

Hinckley & Bosworth Borough Council

Internal Audit Progress Report 2014/15

February 2015



1. Introduction

This report summarises the work of Internal Audit to early February 2015. The purpose of the report is to update the Committee on progress made in delivering the 2014/15 audit plan.

2. Progress summary

The internal audit plan for the 2014/15 year totals 323.5 days (including work in relation to Leicestershire Revenues & Benefits Partnership (LRBP) systems and total days carried forward from 2013/14). Section 5 provides details of all the audit assignments now included in the 2014/15 year, together with details of the quarter in which the assignments are planned for delivery at this stage, and an update on progress where assignments have commenced. We remain on course to complete our planned work in time for provision of our annual internal audit opinion to support the Council's Annual Governance Statement.

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				
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 7 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 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			√			

Review	Summary	Level of assurance			
	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 7 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 Quality Audits	Until February 2014, 10% of work load was checked for quality by the Performance Officer and was monitored by the Training Officer for any training issues. However, due to the backlog, the Performance Officer was tasked with billing work. Hence, the most up to date performance figures available are up to February 2014; between September 2013 and February 2014 accuracy rates were averaging 92% against a target of 98% and level 3 errors (where the original bill issued was incorrect and needed amending and reissuing) were averaging 23 per month. The Technical and Training Officer carried out a one-off exercise in July 2014 which found that accuracy rates were	Inaccurate records/charges Training requirements not identified	3	a) Consideration should be given to re-introducing quality audits to ensure consistency and accuracy of work. We would suggest that such checks could be targeted particularly at new staff or staff with changed roles. b) Action should be taken to address training needs arising from identified recent errors, particularly with new staff.	Agreed Agreed	Karen Waterfield Claire Stone	June 2015

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
	averaging 89%.						

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	<p>Testing of 20 exemptions for each council found that:</p> <ul style="list-style-type: none"> • HBBC - 1/20 incorrectly applied, overdue review date. • HDC - 1/20 incorrectly applied, overdue review date. • NWL – 1/20 incorrectly applied, overdue review date. 6/20 no supporting documentation. <p>Details have been provided to Team Leaders.</p> <p>We were informed that clearing the backlog has been given priority over reviews for 2014/15, and that the backlog arose due to a period of staff shortage due to maternity leave followed by a period of fully staffing but with some staff who were not experienced billing officers.</p>	Incorrect exemptions applied.	3	<p>a) Care should be taken to ensure that supporting documentation is indexed correctly to the relevant account.</p> <p>b) Team Leaders should investigate the exemption that has been incorrectly applied and rectify where necessary.</p> <p>c) Reviews should be carried out as soon they become due.</p>	<p>Agreed.</p> <p>Agreed</p> <p>We will be reviewing process for all discounts and exemptions to ensure they are reviewed in a timely manner.</p>	<p>Claire Sewell</p> <p>Linda Howe Claire Stone</p> <p>Andrew Hough</p>	<p>24th January 2015</p> <p>24th January 2015</p> <p>May/June 2015</p>
5.2 Discounts	<p>Testing of 20 discounts for each of the three councils found that:</p> <ul style="list-style-type: none"> • HBBC - 5/20 discount incorrectly applied, overdue review dates • HDC - 8/20 discount incorrectly applied, overdue review dates • NWL - 6/20 discount incorrectly applied, overdue review dates; 3/20 no supporting documentation. <p>Details have been provided to Team Leaders.</p>	Incorrect discounts applied.	3	<p>a) Care should be taken to ensure that supporting documentation is indexed correctly to the relevant account.</p> <p>b) Team Leaders should investigate the discounts that have been incorrectly applied and rectify where necessary.</p>	<p>Agreed.</p> <p>Agreed</p>	<p>Claire Sewell</p> <p>Linda Howe Claire Stone</p>	<p>24th January 2015</p> <p>24th January 2015</p>

