



**HARBOROUGH DISTRICT COUNCIL  
INTERNAL AUDIT ANNUAL REPORT  
2016/17**



**Head of Internal Audit: Rachel Ashley-Caunt**

## 1. Background

- 1.1 The Public Sector Internal Audit Standards (PSIAS) require the Head of Internal Audit to provide an annual Internal Audit opinion and report that can be used by the organisation to inform its governance statement. The Standards specify that the report must contain:
- an Internal Audit opinion on the overall adequacy and effectiveness of the Council's governance, risk and control framework (i.e. the control environment);
  - a summary of the audit work from which the opinion is derived and any work by other assurance providers upon which reliance is placed; and
  - a statement on the extent of conformance with the Standards including progress against the improvement plan resulting from any external assessments.

## 2. Head of Internal Audit Opinion 2016/17

- 2.1 This report provides a summary of the work carried out by the Internal Audit service during 2016/17 and the results of these assignments. Based upon the work undertaken by Internal Audit during the year, the Head of Internal Audit's overall opinion on the Council's system of internal control is that:

It is my opinion that **Sufficient Assurance** can be given over the adequacy and effectiveness of the Council's control environment that has been operating for 2016/17. This control environment comprises of the system of internal control, governance arrangements and risk management. The level of assurance remains at a consistent level from 2015/16.

Controls relating to those key financial systems which were reviewed during the year were concluded to be generally at a level of Sufficient Assurance.

During 2016/17, the Council received no Internal Audit reports with a lower than Sufficient Assurance opinion. Internal Audit has not been made aware of any further governance, risk or internal control issues which would reduce the above opinion.

During 2016/17, Internal Audit has made 41 recommendations to address any areas of weakness highlighted by the reviews. Of those actions which were due for implementation, 94% have been completed during the year but it should be noted that a number are not yet due for implementation and there are 17 actions which remain overdue from previous financial years. This requires management's attention to ensure improvement.

No system of controls can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.

2.2 The basis for this opinion is derived from an assessment of the range of individual opinions arising from assignments in the risk-based Internal Audit plan that have been undertaken throughout the year. This assessment has taken account of the relative materiality of these areas and management’s progress in addressing any control weaknesses. A summary of Audit Opinions is shown in Table 1:

Table 1 – Summary of Audit Opinions 2016/17:

Area	Substantial	Sufficient	Limited	No
Financial Systems	1	2	-	-
Governance & Counter Fraud	-	3	-	-
Service Delivery & Best Value	1	4	-	-
<b>Total</b>	<b>2</b>	<b>9</b>	<b>0</b>	<b>0</b>
<b>Summary</b>	<b>18%</b>	<b>82%</b>	<b>0%</b>	<b>0%</b>
<b>with 2015/16 Comparison</b>	<b>(20%)</b>	<b>(70%)</b>	<b>(10%)</b>	<b>(0%)</b>

### 3. Review of Audit Coverage

#### Audit Opinion on Individual Audits

3.1 The Committee is reminded that the following assurance opinions have been assigned:

Table 2 – Assurance Categories:

Level of Assurance	Definition
Substantial	There is a robust framework of controls making it likely that service objectives will be delivered. Controls are applied continuously and consistently with only infrequent minor lapses.
Sufficient	The control framework includes key controls that promote the delivery of service objectives. Controls are applied but there are lapses and/or inconsistencies.
Limited	There is a risk that objectives will not be achieved due to the absence of key internal controls. There have been significant and extensive breakdowns in the application of key controls.
No	There is an absence of basic controls resulting in inability to deliver service objectives. Fundamental controls are not being operated or complied with.

3.2 Audit reports issued in 2016/17, other than those relating to consultancy support, resulted in the provision of one of the above audit opinions. All individual reports represented in this Annual Report are final reports and, as such, the findings have been agreed with management, together with the accompanying action plans.

### Summary of Audit Work

3.3 Table 3 details the assurance levels resulting from all audits undertaken in 2016/17 and the date of the Committee meeting at which a summary of the report was presented.

