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# *Internal Audit Report 2017/2018*

## Food Hygiene

***Hinckley & Bosworth  
Borough Council***

*April 2018*

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### **Distribution list**

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For action:	Rob Parkinson, Director – Environment and Planning Steven Merry - Environmental Services Manager
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For information:	Audit Committee
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# Executive summary (1 of 4)

## Report classification



**Low Risk**  
(No findings identified)

## Total number of findings

	Critical	High	Medium	Low	Advisory
Control design	-	-	-	-	-
Operating effectiveness	-	-	-	-	-
Total	-	-	-	-	-

## Executive summary (2 of 4)



### Headlines/summary of findings

The Food Standards Agency works closely with Local Authority enforcement officers to make sure food law is applied throughout the food chain. Hinckley and Bosworth Borough Council operates as a 'competent authority' on behalf of the Agency. Within the Council Food Hygiene falls under the responsibility of Environmental Health Services, which has oversight for the 971 premises subject to food hygiene inspections within the region (based on figures as at 1 April 2017). On an annual basis a work plan is approved which defines the programme of work. For 2017/18 this includes inspections relating to:

Category	Minimum frequency of intervention	Number of premises	Interventions due 2017/18	Interventions carried forward from 2016/17	Total number of interventions required in 2017/18
A	At least every six months	3	6	-	6
B	At least every year	26	26	-	26
C	At least every 18 months	184	104	6	110
D	At least every two years	384	183	11	194
E	At least every three years	360	120	13	133
Unrated		14	12	-	14
Total		971	453	30	483

As at June 2017 92 food hygiene inspections had been performed. The Food Standards Agency 2016/17 Annual Return identified that the Council has delivered 636 interventions in the year, with 30 remaining outstanding. There were also 82 complaint investigations undertaken.

## Executive summary (3 of 4)



### Headlines/summary of findings

This review has focused on the governance mechanisms which provide the Council with assurance that it remains in compliance with the requirements and fulfils its responsibilities. The result is a low risk report since no issues were identified.

In summary, we identified that assurance is obtained from a range of different internal and external sources:

Source of assurance	Activities undertaken	PwC comment
Food Standards Agency	<ul style="list-style-type: none"> <li>Audit</li> <li>Annual Return</li> </ul>	<p>The Council has not been subject to an audit in 17 years. These are performed on a risk based approach dictated by the FSA. Given the other sources of assurance which the Council has no such audit has been performed for a number of years.</p> <p>The Annual Return is submitted which summarises the work performed in the year by the team.</p>
County wide initiatives	<ul style="list-style-type: none"> <li>Leicestershire Food Liaison Group</li> <li>Peer review exercise</li> </ul>	<p>A representative from the Council regularly attends the meeting to discuss relevant areas. As part of the 2017/18 work plan the Council has been subject to two peer review exercises:</p> <ul style="list-style-type: none"> <li>Lead Officer Competency: no issues identified</li> <li>Application of the national food hygiene rating scheme: not yet concluded but verbal update suggests minor issues regarding documentation</li> </ul>
Internal reporting	<ul style="list-style-type: none"> <li>Environmental Health Commercial Services: Enforcement service delivery plan</li> <li>Finance and Performance report on the Food Hygiene Rating scheme</li> <li>Quarterly report</li> </ul>	<p>An annual plan is approved by the Executive Board which sets out the work to be performed in the year. Performance and results are summarised in quarterly departmental reports. In addition, ad hoc reports are presented to members to summarise the work performed, issues identified and general trends within the department. The last one of these was a report to the Finance and Performance Committee in January 2018.</p>