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
	We were informed that clearing the backlog has been given priority over reviews for 2014/15.			c) Reviews should be carried out as soon they become due.	We will be reviewing process for all discounts and exemptions to ensure they are reviewed in a timely manner.	Andrew Hough	May/June 2015
5.3 Inspections	<p>As noted during the previous audit, inspections are not always being carried out within 3 months 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"> • HBBC 9/20 properties were not inspected within 3 months of them becoming empty and of these 6/20 had still not been visited within 6 months. • HDC 14/20 properties were not inspected within 3 months of become empty and of these, 12/20 had still not been visited within 6 months. • NWL 10/20 properties were not inspected within 3 months of them becoming empty and of these 6/20 had still not been inspected within 6 months. 	Inappropriate exemptions given resulting in financial loss to the relevant Council(s)	3	<p>a) The Partnership should ensure that all empty properties are inspected within 3 months of them being registered as eligible.</p> <p>b) To support this management should consider reviewing the staffing capacity dedicated to inspection and the planning of inspections to ensure this is as effective as possible.</p> <p>c) Management should consider a specific exercise to 'catch up' on the apparent backlog of inspections and identify any cases where empty property exemptions appear to have been extended incorrectly up to that point, and take suitable action on these cases.</p>	A full review will take place regarding visits moving forward being more focused. The team will be fully generic covering Council Tax, NNDR and Benefits inspections/visits.	Leigh Butler	May/June 2015

System Control Objective 10: Non-recoverable debts are written off in accordance with policy and with suitable authorisation.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
10.1 Write-Offs - Timeliness	<p>The Write-Off Policy states that where a debt is deemed to be non-recoverable, it needs to be identified at the earliest possible opportunity and properly dealt with in accordance with financial regulations. Irrecoverable debts must also be identified and written off promptly; if only because they are shown in the council's accounts as an asset.</p> <p>A sample of 20 write-offs were selected for testing for each Authority to ensure that they had been written off on a timely basis in accordance with the Write-Off Policy. It was noted that the following had not been written off once all avenues of investigation had been explored and some had taken in excess of a year to be written off :</p> <ul style="list-style-type: none"> • HBBC - 3/20 • HDC - 5/20 • NWL - 4/20 <p>As per the Recovery Team Leader, this was due to a combination of a high level of work and priority given to areas where money could be recovered.</p>	Overstated assets	3	As per the Write-Off Policy, non-recoverable debt should be identified and written-off promptly.	Agreed	Sue Williams-Lee	April 2015
10.2 Write-Offs – Missing Paperwork	<p>Staff within the Billing Team or the Recovery Team can recommend write-offs once all avenues have been explored. A write-off form is produced and printed off giving the reference number and reason for write-off. These are placed in the Recovery Team Leaders' in-trays for checking. As part of the sample testing of 20 write-offs for each Authority it was noted that delays to write-offs had been caused due to missing paperwork as follows:</p> <ul style="list-style-type: none"> • HDC 2/20 	Overstated assets	3	Care should be taken that all write-off forms are printed out and left in the correct place.	Agreed	Karen Waterfield Claire Stone	24 th January 2015

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
	<ul style="list-style-type: none"> NWL 2/20 						
10.3 Write-Off Reconciliations	As part of the sample testing of 20 write-offs for each authority, it was noted that on one occasion for HDC although a write-off form had been produced, checked by the Recovery Team Leader and authorised for write-off, it had not been written off the system.	Missing transactions	3	Authorised write-offs should be reconciled to the system each time they are processed.	Agreed	Karen Waterfield Claire Stone	24 th January 2015

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 5 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.	√					

Review	Summary	Level of assurance
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 5 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
1.1 Quality Audits	It was recommended during the 2013/14 audit that the quality audits should be re-introduced to ensure consistency and accuracy of work. This was agreed with Management but has not occurred due to the backlog being given priority.	Inaccurate records/charges Training requirements not identified	3	Consideration should be given to re-introducing quality audits to ensure consistency and accuracy of work.	Agreed	Sue Williams-Lee	June 2015

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 Discretionary Charitable Relief	Where premises are occupied or mainly occupied for charitable purposes, charitable relief is available - 80% mandatory and 20% discretionary. The three authorities each have a Discretionary Relief Policy setting out the criteria for awarding such relief. During 2014/15, only 2 instances of discretionary charitable relief has been awarded in relation	Inappropriate award of relief.	3	The Discretionary Relief Policy should be complied with.	Agreed.	Sue Williams-Lee	24 th January 2015