Table 3 – Summary of Audit Opinions 2016/17:

Audit Area	Audit Opinion	Committee Date
<b>Financial</b>		
Key Financial System Controls	Sufficient	July 2017
Treasury Management	Substantial	November 2016
Assurances from Third Parties	Sufficient	July 2017
<b>Governance and Counter Fraud</b>		
Risk Management	Sufficient	July 2016
Insurance Coverage	Sufficient	March 2017
Procurement Compliance	Sufficient	July 2017
<b>Service Delivery and Best Value</b>		
Fees & Charges	Sufficient	March 2017
Absence Management	Sufficient	November 2016
S106 Follow Up Review	Sufficient	July 2017
Major Projects – Local Plan	Sufficient	July 2017
Community Grants	Substantial	March 2017

3.4 Outlined in Appendix 1 is a summary of each audit that has been finalised during the year. The Committee should note that the majority of these findings have previously been reported as part of the defined cycle of update reports provided to the Governance and Audit Committee.

## Implementation of Internal Audit Recommendations

3.5 Internal Audit follow up on progress made against all recommendations arising from completed assignments to ensure that they have been fully and promptly implemented. The Head of Internal Audit provides a summary at each Governance and Audit Committee on the progress made and actions outstanding. Details of the implementation rate for audit recommendations during 2016/17 are provided in Table 4. These figures are based on implementation as at 31<sup>st</sup> March 2017.

Table 4 - Implementation of Audit Recommendations 2016/17:

	Category 'High' recommendations	Category 'Medium' recommendations	Category 'Low' recommendations	Total
Agreed and <b>Implemented</b>	1	10	6	17 (42%)
Agreed and not yet due for implementation	3	10	10	23 (56%)
Agreed and due <b>within last 3 months</b> , but not implemented	-	-	-	0 (0%)
Agreed and due <b>over 3 months ago</b> , but not implemented	-	-	1	1 (2%)
<b>TOTAL</b>	<b>4</b>	<b>20</b>	<b>17</b>	<b>41 (100%)</b>

3.6 In addition to those actions outstanding from 2016/17 audit reports, a further 16 actions remained overdue in relation to audit reports issued in previous years. A summary of all overdue recommendations is provided in Table 5:

Table 5 - Summary of Overdue Recommendations as at 31<sup>st</sup> March 2017

Audit Title	Year reported	High		Medium		Low	
		Over 3 months	Under 3 months	Over 3 months	Under 3 months	Over 3 months	Under 3 months
Business Continuity	2012/13	1					
Information Management	2013/14			1			
Contract Management	2013/14			3			
Financial Systems	2014/15			1		1	
Assurance Framework	2015/16					1	1
Financial Resilience	2015/16				2		
Private Sector Housing Objectives	2015/16					1	
Counter Fraud General Arrangements	2015/16					1	
Planning Service Review	2015/16			2			
Risk Management	2016/17					1	
<b>Totals</b>		<b>1</b>	<b>0</b>	<b>7</b>	<b>2</b>	<b>5</b>	<b>1</b>

3.7 The level of implementation is reported to the Governance and Audit Committee throughout the year.

#### **Other sources of assurance**

3.8 In addition to the audit work provided by the Internal Audit team, assurance is also sought in relation to the Leicestershire Revenues and Benefits Partnership which manages the collection of the Council's Council Tax and National Non-Domestic Rates (NNDR). The partnership's appointed auditors are PWC who performed an annual internal audit of these systems in 2016/17.

3.9 PWC's review 'looked in detail at the processes in the Leicestershire Revenues and Benefits Partnership considering controls over the processing of housing benefit, NNDR, council tax and the current governance structure'. Based upon their audit testing, the auditors provided an opinion of High Risk and made five recommendations in relation to the findings. The key High Risk finding related to access to the BACS payment card and online password and it was reported that the action to address this had already been completed at the time of reporting. Assurance will be sought by the Internal Audit team on progress made by the Partnership in implementing the remaining actions.

