



**HARBOROUGH DISTRICT COUNCIL**

**INTERNAL AUDIT ANNUAL REPORT  
2019/20**



## 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 supporting report that can be used by the organisation to inform its governance statement.
- 1.2 The Standards specify that the annual 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 2019/20

- 2.1 This report provides a summary of the work carried out by the Internal Audit service at Harborough District Council during the financial year 2019/20 and the results of these assignments. Based upon the work undertaken 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 for 2019/20. This control environment comprises of the system of internal control, governance arrangements and risk management. This remains consistent with the opinions given in recent years.

### **Governance**

During 2019/20, the Council's governance arrangements have remained generally consistent with previous years. There are no significant governance issues that I wish to draw to the attention of the Council for inclusion in its Annual Governance Statement, based on the findings of Internal Audit work in 2019/20.

### **Financial control**

Controls relating to the key financial systems which were reviewed during the year were concluded to be generally operating effectively, with a level of Good Assurance given for the control environment and compliance.

### **Risk management**

Established structures and processes for identifying, assessing and managing risk remained consistent during 2019/20. During this year the Governance & Audit Committee has started to receive copies of risk registers, upon recommendation by Internal Audit, and this has strengthened the committee's engagement in risk management.

Internal Audit work is targeted upon the Council’s key areas of risk and work completed in 2019/20 has assessed assurances in relation to controls in some of these areas.

**Internal control**

For the audits completed in 2019/20, 100% of the opinions given in relation to the control environment and compliance have been of at least Satisfactory Assurance. There have been no opinions given of Limited Assurance or Major organisation risk during 2019/20.

Of these audits, one resulted in an organisational risk score of ‘Moderate’ and this related to Cyber Security. This is an area where further work was required to improve the control environment and strengthen resilience and there also remain some historic overdue audit recommendations in this area. Internal Audit will continue to seek assurances on the control environment during 2020/21.

Action plans have been agreed to address all areas of weakness. Of the recommended actions agreed, and due for implementation, 77% were completed in a timely manner during the year.

Internal Audit has not been made aware of any further governance, risk or internal control issues which would reduce the above opinion. No systems 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 within 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 respect of addressing any control weaknesses and has acknowledged any gaps in assurances. A summary of Audit opinions is shown in Table 1.

Table 1 – Summary of audit opinions 2019/20:

Area	Substantial	Good	Satisfactory	Limited	No
Financial	-	4	-	-	-
Governance & Counter Fraud	-	2	-	-	-
Corporate & Cross Cutting	-	2	6	-	-
Delivery of Corporate Objectives	5	5	-	-	-
<b>Total</b>	<b>5</b>	<b>13</b>	<b>6</b>	<b>0</b>	<b>0</b>
<b>Summary</b>	<b>21%</b>	<b>54%</b>	<b>25%</b>	<b>0%</b>	<b>0%</b>
<b>2018/19 outcomes – for comparison</b>	<b>30%</b>	<b>50%</b>	<b>20%</b>	<b>0%</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 during 2019/20:

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 with either no, or only minor, errors 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.
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 2019/20, 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 2019/20 and the date of the Committee meeting at which a summary of the report was presented.

Table 3 – Summary of Audit Opinions 2019/20:

Audit Area	Design of Control Environment	Compliance	Organisational Impact	Committee Date
<b>Financial</b>				
Key financial controls	Good assurance	Good assurance	Minor	October 2020
Budgetary control	Good assurance	Good assurance	Minor	October 2020
<b>Governance &amp; counter fraud</b>				
Procurement compliance	Good assurance	Good assurance	Minor	October 2020
<b>Corporate &amp; cross cutting</b>				
Cyber security	Satisfactory assurance	Satisfactory assurance	Moderate	October 2019
Corporate (Property) Investments	Satisfactory assurance	Satisfactory assurance	Minor	March 2020
Effective use of Consultation	Satisfactory assurance	Good assurance	Minor	December 2019
Agency staff – IR35 compliance	Good assurance	Satisfactory assurance	Minor	October 2019
<b>Delivery of corporate objectives</b>				
Freedom of Information (FOI) requests	Good assurance	Good assurance	Minor	December 2019
Community safety	Substantial assurance	Good assurance	Minor	March 2020
Grow on space (embedded Assurance – Delivery Stage)	Good assurance	Satisfactory assurance	Minor	October 2019
Safeguarding	Substantial assurance	Substantial assurance	Minor	October 2019
Homeless Reduction Act compliance	Substantial assurance	Substantial assurance	Minor	October 2020

- 3.4 Outlined in Appendix 1 is a summary of each of the audits 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 progress 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. Internal Audit trace follow up action on a monthly basis and provide a summary to the Governance and Audit Committee.
- 3.6 A total of 42 recommendations were made during 2019/20.
- 3.8 Details of the implementation rate for audit recommendations made during 2019/20 are provided in Table 4.

