



**HARBOROUGH DISTRICT COUNCIL  
INTERNAL AUDIT ANNUAL REPORT  
2017/18**



**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 2017/18

2.1 This report provides a summary of the work carried out by the Internal Audit service during 2017/18 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 **Satisfactory Assurance** can be given over the adequacy and effectiveness of the Council's control environment that has been operating for 2017/18. This control environment comprises of the system of internal control, governance arrangements and risk management. The level of assurance remains at a generally consistent level from 2016/17.

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

During 2017/18, the Council received only one Internal Audit report with a lower than Satisfactory 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 2017/18, Internal Audit has made 60 recommendations to address any areas of weakness highlighted by the reviews. Of those actions which were due for implementation, 100% have been completed during the year but it should be noted that a number are not yet due for implementation and there are seven 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 2017/18:

Area	Substantial	Good	Satisfactory	Limited	No
Financial Systems	-	-	2	-	-
Governance & Counter Fraud	2	-	3	1	-
Delivery of Corporate Objectives	1	5	4	-	-
<b>Total</b>	<b>3</b>	<b>5</b>	<b>9</b>	<b>1</b>	<b>0</b>
<b>Summary</b>	<b>17%</b>	<b>28%</b>	<b>50%</b>	<b>5%</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 are minimal control weaknesses that present very low risk to the control environment. The control environment has substantially operated as intended although some minor errors have been detected.
Good	There are minor control weaknesses that present low risk to the control environment. The control environment has largely operated as intended although some errors have been detected.
Satisfactory	There are some control weaknesses that present a medium risk to the control environment. The control environment has mainly operated as intended although errors have been detected.

Level of Assurance	Definition
Limited	There are significant control weaknesses that present a high risk to the control environment. The control environment has not operated as intended. Significant errors have been detected.
No	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment. The control environment has fundamentally broken down and is open to significant error or abuse.

3.2 Audit reports issued in 2017/18, 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 2017/18 and the date of the Committee meeting at which a summary of the report was presented.

Table 3 – Summary of Audit Opinions 2017/18:

Audit Area	Design of Control Environment	Compliance	Organisational Impact	Committee Date
<b>Financial</b>				
Key Financial Controls	Satisfactory Assurance	Satisfactory Assurance	Minor	June 2018
Payroll Assurances	Consultancy			June 2018
<b>Governance &amp; Counter Fraud</b>				
Pro-active Counter Fraud Work	Consultancy			n/a
Emergency Planning	Substantial Assurance	Substantial Assurance	Minor	March 2018
Data Management and CCTV	Satisfactory assurance	Limited Assurance	Moderate	March 2018
Counter Fraud and Ethical Governance	Satisfactory Assurance	Satisfactory Assurance	Minor	March 2018

Audit Area	Design of Control Environment	Compliance	Organisational Impact	Committee Date
<b>Delivery of Corporate Objectives</b>				
Health and Safety	Satisfactory Assurance	Satisfactory Assurance	Moderate	November 2017
Data Quality	Good Assurance	Satisfactory Assurance	Minor	September 2017
Channel Shift	Consultancy			June 2018
Housing Options and Homelessness	Good Assurance	Substantial Assurance	Minor	September 2017
Lifeline Services	Consultancy			March 2018
Local Plan Embedded Assurance	Good Assurance	Good Assurance	Minor	June 2018
Leisure Services Embedded Assurance Review	Good Assurance	Satisfactory Assurance	Minor	June 2018
Constitutional Delegations – Planning Decisions	Consultancy			September 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 2017/18 are provided in Table 4. These figures are based on implementation as at 31<sup>st</sup> March 2018.