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
	to HBBC and none in relation to HDC and NWL. As per the Policy discretionary relief should be approved by the Partnership Manager. In 1/2 instances the decision form had not been signed evidencing approval.						
5.2 Inspections	<p>As noted during the previous audit, inspections are not always being carried out within 3 months 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"> • HBBC 10/20 properties were not inspected within 3 months of them becoming empty and of these 10/20 had still not been visited within 6 months. • HDC 15/20 properties were not inspected within 3 months of become empty and of these, 11/20 had still not been visited within 6 months. • NWL 14/20 properties were not inspected within 3 months of them becoming empty and of these 13/20 had still not been inspected within 6 months. 	Inappropriate exemptions given resulting in financial loss to the relevant Council(s)	3	<p>d) The Partnership should ensure that all empty properties are inspected within 3 months of them being registered as eligible.</p> <p>e) To support this management should consider reviewing the staffing capacity dedicated to inspection and the planning of inspections to ensure this is as effective as possible.</p> <p>f) Management should consider a specific exercise to 'catch up' on the apparent backlog of inspections and identify any cases where empty property exemptions appear to have been extended incorrectly up to that point, and take suitable action on these cases.</p>	A full review will take place regarding visits moving forward being more focused. The team will be fully generic covering Council Tax, NNDR and Benefits inspections/visits.	Leigh Butler	July 2015

System Control Objective 10: Non-recoverable debts are written off in accordance with policy and with suitable authorisation.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
10.1 Write-Offs - Timeliness	<p>The Write-Off Policy states that where a debt is deemed to be non-recoverable, it needs to be identified at the earliest possible opportunity and properly dealt with in accordance with financial regulations. Irrecoverable debts must also be identified and written off promptly; if only because they are shown in the council's accounts as an asset.</p> <p>A sample of 20 write-offs were selected for testing for each Authority to ensure that they had been written off on a timely basis in accordance with the Write-Off Policy. It was noted that the following had not been written off once all avenues of investigation had been explored and some had taken in excess of a year to be written off :</p> <ul style="list-style-type: none"> • HBBC – 5/10 • HDC – 5/10 • NWL –5/10 <p>As per the Recovery Team Leader, this was due to a combination of a high level of work and priority given to areas where money could be recovered.</p>	Overstated assets	3	As per the Write-Off Policy, non-recoverable debt should be identified and written-off promptly.	Agreed	Sue Williams-Lee	April 2015
10.2 Write-Offs – Forms	<p>Staff within the Billing Team can recommend write-offs once all avenues have been explored. A write-off form is produced and printed off giving the reference number and reason for write-off. These are placed in the Recovery Team Leaders' in-trays for checking. As part of the sample testing of 10 write-offs for each Authority it was noted that delays to write-offs had been caused due to delays in raising write-off forms:</p> <ul style="list-style-type: none"> • HBBC 3/10 • HDC 1/10 • NWL 1/20 	Overstated assets	3	Care should be taken that all write-off forms are produced on a timely basis.	Agreed	Sue Williams-Lee	April 2015

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 6 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 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:

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 New Claims - Completion of Application Forms</u>	In 1 case out of a sample of 60 the Application Form was not completed satisfactorily. The claimant did not confirm if they had any savings - despite previously living off the proceeds of a house sale.	Incomplete evidence to determine a claimant's entitlement and to prosecute in the instance of a fraud.	3	Applications should not be processed unless all relevant sections of the form have been completed satisfactorily.	Agreed.	Storme Coop	24 th January 2015
<u>2.2 New Claims - Verification of the Identity of Known Claimants</u>	The Partnership's Housing Benefit and Council Tax Support - Verification Policy provides guidance with regards to verifying claims. Audit testing identified a number of new claimants whose identification was not verified because they were a previously known claimant. The Policy does not allow this exception.	Non compliance with the Partnership's Verification Policy.	3	Consideration should be given to reviewing the Policy to set out the circumstances in which identification verification is not required	Will review existing policy regarding VF where claimant has claimed before	Storme Coop	April 2015
<u>2.4 Backdated Claims – Processing Errors</u>	Audit testing of a sample of 15 backdated claims showed that in 3 instances there was evidence of processing errors. In 1 case the suspension to pay benefits was lifted but this was processed as a backdated claim (£1096.34). 2 other minor processing errors were noted (£56.56 and -£18.49).	Processing errors may result in a reduction in the Subsidy claimed.	3	Staff should be reminded of the need to process claims correctly.	Agreed	Storme Coop	24 th January 2015
<u>2.6 Backdated Claims – Documenting Requests to Backdate</u>	In 2 cases out of the sample of 15 selected for audit testing the request to backdate was not fully documented. In 1 instance the backdate form was completed with the assistance of a Visiting Officer but did not provide an explanation as to why a backdate was requested, and there was no supporting documentation. In the 2nd case the date for the backdate request was not completed.	Lack of evidence to support a decision made.	3	Whenever possible all evidence to support a decision relating to a claim should be documented and retained.	Agreed – See 2.4 and 2.5 above	Storme Coop	24 th January 2015

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>3.1 Systems Access Controls</u>	In 2013/14 we reported that 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. This remains an outstanding issue.	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.	Will request that HR copy the email to the partnership for all leavers	Andrew Hough	24 th January 2015
<u>3.1 Changes to Welfare Benefit Parameters – Annual Uprates</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 are taken from Academy and record the name of the inputter and the name of the team leader who has checked that the data has been input correctly. Dates are also recorded. The screen prints are filed by Council. However, there is no facility to record the Council's name on the screen prints and this is not recorded manually.	It is possible to confuse the screen prints of the respective Councils which may result in uprating being applied incorrectly.	3	The welfare benefit parameter screen prints should clearly state the name of the Council to which they refer.	Agreed	Andrew Hough	February 2015

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>5.1 Overpayments – Recording Debts for Collection</u>	From an audit sample of 15 records there was 1 case where the invoice was not flagged for collection (£22.97). The claimant was no longer in receipt of Housing Benefit	Enforcement team not alerted on a timely basis resulting in delays in debt collection.	3	Benefit assessors should be reminded on the need to ensure that claims are correctly flagged where a debt needs to be recovered.	Agreed	Storme Coop	24 th January 2015

System Control Objective 7: Processing times, accuracy, overpayment levels, fraud case outcomes and other key performance indicators are regularly monitored.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
<u>7.1 Quality Assurance Process</u>	DWP guidance advises that at least 4% of assessment work should be reviewed for quality assurance purposes to ensure that it has been processed accurately and consistently, and in accordance with DWP guidelines. At the end of October, due to competing demands on the workload of the Benefits Support Team which meant that reviews could not be undertaken for 11 consecutive weeks the Partnership underperformed against this target by reviewing 2.8% of the assessment population. It is understood that the Partnership is confident that the target will be achieved by the year end.	Processing errors are not identified on a timely basis resulting in a risk of financial loss to the Councils.	3	Timely reviews of assessment work to ensure that quality assurance targets are consistently met throughout the year.	Agreed but resources will be allocated to support audit on subsidy work books and the intention is that we will meet the 4% target at year end	Russell York	30 th January 2015

Financial Systems (debtors, creditors and cash/treasury management) – key controls

We have completed a review which focussed on key controls around the Council’s debtors, creditors and cash/treasury management systems. We were able to give significant assurance in relation to the operation of the relevant key controls with regard to debtors and creditors, and full assurance with regard to cash/treasury management. A final report has been agreed with management, which includes an action plan to address the two issues we raised; the one medium risk issue and management’s response is shown below.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
<u>2.1 Debt Recovery</u>	<p>We reviewed a sample of outstanding debts from the Debt Report produced as at 5th November 2014. The recovery action taken regarding the sample of overdue debts confirmed that:</p> <ul style="list-style-type: none"> - 18 debts had appropriate recovery action taken and / or had been referred to the relevant department manager for decisions on further recovery action. - 1 debt was suspended on 18/03/14 re invoice query, the suspension was no longer applicable and was removed following our review. - 1 debt was suspended 04/07/14 re an agreed payment plan, but no payments had been received, therefore suspension was removed following our review. 	Action to recover outstanding debts may be delayed.	3	<p>a) Action should be undertaken on a timely basis to recover debts in line with the organisation’s recovery procedures.</p> <p>b) Suspended recovery action on debts should be reviewed periodically to ensure that suspensions remain valid.</p>	<p>Suspended debts will be reviewed on a weekly basis and where applicable the suspension will be removed.</p> <p>Recovery action is reviewed on a monthly basis and appropriate action taken.</p>	Sheryl Wood	31 st March 2015