Table 4 - Implementation of audit recommendations from 2019/20 reports:

	Category 'High' recommendations	Category 'Medium' recommendations	Category 'Low' recommendations	Total
Agreed and implemented	1	7	9	17 (40%)
Agreed and not yet due for implementation	2	8	10	20 (48%)
Agreed and due within last 3 months, but not implemented	-	-	4	4 (10%)
Agreed and due over 3 months ago, but not implemented	-	1	-	1 (2%)
<b>TOTAL</b>	<b>3</b>	<b>16</b>	<b>23</b>	<b>42</b>

3.9 A summary of 'high' and 'medium' overdue recommendations is shown in Table 5. This includes seven further recommendations which remain overdue from previous years:

Table 5 - Summary of Overdue Recommendations as at 31<sup>st</sup> March 2020

Audit Title	Audit Year	High		Medium	
		Over 3 months overdue	Under 3 months overdue	Over 3 months overdue	Under 3 months overdue
Safeguarding	2019/20	-	-	1	-
Cash Handling	2018/19	-	-	1	-
Constitution and Scheme of Delegation Compliance	2018/19	1	-	-	-
Cyber Security	2018/19	-	1	-	2
Financial Systems Key Controls	2018/19				1
Information Management	2013/14	-	-	1	-
<b>Totals</b>		<b>1</b>	<b>1</b>	<b>3</b>	<b>3</b>

3.10 The level of implementation is reported to the Governance and Audit Committee throughout the year and monitoring of outstanding recommendations remains ongoing.

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

3.11 In forming an opinion on the control environment for 2019/20, other sources of assurance have been considered, where appropriate. This has included:

- The Council has delegated the collection of council tax and business rates and the administration of housing benefits to the Leicestershire Revenues and Benefits Partnership led by Hinckley and Bosworth Borough Council. A copy of the final internal audit report on the partnership’s controls for 2019/20 has been shared with LGSS. The report provided for 2019/20 was limited in coverage of system controls and was focused upon compliance with the Memorandum of Understanding with the Department of Work and Pensions (DWP). There were no significant issues identified which would impact upon the overall opinion for the year.

## **4. Internal Audit performance**

### **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, advice and insight to assist the Council in new areas of work or to pro-actively review and improve the control framework.

#### Delivery of 2019/20 Audit Plan

4.2 The team has delivered **100%** of the agreed audit assignments within the Audit Plan for 2019/20.

#### Internal Audit Contribution in Wider Areas

4.3 Key additional areas of Internal Audit contribution to the Council in 2019/20 are set out in Table 7:

Table 7 – Internal Audit Contribution

<b>Area of Activity</b>	<b>Benefit to the Council</b>
Maintaining good working relationships with External Audit to ensure most effective coverage and avoiding duplication if possible.	Reduce audit burden, saving costs.
Assisting in the drafting of a suite of revised counter fraud policies and a new Code of Corporate Governance.	To ensure the Council’s governance arrangements are robust and consistent with best practice.



Area of Activity	Benefit to the Council
Delivering an all staff training session on the Bribery Act and revised counter fraud policies.	Embedding awareness of key controls in relation to fraud and corruption and ensuring staff are alert to the risks.
Facilitating a fraud awareness week campaign in November 2019.	Raising the awareness of staff in relation to fraud risks and embedding a zero tolerance culture to fraud and corruption.
Sharing of best practice and solutions adopted at other authorities.	Benefit from insight into tried and tested solution and good practice examples to strengthen controls and efficiencies.
Presence at Harborough District Council offices.	Assistance with ad-hoc queries, building working relationships and raising the profile of Internal Audit.
Acting as a point of contact for whistleblowing referrals.	Providing an independent point of contact for reporting concerns and providing a professional investigation service at short notice when required, to ensure concerns are dealt with in accordance with best practice and suitably logged.
Supporting and advising upon fact-finding investigations, as required.	Sharing of knowledge of good practice and independent insight and challenge.