Table 4 - Implementation of Audit Recommendations 2017/18:

	Category 'High' recommendations	Category 'Medium' recommendations	Category 'Low' recommendations	Total
Agreed and <b>Implemented</b>	6	14	21	41 (76%)
Agreed and not yet due for implementation	2	9	8	19 (24%)
Agreed and due <b>within last 3 months</b> , but not implemented	0	0	0	0
Agreed and due <b>over 3 months</b> ago, but not implemented	0	0	0	0
<b>TOTAL</b>	<b>8</b>	<b>23</b>	<b>29</b>	<b>60</b> <b>(100%)</b>

3.6 In addition to those actions outstanding from 2017/18 audit reports, a further seven 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 2018

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			
Financial Systems	2014/15					1	

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
Private Sector Housing Objectives	2015/16					1	
Planning Service Review	2015/16			2			
Procurement Compliance	2016/17			1			
<b>Totals</b>		<b>1</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>2</b>	<b>0</b>

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

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

3.8 The Council has delegated the collection of council tax and National Non-Domestic Rates (NNDR) and the administration of housing benefits to the Leicestershire Revenues and Benefits Partnership led by Hinckley and Bosworth Borough Council. Copies of the final internal audit reports on the partnership's controls in relation to processing of council tax and NNDR have been shared with LGSS and have reported a 'low risk' based on the overall findings.

## **4.0 Internal Audit Contribution**

4.1 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 2017/18 Audit Plan

4.2 The Internal Audit service has delivered **100%** of the agreed audit assignments from the Audit Plan for 2017/18.

#### Internal Audit Contribution in Wider Areas

4.3 Key additional areas of Internal Audit contribution to the Council in 2017/18 are set out in Table 6:

Table 6 – Internal Audit Contribution

Area of Activity	Benefit to the Council
Cyber-crime stress test session held with Council officers, organised by Internal Audit and facilitated by the Police Cyber Crime unit.	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.
Ad hoc advice on financial system controls and control frameworks.	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.

### **Performance Indicators**

- 4.4 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 2017/18

Indicator description	Target	Actual
Delivery of the agreed annual Internal Audit Plan to at least draft report stage by 31 <sup>st</sup> March 2018	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	3.2	<b>3.2</b>

### **Professional Standards**

- 4.5 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.
- 4.6 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.
- 4.7 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.

## Appendix 1: Summary of Internal Audit Work Undertaken for 2017/18

Audit Assignment	Assurance Rating			Area Reviewed	Basis for Assurance Opinion
	Design	Compliance	Org Impact		
Financial System Key Controls	Satisfactory Assurance	Satisfactory Assurance	Minor	<p>To provide assurance over the design and compliance with the Council’s key financial controls – undertaken annually with a cyclical approach.</p> <p>Focus in 2017/18 included:</p> <p>IT Access; Payroll; BACs payments; and General Ledger.</p>	<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>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. It is understood that privileged user access reporting was due to be explored during the eFinancials system upgrade; it is however noted, that this action had not been fully implemented at the time of reporting. Financial system recovery plans are due to be reviewed and updated by 30<sup>th</sup> September 2018; as such, this action will continue to be followed up as part of the standard Internal Audit process.</p> <p>Some automated controls are not yet fully functional following implementation of a new payroll system in</p>

Audit Assignment	Assurance Rating			Area Reviewed	Basis for Assurance Opinion
	Design	Compliance	Org Impact		
					<p>June 2017. However, all payroll transactions were found to be accurate and complete, and manual controls are in place to ensure that pay is adjusted at the relevant trigger points in respect of long term sickness absence.</p> <p>Bank reconciliations are completed on a monthly basis and compliance testing confirmed that controls are operating as intended. It is noted that new and amended ledger codes had not been appropriately authorised in all relevant cases and, whilst it is understood that reliance may be placed on the effectiveness of compensating controls such as monthly budget monitoring, compliance with the established control framework would improve assurance over the integrity of the Council's financial records.</p> <p>Appropriate procedures are in place for the verification and validation of supplier bank details. Whilst a separation of duties does exist for the BACS payment process, it is understood that current access levels could enable four members of the Finance team to complete the whole BACS payment process independently. It should be noted that no errors and / or irregularities were identified during the audit.</p>
Governance & Counter Fraud					