3.10 In relation to IT, Internal Audit has been advised that a health check and penetration test have been performed and the ICT team have created an action plan to address highlighted risks and are progressing the necessary work. However, with items still outstanding the Council is yet to achieve PSN compliance. It is noted that progress on compliance is being recorded within the Council's performance management system and updates will be requested by Internal Audit over the coming months.

#### **Internal Audit Contribution**

3.11 It is important that Internal Audit demonstrates its value to the organisation. The service provides assurance to management and members via its programme of work and also offers support and advice to assist the Council in new areas of work.

#### Delivery of 2016/17 Audit Plan

3.11.1 The Internal Audit service has delivered **100%** of the agreed audit assignments from the Audit Plan for 2016/17.

#### Internal Audit Contribution in Wider Areas

3.11.2 Key additional areas of Internal Audit contribution to the Council in 2016/17 are set out in Table 6:

Table 6 – Internal Audit Contribution

Area of Activity	Benefit to the Council
Cyber-crime session held with Senior Management team, organised by Internal Audit. Local cyber-crime lead from Leicestershire Police attended to alert management to the risks and actions they can take.	Awareness of significant, emerging risk areas. Internal Audit are now working with the Council to develop an action plan and strengthen controls in this area. Also, provides access to good working relationships built between Internal Audit and the local economic crime unit.
Delivering testing on key controls and maintaining good working relationships with the external auditors.	Reduce audit burden, saving costs.
Provision of training to members of the Governance and Audit Committee.	The Governance and Audit Committee is more effective in its role as an assurance provider.
Presence at Harborough District Council offices.	Raising profile of Internal Audit and availability to support ad-hoc queries and provide advice.
Independent support to the s106 project.	Independent challenge and support on the delivery of the project to address the weaknesses identified by the Limited Assurance audit report issued in 2016/17.
Ad hoc advice on financial system controls.	To assist in identifying and highlighting potential risks and control weaknesses and strengthen internal controls.
Sharing of best practice and solutions adopted at other LGSS client sites, such as assurance statements.	To benefit from access to tried and tested solutions and a wealth of best practice templates, policies and procedures.

## 4. Performance Indicators

4.1 Internal Audit maintains several key performance indicators (KPIs) to enable ongoing monitoring by management and the Governance and Audit Committee. Outturns against these indicators in relation to work delivered for Harborough District Council are provided in Table 7:



Table 7 – Internal Audit KPIs 2016/17

Indicator description	Target	Actual
Delivery of the agreed annual Internal Audit Plan to at least draft report stage by 31 <sup>st</sup> March 2017	90%	<b>100%</b>
Customer Feedback – rating on a scale of 1 to 4 (average)  Where: 1 = Poor, 2 = Satisfactory,  3 = Good and 4 = Outstanding	3.6	<b>3.3</b>

## 5. Professional Standards





5.1 The Public Sector Internal Audit Standards (PSIAS) were adopted by the Chartered Institute of Public Finance and Accountancy (CIPFA) from April 2013. The standards are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of Internal Audit across the public sector.

5.2 The objectives of the PSIAS are to:

- define the nature of internal auditing within the UK public sector;
- set basic principles for carrying out internal audit in the UK public sector;
- establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations; and
- establish the basis for the evaluation of internal audit performance and to drive improvement planning.

5.3 A detailed self-assessment against the PSIAS has been completed by the Head of Internal Audit and is available on request. The outcome of the assessment was that the activities of the Internal Audit service are in general conformance with the Standards. One action arising was the need for the Committee to approve a revised Internal Audit Charter, which is being presented in July 2017.