### Performance Indicators

- 4.4 Internal Audit maintains several key performance indicators (KPIs) to enable ongoing monitoring by senior management and the Governance and Audit Committee. Outturns against these indicators in relation to work delivered for Harborough District Council are provided in Table 8:

Table 8 – Internal Audit KPIs 2019/20

Indicator description	Target	Actual
Delivery of the agreed annual Internal Audit Plan	100%	<b>100%</b>
Delivery of the agreed annual Internal Audit Plan by end of March 2020	90%	<b>94%</b>

Customer Feedback – rating on a scale of 1 to 4 (average) – where: 4 = Outstanding, 3 = Good, 2 = Satisfactory and 1 = Poor).	3.1	3.3
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## 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 and were further updated in March 2017. 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 latest PSIAS has been completed by the Head of Internal Audit, a copy of which can be provided as required. The outcome of the assessment was that the Internal Audit service is operating in general conformance with the Standards.

## 6. Whistleblowing

- 6.1 In March 2019, the Council adopted a revised Whistleblowing policy. The review of this key policy was intended to ensure consistency with good practice and to provide a clear route for individuals to raise concerns in confidence.
- 6.2 As part of the revised policy it was agreed that the Head of Internal Audit would report upon any trends in referrals and the effectiveness of the new policy. The Head of Internal Audit is aware of one whistleblowing referral which was received and closed during the 2019/20 financial year with no formal action required by the Council, following fact finding enquiries. The whistleblower was informed of the outcome by the Monitoring Officer and indicated satisfaction with the outcome.

## Appendix 1: Summary of Internal Audit work undertaken for 2019/20

Audit Assignment	Assurance Rating			Area Reviewed	Basis for Assurance Opinion
	Design	Compliance	Org Impact		
Key financial systems	Good assurance	Good assurance	Minor	<p>To provide assurance over key controls related to the following risk areas:</p> <ul style="list-style-type: none"> <li>• Access control to key IT systems;</li> <li>• Purchasing of goods and services and payment of suppliers;</li> <li>• Payroll transactions; and</li> <li>• Failure to implement previous years audit recommendations</li> </ul>	<p>The Council utilises the IT systems package eFinancial to maintain financial records. This is a well-established system and has a proven track record of providing an appropriate level of control. Access to the system is restricted through passwords, which must be changed on a regular basis, and which allow a hierarchical access to the system, enabling authority levels to be built into its parameters. System back-up arrangements are in place.</p> <p>eProcurement, a module within eFinancial, is used to raise requisitions and purchase orders and receipt goods/services prior to the invoice being paid. Where this system is utilised, appropriate separation of duties is achieved and authorisation levels for the commitment of expenditure are automatically applied. Opportunity exists to improve utilisation of purchase orders for goods &amp; services procured; currently 53% of payments by volume are being made without a purchase order being raised.</p> <p>Controls over the maintenance of the Council's payroll were generally found to be operating effectively, although the change of payroll provider from 1/4/20 provides an opportunity for the Council to receive and check exception reports on a regular basis, a control that the current provider has not been able to facilitate.</p>

Audit Assignment	Assurance Rating			Area Reviewed	Basis for Assurance Opinion
	Design	Compliance	Org Impact		
					<p>Actions recommended following the reviews of Financial Systems Key Controls conducted in 2017/18 and 2018/19 were followed up during the course of this exercise, with reliance being placed, in part, on responses provided by management as part of the ongoing recommendation tracking that takes place. The exercise confirmed that, in general, actions have been taken in response to recommendations made. One area where action is noted as ongoing and not yet complete is the updating of the Council's corporate Debt Policy and associated procedure documentation, which was raised in the 2018/19 review of Financial Systems Key Controls.</p>
Budgetary Control	Good assurance	Good assurance	Minor	<p>To provide assurance that the council's budget setting, monitoring and management supports the delivery of the council's key priorities, decision- making and outcomes.</p>	<p>In overall terms, the audit identified that the Council has appropriate arrangements in place for budget setting and monitoring. A software package entitled Collaborative Planning (CP) has been in operation for several years, which has separate modules for budget setting and monitoring. The CP package facilitates the retention of an audit trail for both changes made to budgets during the budget setting process and the monitoring of actual income and expenditure against planned levels. The audit confirmed the existence of an appropriate audit trail for the majority of testing undertaken.</p> <p>Budget holders are supported in the delivery of their role by Business Partners from the Finance Team, who meet with them at least quarterly (and also on an ad-hoc basis as necessary) to discuss budget setting and</p>