Audit Assignment	Assurance Rating			Area Reviewed	Basis for Assurance Opinion
	Design	Compliance	Org Impact		
Data Management and CCTV	Satisfactory assurance	Limited Assurance	Moderate	To provide assurance over the Council's procedures and controls to ensure data is held, handled and disposed of in a secure manner and in compliance with the Data Protection Act and any data loss incidents are suitably reported and acted upon. To include a review of the management of the Council's CCTV network and compliance with regulations.	<p>The Data Protection Act 1998 (DPA) requires all organisations that handle personal information to comply with a number of important principles regarding privacy and disclosure. Internal Audit reviewed the Council's procedures and controls to ensure personal data is held and handled in a secure manner and any data loss incidents are suitably reported and acted upon. This also included a review of the management of the Council's CCTV network and compliance with regulations.</p> <p>General Data Protection Regulations (GDPR) will apply in the UK from 25th May 2018. The Council needs to ensure their implementation plan is finalised and regularly reviewed to confirm the necessary tasks take place promptly.</p> <p>Policies on data protection, data retention and disposal and ICT security are in place and readily available to staff however Internal Audit testing highlighted that aspects of these policies require updating and roles and responsibilities for officers needs to be clearly defined. Furthermore, compliance with these policies is inconsistent and further communication and training is required to remind officers of where policies can be found and the importance of compliance. Annual online</p>

Audit Assignment	Assurance Rating			Area Reviewed	Basis for Assurance Opinion
	Design	Compliance	Org Impact		
					<p>data protection refresher training is mandatory for all employees however 80% of employees in the audit sample had not completed the training within the last 12 months.</p> <p>A fully complete Information Asset Register was not available at the time of the audit; however there are plans to undertake a full review to capture all data held and produce an Information Asset Register. The Council also needs to ensure the service areas review all their information on an annual basis to ensure that records are being held in compliance with data protection legislation.</p> <p>Access to paper records are controlled well on and off site, however internal audit identified records held at the off site storage area had not been disposed of in a timely manner once their retention period passed.</p> <p>Controls over data breach management and access controls for paper records are robust and operating effectively.</p> <p>The Council's CCTV system comprises of 21 public space cameras installed in Lutterworth and Market Harborough. A comprehensive set of procedure manuals and a Code of Practice have been designed to</p>

Audit Assignment	Assurance Rating			Area Reviewed	Basis for Assurance Opinion
	Design	Compliance	Org Impact		
					<p>govern and control the Council's surveillance systems. The Council has been transparent in the use of CCTV cameras by publishing their locations on the website and providing the public with details on how to view their personal information should they wish to do so.</p> <p>Internal Audit found controls over the security, access, retention and disposal of recorded material were operating well; however a number key controls highlighted in the Code of Practice have not yet been implemented, for example an annual report and audit/compliance checks are yet to be completed.</p>
Emergency Planning	Substantial Assurance	Substantial Assurance	Minor	To provide assurance over key controls in respect of the preparation and testing of plans to manage and mitigate the impact of major emergencies or incidents that threaten the continuity of Council services.	<p>Effective emergency planning is an essential component of the Council's overall governance arrangements to ensure the resilience of all key services and the support of the community in the event of a major incident. The Council also has a legal responsibility under the Civil Contingency Act 2004 for maintaining plans to help prevent, control and manage emergencies.</p> <p>Based on Internal Audit's review the Council has effective and clearly documented emergency plans, including a Major Incident Plan, in place which are regularly reviewed and tested through the local resilience forum.</p>

Audit Assignment	Assurance Rating			Area Reviewed	Basis for Assurance Opinion
	Design	Compliance	Org Impact		
					<p>There is a clear multi-agency approach to emergency planning through the use of the local resilience forum, which works closely with the council and the nine additional districts to produce, review and test plans and provide qualified, experienced resilience officers to support and assist in the event of an emergency.</p> <p>Clear arrangements are in place to make the public aware of civil protection matters and arrangements for regular risk assessments are in place to support the established community risk register. Test exercises are completed bi-annually and used to refine and update the plans and any lessons learned are formally recorded.</p> <p>Response and recovery training arrangements are in place for the corporate management team and wider training in the form of an e-learning module has been introduced for all staff.</p> <p>Additional training in the form of more specific e-learning modules are being developed by the local resilience forum to give more in depth training for officers with specific roles in relation to emergency planning.</p>
Counter Fraud & Ethical Governance	Satisfactory Assurance	Satisfactory Assurance	Minor	To provide assurance over the Council's policies and procedures for managing the risk of fraud and corruption and embedding good ethical governance.	The Council's leadership has overall responsibility for embedding effective standards to counter fraud and corruption, including putting into place robust policies and procedures. To ensure that staff and contractors are supported to 'do the right thing', a comprehensive anti-

