

APPENDIX 1

CORPORATE AFFAIRS AND AUDIT COMMITTEE – INTERNAL AUDIT SCORECARD

Table 1 - Internal Audit Reports Issued in Final (since last update to Corporate Affairs and Audit Committee in December 2015)

Audited System /Service	Directorate	Assurance Opinion	Priority			Draft Date	Final Date
			P1	P2	P3		
Building Control	EDC	Good	0	2	4	16/12/2015	14/12/2015
Bereavement Services	CCS	Moderate	0	6	3	12/11/2015	23/12/2015
Coroner's Service	CCS	Good	0	2	1	10/12/2015	18/12/2015
Project Governance and Property Disposals	CCS	Cause for Concern	1	0	0	18/09/2015	26/01/2016
Holmwood Special School	WCL	Strong	0	0	3	23/12/2015	18/01/2016
Newport Primary School	WCL	Good	0	0	3	17/11/2015	19/11/2015
St Pius Primary School	WCL	Strong	0	0	0	10/12/2015	15/12/2015
Bus Station and CCTV	CCS	Good	0	3	1	15/01/2016	29/01/2016
Total		29	1	13	15		

Table 2 – Summary of findings for those audit reports where the overall opinion is ‘Cause for Concern’ or ‘Cause for Significant Concern’)

Audits with an overall opinion of Cause for Concern or Cause for Significant Concern	
Project Governance and Property Disposals	<p>This assignment was included on the 2015/16 Internal Audit Plan at the request of the Chief Executive and the Executive Director of Corporate and Commercial Services. The audit was aimed at providing assurance that a number of individual projects and/or property disposals had been carried out with due regard to effective governance, decision making and management controls so as to support the Council's overall financial position and achievement of objectives. For each of the selected schemes/developments/disposals, the audit sought to confirm that complete and documented audit trails existed to support the decision making process. Aspects of a number of different individual schemes were examined including as follows:</p> <ul style="list-style-type: none"> • Acklam Hall - a review of the governance around the project (a separate report has been issued on this development). • Middlehaven (Sainsbury's) - an examination of the controls surrounding the Section 106 (S106) Agreement. • Gresham - a review of the valuation process regarding the proposed transfer of properties. • Prissick base - a review of the governance around the land transfer. • TAD Centre - a review of the property disposal process and the tenancy letting arrangements. <p>The audit identified that improvements needed to be made to the Council's project governance and property disposal processes in order to ensure that the control environment is effective going forward. Whilst there was no evidence of impropriety identified during the audit, it was the view of the Auditors that inadequate controls had left the Council exposed to challenge and criticism in the areas of project management and of property disposals. The Auditors have since noted that the Council is already taking steps via its Governance Improvement Plan to address the project management issues identified in this and the recent Project Management audit report as senior officers were previously aware that improvements would be required in these areas. It should be noted that the Auditors did not make a judgement on the quality of the actual decisions being made in any of the sample reviewed; comments made were in relation to the effectiveness and clarity of governance, supporting evidence and audit trails to set out how those decisions have been reached. The Auditors also acknowledge that decisions made are often based upon a number of factors ranging from the financial cost or return to the fulfilment of the Council's vision and that the fulfilment of the Council's overall aims and objectives may require a number of different but interrelated decisions.</p>

Table 3 – Summary of all P1 recommendations made in the final reports issued to date plus any P1 actions for previous years that have still not been implemented.

One P1 Recommendation has been made in the period and two P1 recommendations are still ongoing from earlier periods and are in progress	
Project Management	<p>Audit Recommendation - Management should ensure that a bespoke project management framework together with associated procedures are developed and established in order;</p> <ul style="list-style-type: none"> - to deliver projects aligned with and supporting corporate objectives. - to conform to the corporately agreed PM methodology. - to integrate with the organisation's business change management framework. - to be subject to governance and review, and be approved by a senior manager. - to clearly define specific roles and responsibilities, for example: those managing project governance, project board members, project sponsors, project managers and project team members. <p>Responsible Officers are the Director of Organisation and Governance and the Head of ICT and Capital programmes.</p> <p>Current status – the Assistant Director Organisation and Governance submitted a report to the Leadership Management Team on 27 August 2015 outlining the proposals for the:</p> <ul style="list-style-type: none"> a) Development and implementation of a corporate project management framework b) Proposals for capital programme monitoring (interim arrangements and final arrangements) <p>The report recommended that LMT agreed to the development and implementation of a Corporate Project Management Framework to be used by all officers responsible for managing capital projects.</p> <p>The steering group initially intended to oversee the implementation of a new project management application has now been expanded to look at the overall methodology for the Council. This new Programme and Projects Group is having its inaugural meeting on 5th February 2016. 'Project in a Box' is one of a number of software</p>

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	<p>products that the Council is assessing and appears to be the preferred option and if successful, it will be purchased through G cloud. A review of all outcomes is planned ahead of the start of the implementation of the software.</p>
<p>Project Management</p>	<p>Audit Recommendation - Management should raise the profile of capital programme monitoring and introduce effective programme management of all capital projects in order to have an overarching process which offers accountability and robust challenge to all project managers / service areas across all directorates. In relation to actual performance and delivery this process will seek to ensure that the organisation's objectives and priorities are met and will also maintain overall financial control.</p> <p>Responsible Officers are the Director of Organisation and Governance and the Head of ICT and Capital programmes.</p> <p>Current status – the Assistant Director Organisation and Governance submitted a report to the Leadership Management Team on 27 August 2015 outlining the proposals for the:</p> <ul style="list-style-type: none"> c) Development and implementation of a corporate project management framework d) Proposals for capital programme monitoring (interim arrangements and final arrangements) <p>The report recommended that LMT agree the establishment of an interim capital programme monitoring system to enable reporting of spend and milestones across all capital projects. A dedicated post has now been established to oversee the monitoring of the Change Programme/Project Management Programme and to ensure these are aligned to established corporate processes.</p>
<p>Project Governance and Property Disposals</p>	<p>In conjunction with the recommendations made in the internal audit report on Project Management, Council senior management should, as a matter of urgency, develop an action plan to effectively address all of the issues highlighted in this project governance report. The main issues highlighted have resulted from a lack of effective frameworks and due diligence over processes and a lack of clear and central audit trails to detail rationale behind decisions made. This action plan should be approved in the first instance by Council</p>

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management and the Council's Section 151 Officer and ultimately CMT.
 The action plan should include the following:

- To implement improvements to ensure an effective asset disposal framework;
- To carry out post evaluation reviews for each project/scheme - to assess best value and achievement of objectives;
- To review and improve the framework for the control, monitoring, accounting and recording of Section 106 obligations;
- To ensure that CMT meeting minutes clearly set out the decision made and the reason for that decision.

It is further suggested that TVAAS Auditors monitor the directorate's progress against the action plan to ensure that proposed actions will address the issues raised and that they are being taken forward in an appropriate and timely manner with required evidence of regular progress being submitted on an agreed milestone basis.

Table 4 - Total Outstanding Audit Recommendations (that should have been implemented by 31 December 2015)

Directorate	Total outstanding Actions that have passed action due date (31 December 2015)	P1	P2	P3
Corporate and Commercial Services	25	2	14	9
Economic Development and Communities	9	0	3	6
Wellbeing, Care and Learning	10	0	5	5
Total	44	2	22	20

Positive progress is being made to implement audit recommendations. The figure of outstanding actions has reduced (109 actions that should have been implemented by 31 October 2015 were outstanding at the time of the previous report to this Committee).