Audit Assignment	Assurance Rating			Area Reviewed	Basis for Assurance Opinion
	Design	Compliance	Org Impact		
					<p>monitoring. The audit confirmed, through discussion with a sample of budget holders, that the role provided by Business Partners is effective.</p> <p>The most significant issue arising from the exercise is the need for the Council to formalise its medium term financial planning process. Although some medium term planning has taken place each year, this has not been formalised within a published Medium Term Financial Strategy (MTFS) since the current Strategy, which expires in March 2020, was prepared in 2015/16. Whilst there is currently a lack of clarity over the future local government funding regime, a review of the approach adopted by other local Councils indicates that, despite the uncertainties, MTFS documents are being updated to the extent possible.</p>
<b>Governance &amp; Counter Fraud</b>					
Homelessness Reduction Act	Substantial assurance	Substantial assurance	Minor	To provide assurance that the Council's policies, systems and procedures for assessing, monitoring and verifying homelessness applications are working effectively. To ensure that robust arrangements are in place to maximise value for money and minimise the use of expensive temporary accommodation and, the council is fulfilling its duty under the homelessness act and provides fraud and homelessness awareness training for staff.	The critical objective of the review was to provide assurance that the Council was meeting its statutory duties under the Homelessness Reduction Act 2017. The Council has in place a Strategy for Housing and the Prevention of Homelessness and Rough Sleeping covering the period 2019-2024 which is publicised on the Council's website. The Strategy makes reference to the extended duties under the Homelessness Reduction Act 2017. Homelessness is covered within Theme 3 of the Strategy which covers housing options, homelessness and rough sleeping. The Council's Harborough Homes

Audit Assignment	Assurance Rating			Area Reviewed	Basis for Assurance Opinion
	Design	Compliance	Org Impact		
					Allocation Policy has also been updated to reflect the current legislation. Sample testing of homeless applications confirmed that key controls had operated as intended and the Council had complied with the requirements of the Homelessness Reduction Act 2017. On occasions the Council may need to provide temporary accommodation in the form of bed and breakfast accommodation or self-contained accommodation and the cost can be offset by housing benefit. The sample selected for testing included two cases where clients were placed in temporary accommodation and in both cases housing benefit had been claimed and used to offset the Council's costs.
Safeguarding	Substantial assurance	Substantial assurance	Minor	Safeguarding, in its broadest sense, is defined as 'to protect from harm'. Harborough District Council (HDC) has a number of duties to safeguard children and vulnerable adults. The purpose of this audit was to provide assurance that the Council has adequate controls in place to fulfil its responsibilities.	Robust policies exist to cover the Council's safeguarding arrangements for children and adults and are subject to regular review and formal approval by the Corporate Management Team (CMT). Both safeguarding policies have recently been reviewed and new versions are in draft format awaiting sign off by CMT. The Council works with Leicestershire Safeguarding Boards, primarily, as well as other agencies, to ensure safeguarding is embedded within all services throughout the organisation. Appropriate information sharing agreements are in place and the safeguarding referrals are handled in accordance with the Council's procedures and progressed to the relevant agencies where applicable.

Audit Assignment	Assurance Rating			Area Reviewed	Basis for Assurance Opinion
	Design	Compliance	Org Impact		
					<p>The Council has appointed a Lead Professional Officer and Designated Safeguarding Officers (DSO) in each service area who are responsible for managing and co-ordinating the Council's safeguarding activities and ensuring that safeguarding concerns are raised promptly with the relevant agencies.</p> <p>Harborough District Council also has a duty to ensure that all elected Members comply with the Council's Safeguarding Policy and consider the welfare of all children, young people and vulnerable adults whilst undertaking all services and functions. The audit identified a lack of formal training received by Members, and following the recent elections, arrangements have been made for rolling out the safeguarding training to Members.</p>
Procurement compliance	Good assurance	Good assurance	Minor	<p>The Council's Statement of Required Practice for Procurement (SORP) and Contract Procedure Rules (CPRs) are designed to ensure probity and value for money when procuring goods, works or services that meet the needs of local residents. They also provide assurance of compliance with legal and regulatory requirements in respect of competition and transparency.</p>	<p>The Council has revised its SORP in February 2018 and the latest version of the SORP was found to be published on the Council's website at the time of the audit review. It is understood that the SORP was due to be revised last year but this has been put back to March/April 2020 due to the departure of the S151 Officer and the need to integrate with Contract Procedure rules. Officers need to ensure that the SORP is reviewed and updated to reflect any changes in the EU thresholds.</p> <p>A sample of procurements completed in the financial year was reviewed to ensure compliance with the relevant SORP requirements at the time of the</p>