## Appendix 1: Summary of Internal Audit Work Undertaken for 2016/17

Audit Assignment	Assurance Rating	Area Reviewed	Basis for Assurance Opinion
Financial Systems			
Financial Systems Key Controls	Sufficient	<p>The Council operates a number of financial systems designed to ensure that transactions are recorded in a timely, accurate and complete manner, free from fraud or error. These systems are often referred to as 'Key' or 'Fundamental' financial systems. The S151 Officer is required to include a statement in the Council's annual Statement of Accounts to certify that he has kept proper accounting records that are up to date. Internal Audit control evaluation and compliance testing supports the S151 Officer in exercising this duty.</p> <p>Areas reviewed in 2016/17:</p> <ul style="list-style-type: none"> <li> User access;</li> <li> Payroll;</li> <li> Creditors; and</li> <li> Implementation of previous audit recommendations.</li> </ul>	<p>Appropriate controls are in place for granting and removing access to key financial IT systems and a review of current users identified that effective controls are consistently applied.</p> <p>Key controls in relation to purchasing of goods and services and payment of suppliers are operating effectively. It was however noted, that monthly Performance Indicator (PI) reporting included inaccurate information with regards to the number of invoices that had been paid with a corresponding Purchase Order (PO). This had resulted in an overstatement of approximately 21% during December 2016.</p> <p>Payroll transactions were found to be accurate and complete; however, testing did identify three cases of non-compliance with Council policy in relation to enhanced overtime payments. Whilst it is noted that the three enhanced overtime payments had been made in exceptional circumstances, and all payments had been authorised by the relevant service manager, non-compliance with agreed Council policy increases the risk of financial loss and reputational damage to the Authority.</p> <p>A review of previous audit recommendations found that appropriate management action had been taken in the majority of cases. The remaining recommendations will continue to be followed up as part of the standard internal audit process.</p>

Audit Assignment	Assurance Rating	Area Reviewed	Basis for Assurance Opinion
Financial Management	N/A Consultancy	To assess the Council's financial management arrangements against the CIPFA Financial Management Model for 'Enabling Transformation'.	<p>CIPFA describes the Financial Management Model as an internationally recognised framework and diagnostic tool that enables organisations to self-assess against world class financial management best practices in the public sector. Overall, based on the evidence available and discussions with management, the Council was assessed as scoring over 60% against each of the key areas – and exceeding 70% on half of these.</p> <p>In summary, it was concluded that the finance team has input into strategic and operational plans, taking into account proactive risk management, clear strategic directions and focus-based outcomes. However, finance staff are sometimes perceived as being a barrier to transformational change. The move to a business partnering approach is helping to address this but is not yet fully embedded.</p>
Treasury Management	Substantial	To provide assurance that controls mitigate the key risks to the council in effective Treasury Management are in place, fit for purpose and operating in practice to ensure the security of council monies and compliance with good practice and relevant legislation.	<p>The Treasury Management function at Harborough District Council (HDC) is delivered in house by the Finance Services Team. The Council's Treasury Management Strategy (TMS) complies with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management in Public Services. The Strategy is subject to annual Council approval and is supported by a set of Treasury Management Practices (TMPs), which were under review at the time of the audit. Treasury management activity is reported at the appropriate level and within the agreed timescales.</p> <p>The Council's estimated longer term debt portfolio stood at £1.49m as at 1<sup>st</sup> April 2016 and no short term borrowing has been made during the financial year to date. The Council's investment priorities are <i>security</i> first, <i>liquidity</i> second, followed by <i>return</i>. Sample testing of 15 treasury management investment transactions confirmed 100% compliance with all of the expected controls.</p>

Audit Assignment	Assurance Rating	Area Reviewed	Basis for Assurance Opinion
			<p>Whilst documented procedures were not in place for the treasury management reconciliation process; sample testing confirmed that overall, appropriate controls were in place and operating effectively.</p> <p>The Council has insurance cover in place but a copy of the Insurance Policy Schedule was not held on file to confirm that appropriate fidelity insurance cover was held for officers engaged in treasury management activities.</p> <p>The Council has appointed external treasury management advisors to provide advice and guidance with regards to minimising costs of borrowing and maximising returns on investments. The Council are required to achieve £92k income on investments during 2016/17. A review confirmed that net income of £38,128 had been achieved on investments as at 31<sup>st</sup> July 2016, a favourable variance of 24% when compared to the original budget.</p>
Assurances from Partners on Financial Risks	Sufficient	<p>To review assurances provided for shared/delegated services such as risks associated with benefits and local taxation which are subject to review by Hinckley and Bosworth's Internal Auditors.</p> <p>To identify any gaps in assurance where further work is required.</p>	<p>The model of service delivery adopted by the Council includes a number of shared service, partnership and delegation arrangements. Some of these arrangements involve third party organisations providing key financial services such as local taxation, housing benefits and payroll. It is important that the Council obtains assurances that these organisations have effective controls in place to safeguard the Council's assets and meet its strategic and operational requirements.</p> <p>Internal Audit has concluded that the governance arrangements in respect of the revenues and benefits partnership are robust. There are formal governance structures in place with regular performance reporting and scrutiny of the service. Arrangements could be further strengthened through formal consideration and approval of internal audit plans by the joint committee or management board.</p>