Electoral Registration

We have completed the second part of a two-phase review on the Council’s implementation of Individual Electoral Registration, and have agreed with management a letter setting out our findings and recommendations and the position regarding management’s proposed actions. The letter is attached at the end of this progress report.

Leisure Centre Construction Contract

We have completed an additional review requested by management, which aimed to provide any learning points from the initial phases of the approach used thus far to monitor the construction contract and make payments. The control objectives we considered as part of this review were as follows:

- Robust processes are in place to assess sums being invoiced by the contractor to ensure these are appropriate and per contract and to challenge where necessary.
- Robust processes are in place to approve payments based on the assessment of invoices, in accordance with delegated authority.
- Progress of cost incurred against budget is robustly monitored and reported and any significant variances explained.
- The quality of construction is soundly and independently assessed to provide assurance to the Council, and action is taken on any concerns highlighted.

We were able to provide significant assurance on the controls in place to meet these objectives, and made one recommendation as set out below, together with management's response.

No.	Recommendation	Risk Ranking	Proposed action	By Who	By When
1	Council QS overview recently put in place as set out in this letter should continue through the project; this should give suitable assurance that the work undertaken and subsequently invoiced as detailed in the interim payment certificate is valid and appropriate to pay.	2	HBBC to secure the ongoing support from Nigel Butler to the Leisure Centre project, in particular the funding arrangements that will support this.	Simon D. Jones, with support from Julie Kenny	March/April 2015

Site Security

We have completed an additional review requested by management which considered aspects of site security in relation to the Hinckley Hub, Jubilee Building and Atkins Building. We have provided a report to management and an action plan has been agreed to deal with our findings and recommendations. We did not provide an overall assurance opinion in this case given the scope and remit of the review.

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 31/1/15, which were made in 2013/14 or later or 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 31/1/15, 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.

Members will note that the number of outstanding actions is reducing and now stands at 14, and no high risk issues are currently outstanding, which is a positive position.

Summary	1 Critical	2 High	3 Medium	4 Low	Total
Due by 31/1/15	-	5	108	84	197
Implemented	-	4	89	69	162
Closed (eg system changed)	-	1	13	7	21
Not completed yet	-	-	6	8	14

Time overdue for actions o/s or not complete	1 Critical	2 High	3 Medium	4 Low	Total
Less than 3 months	-	-	2	1	3
3 – 6 months	-	-	1	3	4
Greater than 6 months	-	-	3	4	7
Total	-	-	6	8	14

The high risk issues (in this case, none) and the 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>Review in progress in conjunction with orchard update. A further update is required to be able to complete the P1E statistical monitoring and this will not be released until June 2015. Amendments have been made as an interim measure.</p> <p>Revised implementation date - 30/6/15</p>

Review	Recommendation	Risk Rating	Response	Current Status per update
2013/14 Council Tax (LRBP)	<p><u>VOA and CT system reconciliation</u></p> <p>The discrepancies (identified by the audit) should be investigated and rectified.</p>	4	<p>We are working with the Valuation Office to reconcile the difference. We understand that our records are correct.</p> <p>31/3/14 – Claire Stone, CT Team Leader</p>	<p>Overall the bands balance with the VOA a file has been received back from VOA with anomalies to reference numbers next step is to work on those.</p> <p>Revised date 31/3/15</p>
2013/14 PCI Compliance	<p><u>PCI Supplier Compliance Validation</u></p> <p>An annual review of the scope of CAPITA's PCI compliance should be undertaken to ensure that it continues to meet the Council's requirements.</p>	4	<p>Agreed. We will undertake an annual review.</p> <p>30/4/14 – Sheryl Wood, Exchequer Services Officer</p>	<p>Incorrect year for implementation</p> <p>Revised date 31/3/15</p>
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>Approval given at Executive on the 17th Dec for implementation on 1st April 2015</p> <p>Revised date 1/4/15</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</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</p>	<p>Implementation of Direct works module in progress, go live date June 2015</p> <p>Revised date 1/6/15</p>