Audit Assignment	Assurance Rating			Area Reviewed	Basis for Assurance Opinion
	Design	Compliance	Org Impact		
					<p>fraud and ethical culture needs to be maintained, including clear whistleblowing arrangements. In order to provide assurance over the design and effectiveness of the Council's counter fraud and ethical governance arrangements, this audit has involved a review of the existing policies and procedures and a survey has been issued to all Council staff on their awareness and confidence in using these policies.</p> <p>Harborough District Council has acknowledged the risk of fraud and corruption and has stated its zero tolerance approach. A number of counter fraud and corruption policies have been adopted and made available to staff, including a Counter Fraud Policy and Response Plan which cover many key areas recommended as best practice. In order to complete the Council's suite of policies, it was recommended that an Anti-Money Laundering Policy and a standalone Anti-Bribery policy be adopted in line with best practice. A number of areas for improvement were also highlighted within the Counter Fraud Policy and it was agreed that a new, more user-friendly policy would be adopted, with a separate response plan. The new policy should clearly demonstrate support from the leadership team and clarify the roles and responsibilities of all staff and Members.</p> <p>In relation to whistleblowing arrangements, staff feedback was reasonably positive, demonstrating some</p>



Audit Assignment	Assurance Rating			Area Reviewed	Basis for Assurance Opinion
	Design	Compliance	Org Impact		
					<p>awareness of the policy. It was also highlighted that 72% of respondents felt confident in using the policy to report suspected fraud or corruption. Accessibility of the Whistleblowing policy and the other various counter fraud and ethical governance policies was, however, highlighted as an important area for improvement and a centralised source of all policies, guidance and template forms would be a valuable addition to the Council's intranet pages.</p> <p>It was also recommended that details of the Council's Whistleblowing policy should also be made available to external parties such as contractors, who can be a valuable source of intelligence.</p>
<b>Delivery of Corporate Objectives</b>					
Health and Safety	Satisfactory Assurance	Satisfactory Assurance	Moderate	To provide assurance that the Council, as an employer, is operating in accordance with health and safety regulations and legislative requirements.	<p>Harborough District Council (HDC) has a designated Corporate Health and Safety Officer to oversee the Health and Safety matters at the Council. There are approximately 200 employees working at HDC. The Symington Building houses the majority of Council employees and there are also staff members working in the Control Centre Offices and Atkin's Building, Hinckley. The Council adopted an action plan in April 2017 to address gaps identified in the current health and safety arrangements and to support continuous improvement. Internal Audit sought assurance that the Council, as an employer, is operating in accordance with health and safety regulations and legislative requirements.</p>

Audit Assignment	Assurance Rating			Area Reviewed	Basis for Assurance Opinion
	Design	Compliance	Org Impact		
					<p>The Council has a 2017/18 Health and Safety Policy Statement and a suite of health and safety policies. Many of these policies are being reviewed and updated in line with the 2017/18 action plan and there are now mechanisms in place to discuss and review health and safety matters through the introduction of a Health and Safety Committee.</p> <p>The Corporate Health and Safety Officer has taken action to greatly improve the Council's health and safety control framework over the last fourteen months. A well designed health and safety inspection programme is now in place and good progress has been made regarding the inspection of contractors and workplace environments. However, further work is required to ensure that all employees undertake health and safety training in a timely manner and all service area risk assessments are completed and reviewed regularly.</p> <p>Internal Audit visited three buildings (The Symington Building, Control Centre offices and Atkins) and identified some incidences where controls were not operating consistently or where effectiveness of controls could be improved. The areas highlighted included display screen equipment (DSE) assessments, fire evacuation drills, COSHH assessments, fire marshal training and evidence of first aid training.</p>