Audit Assignment	Assurance Rating	Area Reviewed	Basis for Assurance Opinion
			<p>Governance of the payroll delegation is less formal but commensurate with the nature of the service and relative risks.</p> <p>Both arrangements would benefit from clarification of insurance cover in respect of any losses arising from fraud or dishonesty by employees of partner organisations.</p> <p>The Council's annual governance review could be strengthened by obtaining assurance statements for all key partnerships and delegations and tailored to include confirmation of compliance with specific conditions in the agreements.</p>
<b>Governance and Counter Fraud</b>			
Risk Management	Sufficient	Assurance that there is an appropriate system of risk management in place, including alignment of the Council's strategic risks with the Council Plan.	<p>The Council's Risk and Opportunity Management Framework provides a structured and coherent approach to risk management and is available to all staff. The Framework is subject to review on a biennial basis.</p> <p>Arrangements for ensuring accountability and ownership of risks are sound. Roles and responsibilities are clearly specified in the Risk and Opportunity Management Framework. Arrangements could be strengthened further by updating the Framework to include the role and responsibilities of the Programme Board in respect of project risks.</p> <p>Appropriate controls are in place to ensure that risks are identified and all corporate, business and operational risks are recorded on the TEN Performance Management System. Furthermore, Auditor review of the corporate risk register confirmed that all 18 risks detailed were linked to the Council's critical outcomes.</p> <p>The Council recognises that all risks should be clearly defined to ensure that the potential effects of each risk are clearly understood. The Risk and Opportunity Management Framework refers to the Cause, Event and Effect method in order</p>

Audit Assignment	Assurance Rating	Area Reviewed	Basis for Assurance Opinion
			<p>to achieve this, however, Internal Audit identified that in 44% of cases, only the Cause or the Effect of the risk had been detailed in the corporate risk register.</p> <p>The Council is able to demonstrate that it has an appropriate Framework in place in order to manage its risks effectively. The Scrutiny – Resource and Performance Panel receive quarterly reports in relation to the Council’s corporate risk register, it was noted, however, that the role and responsibilities of the Panel with regards to risk had not been detailed within the Council’s Constitution. The Business Planning Officer advised that a new version of the Constitution would be in place during 2016/17.</p>
Insurance Coverage	Sufficient	High level review to provide assurance that controls are in place to ensure that the Council’s insurance cover is set on time, at an appropriate level and is amended in reaction to any significant changes to activities.	<p>The Council must ensure that it has appropriate insurance in place to cover key risks associated with its activities and responsibilities. Insurance is one of the main methods of transferring risk and is therefore likely to play an important role in the Council’s risk mitigation strategies.</p> <p>Based on interviews and testing, Internal Audit concluded that there were adequate procedures in place to ensure insurance renewals take place on time and that the level of cover is appropriate to the Council’s circumstances. There was scope, however, to improve evidence and documentation of the renewal process. In particular:</p> <ul style="list-style-type: none"> <li>■ ensuring receipt of all policy schedules from the insurer;</li> <li>■ evidencing and updating the basis for determining the level of cover for each risk; and</li> <li>■ obtaining assurances that policy conditions are adhered to.</li> </ul>
Procurement	Sufficient	Testing of a small sample of procurement across the Council during the financial year to confirm	The Council’s Contract Procedure Rules (CPRs) and Statement of Required Practice for Procurement (SORP) are designed to ensure probity and value for money when procuring goods, works or services that meet the needs of local