# Executive summary (4 of 4)

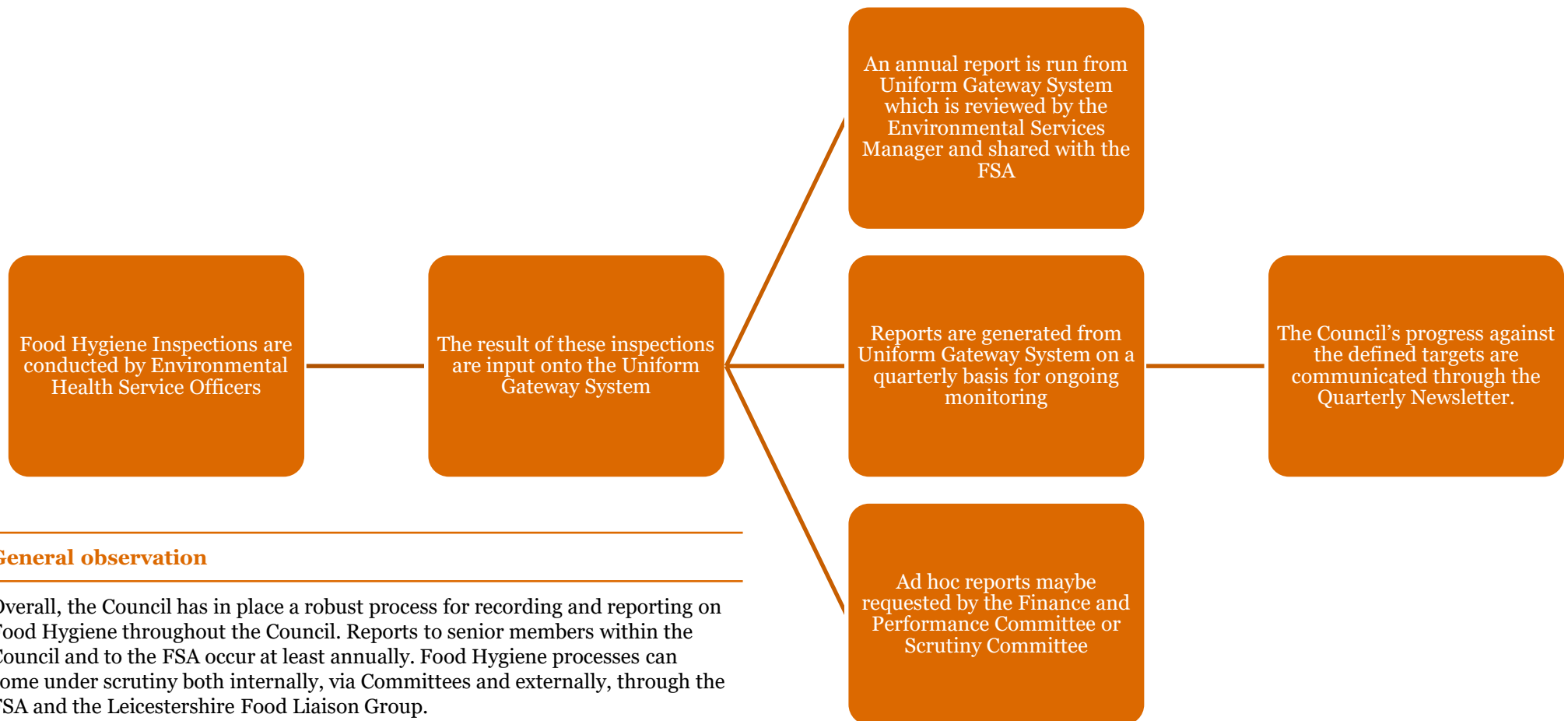


## Headlines/summary of findings

Source of assurance	Activities undertaken	PwC comment
Departmental level oversight	<ul style="list-style-type: none"> <li>Peer reviews</li> <li>Senior level review</li> <li>Continued professional development</li> <li>Regular team meetings and sharing of best practice</li> </ul>	Within the department there is oversight by the Environmental Services Manager along with regular team meetings and continued training to ensure the team share best practice examples.

## Current year findings

Below is a high level summary of the how Food Hygiene is recorded and reported both internally and externally at the Council:



### General observation

Overall, the Council has in place a robust process for recording and reporting on Food Hygiene throughout the Council. Reports to senior members within the Council and to the FSA occur at least annually. Food Hygiene processes can come under scrutiny both internally, via Committees and externally, through the FSA and the Leicestershire Food Liaison Group.



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**Appendix A: Basis of our  
classifications**

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**Appendix B: Terms of  
reference**

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**Appendix C: Limitations  
and responsibilities**

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# *Appendices*



# Appendix A: Basis of our classifications

## Individual finding ratings

### Critical

A finding that could have a:

- **Critical** impact on operational performance; or
- **Critical** monetary or financial statement impact; or
- **Critical** breach in laws and regulations that could result in material fines or consequences; or
- **Critical** impact on the reputation or brand of the organisation which could threaten its future viability.

### High

A finding that could have a:

- **Significant** impact on operational performance; or
- **Significant** monetary or financial statement impact; or
- **Significant** breach in laws and regulations resulting in significant fines and consequences; or
- **Significant** impact on the reputation or brand of the organisation.

### Medium

A finding that could have a:

- **Moderate** impact on operational performance; or
- **Moderate** monetary or financial statement impact; or
- **Moderate** breach in laws and regulations resulting in fines and consequences; or
- **Moderate** impact on the reputation or brand of the organisation.

## Appendix A: Basis of our classifications

### Individual finding ratings

#### Low

A finding that could have a:

- **Minor** impact on the organisation's operational performance; or
- **Minor** monetary or financial statement impact; or
- **Minor** breach in laws and regulations with limited consequences; or
- **Minor** impact on the reputation of the organisation.

#### Advisory

A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.

### Report classifications

The report classification is determined by allocating points to each of the findings included in the report.

Findings rating	Points
Critical	40 points per finding
High	10 points per finding
Medium	3 points per finding
Low	1 point per finding

Report classification	Risk	Points
	Low risk	6 points or less
	Medium risk	7 – 15 points
	High risk	16 – 39 points
	Critical risk	40 points and over

## Appendix B: Terms of reference



## Background and audit objectives



This review is being undertaken as part of the 2017/18 internal audit plan approved by the Audit Committee.