Audit Assignment	Assurance Rating			Area Reviewed	Basis for Assurance Opinion
	Design	Compliance	Org Impact		
				An audit of compliance with CPRs in 2018/19 provided <b>Good Assurance</b> and found that controls had been exercised to achieve and evidence value for money. However, the audit also identified opportunities to further enhance the audit trail and improve evidence of compliance with SORP requirements such as use of forms to demonstrate authorisation to award the contract; approval of exemptions; and approval to use a framework contract.	procurement. Testing confirmed that controls had been exercised to achieve and evidence value for money. Correct procurement methods had been applied in all cases and, where applicable, at least three quotations or tenders were obtained. The contract opportunities were advertised, and the advertisement included all the relevant procurement documentation. The bids were appropriately received and evaluated in line with the pre-determined award criteria. Overall, compliance with the SORP requirements was achieved with only minor exceptions. The contract register is published quarterly on the Council's website in accordance with the Local Government Transparency Code. Review of expenditure reports for 2019/20 identified ten suppliers with spend of over £50k that were not recorded on the contracts register. The Commissioning Officer has queried with the relevant managers the reasons for the payments and why these are not on the contracts register. Subsequently, the Commissioning Manager should ensure that the contract register is updated, where necessary.
Agency Staff – IR35 Compliance	Good assurance	Satisfactory assurance	Minor	IR35 is intended to stop 'disguised employment' whereby staff are appointed 'off payroll' through companies or similar trading arrangements that avoid	The Council has good arrangements for the identification and assessment of cases within the scope of IR35 with established procedures to assess whether temporary and interim posts are within scope of the IR35 regime.



Audit Assignment	Assurance Rating			Area Reviewed	Basis for Assurance Opinion
	Design	Compliance	Org Impact		
				<p>the need to make tax and other deductions at source or to pay employer's national insurance contributions. The employee is also potentially able to benefit from a reduced tax bill.</p> <p>IR35 has been in place since 2000 but from April 2017 the responsibility for determining whether the rules apply in public sector organisations shifted from the contractor to the hiring organisation.</p>	<p>Reliance is placed on management being aware of their responsibilities and referring to Human Resources (HR) or Finance Business Partners to begin the process. Whilst there are documents for managers to access, some have not been updated since the implementation of the legislation in 2017 therefore, this could be strengthened with amendments and new published information to increase managers' awareness of specific types of appointment and when to refer for further assistance. Monitoring and recording of cases and retention of documentary evidence is undertaken predominantly by the finance team with HR involved in the initial process of temporary resourcing. However, sample testing found some gaps in records and evidence kept, which may increase the risk of incurring financial penalties should HMRC request to see documentary evidence in future, therefore the recruitment process should not continue until all evidence has been obtained.</p> <p>For any appointments made through employment agencies it is the Council's responsibility to inform the agency of the IR35 status of each appointment. Whilst this was evidenced for some posts at the time of appointment, testing revealed that there are gaps or evidence retained was not specifically in relation to IR35 status outcomes.</p>