Audit Assignment	Assurance Rating	Area Reviewed	Basis for Assurance Opinion
		<p>compliance with Council regulations. To provide assurance over controls to ensure value for money and prevention of fraud and corruption.</p>	<p>residents and comply with legal and regulatory requirements in respect of competition and transparency. This audit was carried out to provide assurance that officers are complying with the approved rules and practices.</p> <p>A sample of contracts was selected for testing from various records. It was noted that the contracts register published on the Council's website was out of date, although officers stated that work was currently underway to update and re-publish the register.</p> <p>All contracts tested by Internal Audit complied with advertising requirements, where applicable. All bids were evaluated based on pre-determined award criteria and bidders were simultaneously notified of the outcome. The evaluation process was found to be clearly documented and evidenced in all cases. All contracts were found to have been signed and sealed where applicable. However, there is scope to improve documentation and evidence of compliance with certain aspects of the SORP and contract procedure rules. In addition, there was one case where a supplier was selected based on an approved framework agreement but the contract was awarded outside of the framework. In Internal Audit's view, whilst there is no evidence that the Council failed to achieve value for money, this does not comply with the Council's rules and such approaches may increase the risk of legal challenge.</p>
<b>Service Delivery</b>			
Absence Management	Sufficient	<p>To provide assurance over the accuracy and completeness of absence management records for council employees.</p> <p>To review whether absence management procedures are in place,</p>	<p>The success of Harborough District Council (HDC) is dependent upon employees maintaining the required standards of attendance in order to deliver services effectively. A performance target of less than 7.9 working days per Full Time Equivalent (FTE) was in place during 2015/16, however, an average of 10.16 working days per FTE were lost during the financial year. A major factor in sickness absence during the year was in relation to long-term sickness cases. This audit had been designed to provide management with assurance that</p>

Audit Assignment	Assurance Rating	Area Reviewed	Basis for Assurance Opinion
		<p>complied with and effective in minimising loss of resources and evidencing compliance with good practice.</p>	<p>there is an appropriate system of absence management in place across the Council and that this is being consistently and effectively applied.</p> <p>The Council's Attendance Management Policy and Procedure was published in August 2015 and is available to all staff. Managers are responsible for recording sickness absence on the MyView system in order to provide appropriate information for monthly absence reporting. The audit identified, however, that 25% of absences reported during 2015/16 had not been recorded by managers on the MyView system in accordance with current guidance. A monthly reconciliation is undertaken by Human Resources (HR) to agree all MyView entries to supporting documentation, such as return to work interview forms and fit notes, to identify such unrecorded cases and errors. Although variances and errors identified by HR are being corrected prior to performance reporting, there remained a risk that the absence figures may be understated if managers did not comply with the agreed policy and procedures and it also failed to achieve the efficiencies of the intended system by relying on manual checks by HR.</p> <p>The Council recognises that the return to work interview process is an important part of effective absence management. Following every period of sickness absence, a return to work interview should be carried out by the relevant manager; however, sample testing identified some cases of non-compliance in this area. Although pre-defined trigger points had been established and publicised for dealing with extended or repeated absence, the audit identified that management action had not been taken in 80% of cases where triggers were met in sample testing.</p> <p>Auditor review of the Quarter 4 Performance Reports confirmed that although absence figures were above target at 7.92 working days per FTE, the figures reported were consistent with those retained on file by HR.</p>