Audit Assignment	Assurance Rating			Area Reviewed	Basis for Assurance Opinion
	Design	Compliance	Org Impact		
					Furthermore, access to the Council's Customer Caution Register, that displays personally sensitive information, is not restricted. It is advised that legal advice is sought to ensure this practice is compliant with data protection legislation.
Data Quality	Good Assurance	Satisfactory Assurance	Minor	To provide assurance that sufficiently robust data quality controls are in place, and operating consistently, to ensure that the risks identified are being managed effectively.	<p>One of the Council's key priorities is to enable services that are effective and deliver value for money. This requires high standards of data quality to measure and monitor performance and support effective decision making and service management. An audit of data quality in 2014/15 gave an overall assurance rating of sufficient assurance and made five recommendations for improvement, including updating the Council's data quality strategy and action plan. This 2017/18 audit focused on a review of the updated strategy and detailed testing of a sample of performance indicators to assess the ongoing accuracy and reliability of data.</p> <p>Based on Internal Audit's review and testing, the Council has a robust policy and governance framework for ensuring data quality. There is a good range of performance indicators (PIs) and targets linked to corporate and service objectives that are regularly reviewed and updated as part of the annual business and budget planning process. The format and content of the updated Data Quality (DQ) Strategy is sound with clearly established principles and processes and well defined roles and responsibilities, including regular checking of a</p>

Audit Assignment	Assurance Rating			Area Reviewed	Basis for Assurance Opinion
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					<p>sample of PIs. These arrangements could be further strengthened through more formal reporting of progress and outcomes against the strategy and roll-out of staff training. The use of templates to record PI definitions and other key information is good practice but only 43% were completed in 2016/17 and 69% in 2017/18.</p> <p>Testing of a sample of performance indicators found that most were supported by a clear audit trail, although the source data is not centrally filed and therefore not always easy to locate or verify. Most PIs were found to be accurately calculated although errors and inconsistencies were identified in some cases. There remains scope to clarify and improve record keeping for the validation of data provided by external partners and contractors.</p>
Housing Options and Homelessness	Good Assurance	Substantial Assurance	Minor	To establish whether there are adequate processes and controls in place to ensure that housing and homelessness applications are treated in accordance with established local policies and national legislation.	<p>The proper and effective operation of housing allocations and homelessness applications supports the Council's corporate priority of supporting vulnerable people. To achieve this, the Council operates in partnership with other Leicestershire districts and has adopted a sub-regional choice based lettings scheme.</p> <p>The allocations policy is clear and comprehensive, and is based on appropriate sources, such as related legislation, the sub-regional choice based lettings scheme and localised priorities. The policy was recently reviewed, it is however noted, that further review is</p>

Audit Assignment	Assurance Rating			Area Reviewed	Basis for Assurance Opinion
	Design	Compliance	Org Impact		
					<p>required pending changes in legislation; therefore, the policy is yet to be formally approved by the Executive.</p> <p>Staff in the Housing Team are highly experienced and have extensive knowledge of the policies and related systems. It is however noted, that whilst some process mapping has taken place, up-to-date operational procedure notes do not currently exist. The production of a basic procedure manual would help to improve resilience in the event of a significant period of unexpected staff absence.</p> <p>Sample testing in relation to housing and homelessness procedures identified that the assessment of applications, housing of applicants and appeals processes were operating in compliance with agreed policies. It is however noted, that whilst specific performance indicators are in place, sufficient quantitative data is not currently reported to management.</p> <p>A scoping exercise is due to take place to consolidate the Council's homelessness and housing strategies, with a view to producing a draft strategy by the end of the year. A date should be specified within the Council's Forward Plan to confirm when the draft housing strategy will be presented to Members for consultation, in order to</p>