### Background and audit objectives

The Food Standards Agency works closely with local authority enforcement officers to make sure food law is applied throughout the food chain. Hinckley and Bosworth Borough Council operates as a 'competent authority' on behalf of the Agency, and must adhere with the Food Law Code of Practice, Feed Law Code of Practice and Food Law Practice Guidance. Checks are carried out to ensure that the Council remains in compliance.

This review will focus on the reviewing the governance mechanisms which provide the Council with assurance that it remains in compliance with the requirements and fulfils its responsibilities.

# Audit scope and approach (1 of 2)



## Scope

We will review the design and operating effectiveness of key controls in place relating to the auditable unit during the period April 2017 to the date audit fieldwork.

The sub-processes, risks and related control objectives included in this review are:

Sub-process	Risks	Objectives
Food standards agency returns	The Council does not have sufficient assurance that its actions are in accordance with the requirements of a competent authority as defined by the Food Standards Agency.	<ul style="list-style-type: none"> <li>The Council is subject to audits performed by the Food Standards Agency if required based to the FSA selection</li> <li>The annual return is submitted to the Food Standards Agency on a timely basis</li> </ul>
Internal reviews		<ul style="list-style-type: none"> <li>The Council undertakes its own internal reviews to provide assurance it is in compliance with the Food Standards Agency requirements</li> <li>Peer reviews are undertaken across the County to provide insight and best practice from other local authorities</li> </ul>
Internal reports		<ul style="list-style-type: none"> <li>Internal reporting is prepared for members and senior officers to communicate the works undertaken by the department and the results from any work undertaken</li> </ul>

## Audit scope and approach (2 of 2)



### Limitations of scope

The scope of our work will be limited to those areas outlined above. Our review will be performed in the context of the information provided to us. Where circumstances change the review outputs may no longer be applicable.

This review will not provide assurance that the Council is in compliance with the required legislation and fulfils its responsibilities as a competent authority. Instead, it will focus on the governance and oversight mechanisms which are in place.

### Audit approach

Our audit approach is as follows:

- Obtain an understanding of the auditable unit through discussions with key personnel and review of systems documentation;
- Identify the key risks of the auditable unit;
- Evaluate the design of the controls in place to address the key risks; and
- Test the operating effectiveness of the key controls

## Internal audit team and key contacts



### Internal audit team

Name	Role	Contact details
Richard Bacon	Head of Internal Audit	richard.f.bacon@pwc.com
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### Key contacts – Hinckley and Bosworth Borough Council

Name	Title
Ashley Wilson	Section 151 Officer
Rob Parkinson	Director – Environment and planning
Steven Merry	Environmental Services Manager

## Timetable and information request



### Timetable

Fieldwork start	12 March 2018
Fieldwork completed	23 March 2018*
Draft report to client	30 March 2018
Response from client	6 April 2018
Final report to client	11 April 2018

\*We anticipate that the review will take 1 week to complete, however the availability of staff means we will perform the review across a 2 week period.

Agreed timescales are subject to the following assumptions:

- All relevant documentation, including source data, reports and procedures, will be made available to us promptly on request.
- Staff and management will make reasonable time available for interviews and will respond promptly to follow-up questions or requests for documentation.

*Please note that if Hinckley and Bosworth Borough Council requests the audit timing to be changed at short notice and the audit staff cannot be deployed to other client work, Hinckley and Bosworth Borough Council may still be charged for all/some of this time. PwC will make every effort to redeploy audit staff in such circumstances.*

### Information request

Copies of any procedures or process notes for the area

Copies of the latest Food Standards Agency audit

Copies of the annual return submitted to the Food Standards Agency

Copies of internal reviews undertaken internally by the service area

Copies of reports shared with members and / or officers communicating actions undertaken



## Appendix C: Limitations and responsibilities

### Limitations inherent to the internal auditor's work

We have undertaken this review subject to the limitations outlined below:

#### Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

#### Future periods

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulation or other changes; or
- The degree of compliance with policies and procedures may deteriorate.

### Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

This document has been prepared only for Hinckley and Bosworth Borough Council and solely for the purpose and on the terms agreed with Hinckley and Bosworth Borough Council in our agreement dated 10 May 2016. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else.

Internal audit work was performed in accordance with PwC's Internal Audit methodology which is aligned to Public Sector Internal Audit Standards. As a result, our work and deliverables are not designed or intended to comply with the International Auditing and Assurance Standards Board (IAASB), International Framework for Assurance Engagements (IFAE) and International Standard on Assurance Engagements (ISAE) 3000.

In the event that, pursuant to a request which Hinckley and Bosworth Borough Council has received under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004 (as the same may be amended or re-enacted from time to time) or any subordinate legislation made thereunder (collectively, the "Legislation"), Hinckley and Bosworth Borough Council is required to disclose any information contained in this document, it will notify PwC promptly and will consult with PwC prior to disclosing such document. Hinckley and Bosworth Borough Council agrees to pay due regard to any representations which PwC may make in connection with such disclosure and to apply any relevant exemptions which may exist under the Legislation to such report. If, following consultation with PwC, Hinckley and Bosworth Borough Council discloses any this document or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

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