Audit Assignment	Assurance Rating	Area Reviewed	Basis for Assurance Opinion
S106 Follow Up Review	Sufficient	To provide assurance that the Council has implemented the agreed actions arising from the 2015/16 Internal Audit review of S106 arrangements and to confirm whether these actions are effectively addressing the identified risks.	<p>Appropriate procedures are in place to ensure that all new planning applications with s106 obligations are entered onto the s106 database in a timely manner. Following the 2015/16 audit, it was agreed that the s106 database must be regarded as the single central database to hold details of s106 case management from 'end-to-end'. It was however noted, that the Housing Enabling and Community Infrastructure Officer (HE&amp;CIO) also maintains a record of active development sites, to facilitate the monitoring of priority cases.</p> <p>Developers are notified of the action that will be taken when a trigger point is met, for example, the amount that will be invoiced or a reminder of the action that is required, such as the provision of affordable housing.</p> <p>Sample testing identified that appropriate controls had been exercised when trigger points were met, and that s106 income had been collected in a timely manner. Some control issues were identified, in that it was not possible to identify whether trigger points had been met from information held on the s106 database. This information was, however, held on the additional record held by the HE&amp;CIO. In addition, spend expiry dates, or confirmation that an expiry date was not required, had not been recorded in the s106 database for 58% of the relevant contributions. This information was, however, held on the additional record held by the HE&amp;CIO.</p> <p>Following the 2015/16 audit, the governance arrangements for s106 meetings have been reviewed to ensure that they are suitably robust, in order to support the effective monitoring and management of s106 agreements. Monthly s106 and Community Infrastructure Group meetings are attended by all key stakeholders. Review of the meeting agendas and minutes for this financial year identified that relevant matters in relation to s106 monitoring had been detailed.</p> <p>All income in relation to s106 contributions is recorded separately on the</p>

Audit Assignment	Assurance Rating	Area Reviewed	Basis for Assurance Opinion
			Council's Main Accounting System and an appropriate audit trail exists to mitigate the risk of claw back of income by s106 contributors.
Major Projects	-	<p>To provide assurance over the effective management of a number of major projects across the Council during the year.</p> <p>To review governance and project management arrangements in place to ensure value for money is achieved and the project realises its intended benefits.</p>	<p><b>Local Plan</b> - embedded assurance work during 2016/17. First audit report issued in March 2017 on the current project management arrangements. This has highlighted a number of areas of good practice and sound project management documentation and arrangements. Some areas for improvement identified in relation to procurement and project resourcing. Assurance rating for March 2017 report is of Sufficient Assurance overall and currently remains with management for sign off.</p> <p><b>Environmental Services Contract</b> – post implementation review completed by Project Sponsor and provided to Internal Audit in 2017. Project now transferred to business as usual.</p> <p><b>Leisure Services Review</b> – Initial discussions held with management to understand planning phase for options appraisal. Agreed to defer substantive audit work until 2017/18 to support key stages in the project delivery and ensure the audit work adds maximum value.</p>
Community Grants	Substantial	To provide assurance that grant funding awarded by the Council is used to support the corporate objectives and not subject to fraud and misuse.	<p>Harborough District Council (HDC) provides grant funding to organisations whose activities support the community. During 2015/16, HDC Members allocated £100,000 of their New Homes Bonus monies to be disseminated to Harborough communities through the Community Grant Fund.</p> <p>A fair and transparent application process exists to ensure that grant funding is awarded to eligible organisations that support the Council's objectives and priorities. Sample testing of five grant fund applications identified that all had been scored in accordance with agreed procedures.</p> <p>Pre-grant due diligence procedures are undertaken during the grant fund application process and sample testing identified that signed terms and</p>

Audit Assignment	Assurance Rating	Area Reviewed	Basis for Assurance Opinion
			<p>conditions were held on file in all cases.</p> <p>Community Grant Fund applications are considered by the Member Grants Panel, who then make recommendations to the Executive Committee for their formal approval. The Executive Committee minutes confirmed that Members had been asked to agree the community grant funding for 2015/16. It was noted, however that the formal approval in relation to one organisation had not been detailed within the minutes.</p> <p>Clear terms and conditions were held on file and grant funding had been released following the receipt of signed terms and conditions. Sample testing did identify some minor gaps in audit trails and supporting evidence, such as details of match funding which was not held on file for two organisations. It was also noted that a completion report was not held on file for one organisation. All such evidence should be obtained and held on file to provide assurance that the grant funded schemes are legitimate, complying with terms and conditions and delivering against the agreed objectives. Internal audit obtained some assurance from external sources to verify this where evidence was missing in sample testing and no evidence of fraud or misuse was highlighted.</p>