Audit Assignment	Assurance Rating			Area Reviewed	Basis for Assurance Opinion
	Design	Compliance	Org Impact		
Corporate & Cross Cutting					
Corporate (Property) Investments	Satisfactory assurance	Satisfactory assurance	Minor	<p>The Council's 2019/20 Capital Strategy states that it has commenced commercial property investments to generate positive revenue returns. It goes on to state that the Council will be prioritising part of its capital strategy in future for commercial asset acquisition and/or development based on robust investment appraisal and evaluation principles. The audit seeks to provide assurance that the Council has a sound investment strategy in place that complies with statutory guidance and balances risk and return. To date there has been one commercial property investment, executed through the Council's wholly owned company. The audit also examined two ongoing residential development projects focused primarily on generating capital receipts, and the investment of £1.5m in property investment funds.</p>	<p>Based on the audit findings, the Council's strategic framework could be improved by ensuring that the draft Property Investment Strategy is finalised and approved as soon as possible together with clear arrangements for monitoring and reporting performance and overall risk exposure. There is also scope to improve compliance with the relevant professional and statutory guidance in respect of non-financial investments. Appropriate risk assessment and due diligence processes have been applied in respect of the investments and projects examined by internal audit. However, record keeping could be improved to ensure that there is a clear audit trail between the business case and supporting information and records, including professional advice and valuations. The business case and risk registers in respect of the residential development projects should be updated to reflect the latest position and any changes to funding requirements reported to Members for approval. A robust selection and approval process was applied in respect of property fund investments, although the short-listing and final decision making process was not fully recorded. Furthermore, the majority of the sum allocated in the 2019/20 budget has not yet been fully invested leading to a significant shortfall in expected returns. The approach to property fund investments</p>

Audit Assignment	Assurance Rating			Area Reviewed	Basis for Assurance Opinion
	Design	Compliance	Org Impact		
					should be reviewed as part of the 2020/21 budget setting process.
Effective use of Consultation	Satisfactory assurance	Good Assurance	Minor	<p>Harborough District Council has a duty to consult with its residents on major plans, significant changes to service delivery and the manner in which the budget is spent. Consultations may also be initiated where no statutory duty exists, but there is benefit to doing so. Responsibility to undertake consultations lies with Service Managers, supported by the Communications Team. Where public sector organisations consult with members of the public, there is an expectation that they will apply the Gunning Principles of Consultation<sup>1</sup>, which state that:</p> <ul style="list-style-type: none"> <li>(i) consultation must take place when the proposal is still at a formative stage;</li> <li>(ii) sufficient reasons must be put forward for the proposal to allow for consideration and response;</li> <li>(iii) adequate time must be given for consideration and response; and</li> <li>(iv) the output from the consultation must be conscientiously taken into account.</li> </ul>	In overall terms this review has identified that an appropriate level of evidence generally exists to demonstrate that these principles are being adhered when members of the public are being consulted. Testing of a sample of 5 consultations confirmed that no decisions had been made prior to the consultation being initiated and sufficient time was given for residents to respond. The exercise has, nevertheless, identified a number of opportunities to improve arrangements, notably through the implementation of an Engagement Strategy incorporating the consultation process and a need to increase the public reporting of actions taken in response to the output of consultations undertaken. The Council has recently undergone some organisational changes to create a greater focus on engagement and plans are being prepared to develop the engagement agenda. Given that consultations are an integral part of engaging with residents, it is anticipated that the findings and recommendations contained within this report will be used in this process.

Audit Assignment	Assurance Rating			Area Reviewed	Basis for Assurance Opinion
	Design	Compliance	Org Impact		
Delivery of Corporate Objectives					
Freedom of Information Requests	Good assurance	Good assurance	Minor	<p>The Council has a responsibility to respond to legitimate Freedom of Information requests and at the same time has a statutory duty not to disclose personal data as defined by Data Protection legislation and discretion to withhold exempt information.</p> <p>The Freedom of Information Act (FOIA ) gives the right to access recorded information held by public sector organisations. The audit will aim to establish if appropriate arrangements to manage Fol requests are in place.</p>	<p>Scope to improve member and staff awareness of information requests has been identified. The newly revised FOI training module, now included in the corporate induction, is yet to be undertaken by existing staff and Members.</p> <p>Audit sample testing demonstrated that all requests received a prompt acknowledgement of receipt, in most cases on a same date of the request being received. In cases where disclosure was not appropriate, the requester was provided with reasons for non-disclosure and their right to request an internal review of the decision. However, further scope to improve compliance with the 20 statutory days limit for responding to the information requests was noted as in 16% of cases in sample testing the response exceeded this statutory limit. A wider review of the information log was carried out to establish overall compliance with the 20 days statutory limit and the log showed that for 14% of FOI requests made between January 2019 and September 2019 the response was not provided within the statutory 20 day limit.</p> <p>The audit review of two internal review requests did not identify evidence of a Heads of Service or the Joint Chief Executive's involvement in the review or oversight of the case. It is therefore recommended that internal review requests should be formally signed off by the relevant Head of Service or the Joint Chief Executive prior to release.</p>