Audit Assignment	Assurance Rating			Area Reviewed	Basis for Assurance Opinion
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					<p>mitigate the risk of non-compliance with the relevant legislation and agreed guidance.</p> <p>Sample testing identified that in the relevant cases Housing Benefit had been claimed and used to offset the Council's temporary accommodation costs. Following a benchmarking exercise which was undertaken by the Housing Services Manager during 2015, additional temporary accommodation providers are being used and a business account has been established with a hotel chain in order to maximise value for money.</p>
Local Plan Embedded Assurance	Good Assurance	Good Assurance	Minor	To provide assurance that adequate controls exist to ensure that the project is suitably managed and risks are appropriately identified and mitigated.	<p>The Harborough Local Plan 2011 to 2031 and its supporting documents were submitted to the Secretary of State via the Planning Inspectorate on 16<sup>th</sup> March 2018. Submission of the Local Plan represents the start of the examination process which will determine whether the Council's Local Plan is 'sound'.</p> <p>Project stakeholder meetings were being held on a regular basis and appropriate management actions had been taken to address the key issues identified during these meetings. It was evident that the benefits that should be realised from this project were clearly understood by officers and project plans were targeted</p>

Audit Assignment	Assurance Rating			Area Reviewed	Basis for Assurance Opinion
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					<p>at ensuring these were achieved through the delivery of a robust, sound and informed Local Plan.</p> <p>During the course of the project, a number of resourcing issues have been identified, all of which have been reported through the appropriate channels. Additional resource has been acquired to manage the increase in workload and mitigate the risk of a delay in the submission process; and revisions to the project timetable have been approved in accordance with delegated decision making powers. It is also understood that the Council has appointed an independent Programme Officer to assist the Inspector in organising and managing the administrative and procedural matters in relation to the examination process.</p> <p>Project risks have been clearly defined to ensure that the potential effects of each risk are clearly understood. Whilst opportunities have not been assessed during the course of the project, it is noted that risks are scored in line with the Council's Risk and Opportunity Management Framework, which provides a structured and coherent approach to identifying, assessing and managing risk.</p> <p>Procurement has been undertaken in accordance with good practice during the financial year to date and financial pressures have been escalated in accordance with governance arrangements. It is noted that additional funding has been approved during the course</p>

Audit Assignment	Assurance Rating			Area Reviewed	Basis for Assurance Opinion
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					of the project, and as such; a virement of £83k will be processed at year-end to meet the total cost of project delivery.
Leisure Services Embedded Assurance Review	Good Assurance	Satisfactory Assurance	Minor	To provide assurance that adequate controls exist to ensure that the project is suitably managed and risks are appropriately identified and mitigated.	<p>Harborough's Leisure Options project will determine the shape of future leisure provision delivered from the leisure centres within Market Harborough and Lutterworth. It will support a number of the Council's key corporate objectives, including:</p> <ul style="list-style-type: none"> <li>• working with communities to develop places in which to live and be happy; and</li> <li>• provide public services which are effective and deliver value for money.</li> </ul> <p>The overall aim of the project is to have suitable Leisure Services in place at the expiry of the current contract in March 2019. Phase one of the project involved a detailed options appraisal and was completed in August 2017. Phase two is the delivery stage of the preferred option which was approved by Full Council on 18<sup>th</sup> September 2017. The approved option is a Design, Build, Operate and Manage (DBOM) contract involving a new build at Market Harborough Leisure Centre and a refurbishment of the Lutterworth Sports Centre. The estimated capital cost of the preferred option is up to £21.6m with £2m financed from capital receipts and the remaining £19.6m financed from prudential borrowing. Annual revenue costs are forecast to reduce from £135k to £102k.</p>



Audit Assignment	Assurance Rating			Area Reviewed	Basis for Assurance Opinion
	Design	Compliance	Org Impact		
					At the time of reporting it was evident that the project was being effectively managed and remained on course to procure a new contract to coincide with expiry of the current arrangements. It was highlighted that project documentation could be strengthened in some areas and there was a need to finalise documentation for the appointment of various consultants. Action was also needed to ensure that the project management budget has been clearly defined and that costs are being effectively monitored and reported.