Review	Recommendation	Risk Rating	Response	Current Status per update
	burden and improve overall efficiency.		jobs. 30/4/13 -Ian Parsons, Housing Repairs Manager	
2013/14 Members Allowances	<u>Publication – Other</u> Consideration should be given to increasing the detail given in relation to Members' Allowance.	4	The Remuneration Panel's report includes details of the roles Members have. Reference to Member Role descriptions will be made in the press release publicising the Scheme of Allowances 31/10/13 – (now) Rebecca Owen, Member Officer	All relevant information will be published as soon as the new scheme is agreed by Council in December 2014 Revised date 31/1/15
2012/13 Case Management System	<u>Reports</u> Management should monitor how the reporting tool is utilised on the IKEN system and ensure that reports that are required are fully utilised.	4	The use of the reporting tool will be included in the Post implementation review and a check made that sufficient use of the reporting function is being made. 30/11/13 – (now) Emma Horton, Legal Services Manager	With training have been undertaken in January 2015 the team will shortly start time recording on all matters, which will allow better utilisation of the reports. This will be revisited once the system has been used more fully in 6 months. Revised date 17/7/15

5. 2014/15 Internal Audit plan

Description of audit	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Current Status	Assurance level
Key Corporate Project assurance – Bus Station, MIRA/RGF and HRA Investment Plan projects	✓	✓	✓	✓	Ongoing. Initial management briefing paper issued and agreed.	N/A
Efficiency/VFM reviews (Waste collection/recycling in 2014/15)			✓	✓	Review completed; draft report imminent/issued	
Fees and charges review	✓				Final report issued	Narrative/advisory
Budgetary Control				✓	Review scheduled for February 2015	
Main Accounting			✓		Review completed; draft report imminent/issued	
Council Tax – Leicestershire Revenues & Benefits Partnership			✓		Final report issued	Significant
Business Rates – Leicestershire Revenues & Benefits Partnership			✓		Final report issued	Significant
Benefits – Leicestershire Revenues & Benefits Partnership			✓	✓	Final report issued	Significant
Financial Systems key controls			✓		Final report issued	Full/significant
Information Governance		✓	✓		Draft report issued	
Orchard Housing System upgrade review		✓	✓		Draft report issued	

Description of audit	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Current Status	Assurance level
ICT Services Contract review				✓	In progress	N/A
Corporate Governance - Equalities			✓		In progress	
Payroll & Expenses		✓			Final report issued	Significant
Electoral Register		✓	✓		Review complete; Second phase January 2015 reported	Narrative
Human Resources – Sickness Absence Management			✓		Draft report issued	
Housing Rents				✓	Review to start in Feb 2015	
Homelessness/Allocations				✓	Review completed; draft report imminent/issued	
Development Control (Process Review)			✓	✓	In progress	
Section 106 agreements/contributions		✓			Final report issued	Significant
Planning Policy/delivery				✓		
Management of staff flexible/home-working			✓	✓	In progress	
Housing Repairs				✓	In progress	
Car Parks (follow up of 2013/14 review)		✓			Final report issued	Significant

Description of audit	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Current Status	Assurance level
Parking Enforcement		✓			Review was delayed on request but is now completed; draft report imminent/issued	
Asset Control				✓	Review completed; draft report imminent/issued	
Whistleblowing – additional review		✓			Completed	N/A
Site security – additional review			✓		Final report issued	N/A
Leisure Centre construction – additional review			✓	✓	Final letter issued	Significant

In addition we have carried out at management request, a brief advisory/assurance review on staff mileage claims, similarly on CCTV and testing to support our certification in relation to Homes & Communities Agency funding compliance regarding empty homes schemes.