

Scope Limitations

In giving this assessment, it should be noted that assurance cannot be absolute. The most an Internal Audit service can provide is reasonable assurance that there are no major weaknesses in the framework of internal control. Any testing performed was conducted on a sample basis. Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

Definitions of Assurance Levels and Recommendation Priority Levels

Definitions of Assurance Levels	
Substantial Assurance	The framework of governance, risk management and control is adequate and effective.
Moderate Assurance	Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.
Limited Assurance	There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.
Unsatisfactory Assurance	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.

Definitions of Recommendations		
High (Priority 1)	Significant weakness in governance, risk management and control that if unresolved exposes the organisation to an unacceptable level of residual risk.	Remedial action must be taken urgently and within an agreed timescale.
Medium (Priority 2)	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.	Remedial action should be taken at the earliest opportunity and within an agreed timescale.
Low (Priority 3)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.	Remedial action should be prioritised and undertaken within an agreed timescale.

Statement of Responsibility

We take responsibility to Hinckley 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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