Audit Assignment	Assurance Rating			Area Reviewed	Basis for Assurance Opinion
	Design	Compliance	Org Impact		
					The Council publishes the FOI disclosure logs on its website. Whilst disclosure logs provide details of the number of requests received and the nature of the requests no actual responses are published on the HDC website. Officers may wish to consider publishing the responses, redacting any personal data, enabling members of public to search through the disclosure log and the responses before making a new request. This may assist in reducing the volume of frivolous or unnecessary FOI requests and the resource implications involved.
Leisure Services (Embedded assurance review – Stage 1)	Deferred to 20/21	Deferred to 20/21	N/A	To engage with the project and issue reports at key stages – including assurance over the management of risks, consultation and communications, procurement, use of resources and plans and governance and decision making.	At the time of audit the project was still at the options appraisal stage – an update in October 2019 stated the Council were hoping to establish a preferred option by the middle of November and to complete a feasibility study in February 2020, therefore there is unlikely to be any benefit in completing any substantive audit work on the project this financial year. Internal Audit to reengage with the project in October 2020 following completion of the final business case.
Community Safety	Substantial assurance	Good assurance	Minor	To provide assurance over the effective management of Community Safety arrangements, including monitoring, partnership working and making effective use of information sharing and initiatives.	The Council has an Anti-Social Behaviour (ASB) Policy which sets out the way in which the Council tackles anti-social behaviour as well as the partnership approach in tackling the ASB. The policy was presented and approved by the Cabinet in September 2019.

Audit Assignment	Assurance Rating			Area Reviewed	Basis for Assurance Opinion
	Design	Compliance	Org Impact		
					<p>ASB complaints are recorded, monitored and managed through 'Sentinel' - a web-based ASB case management system currently used across LLR, accessible to a range of partner organisations. Internal Audit reviewed a sample of ASB complaints received in 2019/20 and found all complaints were acknowledged and responded to in a timely manner and the multi-agency working was seen in all cases where applicable and had proved to be effective in resolving matters.</p> <p>Under Sections 5-7 of the Crime &amp; Disorder Act 1998 the HDC Community Safety Partnership (CSP) was set up which is made up of statutory services that work together to protect local communities from crime and disorder and deals with local issues such as anti-social behaviour, protecting victims and reducing re-offending. The HDC Community Safety Partnership undertakes a variety of campaigns and arrange various initiatives to promote safer communities and reduce the ASB as well as increasing awareness of the services available.</p> <p>HDC CSP has a three year strategy setting out its priorities. The priorities are reviewed on an annual basis and specific action plans for each year are set up. The progress is discussed at the Scrutiny Panel (Communities) meetings. In addition to this the highlight reports are also prepared and presented to the Leicester, Leicestershire and Rutland Police and Crime Commissioner every 6 months.</p> <p>Performance is monitored throughout the year through the TEN Performance Management System, also</p>

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					performance of the Council against the Corporate Delivery Plan are reported to the Scrutiny Panel (Performance) on a quarterly basis.
Grow on space (embedded assurance delivery stage)	Good assurance	Satisfactory assurance	Minor	To provide assurance over project management arrangements for the delivery stage of this key project.	<p>Internal Audit's stage one (initiation) report concluded that the project was being well managed and made just three low priority recommendations for improvement, two of which remain outstanding at the time of reporting. Despite a challenging timetable, construction remains on track and within budget at the time of audit; practical completion and initial handover was expected on 6th September 2019.</p> <p>Procurement of a lettings agent and managing agent have been delayed but appointments have now been made. Project governance arrangements remain largely unchanged since the initial audit, although departure of the Council's Project Support Officer in December 2018 has meant that project documentation has not been kept up-to-date and project meetings have been less frequent. Moreover, the Council's Project Manager has recently left the Council and there have been a number of other staffing changes on the project team.</p> <p>Urgent action is now required to appoint a new Project Manager, review project resources and ensure all project documentation is brought up-to-date. In the meantime, there is an increased risk that the project could go off-course if key roles are not filled and critical project</p>

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					documents such as highlight reports, project plans and risk registers are not regularly reviewed and updated.