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 June 2016)

Audited System /Service	Directorate	Assurance Opinion	Priority			Draft Date	Final Date
			P1	P2	P3		
Town Hall and Theatre Refurbishment	EDC	Moderate	0	4	0	03/06/2016	27/07/2016
Capital Accounting	CCS	Strong	0	0	3	26/04/2016	09/06/2016
Housing and Council Tax Benefits	CCS	Strong	0	0	2	26/07/2016	04/08/2016
Payroll	CCS	Strong	0	0	3	09/06/2016	30/06/2016
Trading Standards	EDC	Strong	0	0	0	27/05/2016	27/05/2016
School Readiness	WCL	Strong	0	1	0	24/05/2016	01/07/2016
Officer Decision Making	CCS	Good	0	1	4	17/05/2016	20/06/2016
Residential Homes	WCL	Moderate	0	4	1	19/05/2016	17/06/2016
Liquid Logic – Children's Care Management System	WCL	Strong	0	0	0	28/04/2016	05/07/2016
Creditors	CCS	Moderate	0	6	0	22/06/2016	18/08/2016
Debtors	CCS	Moderate	0	7	2	17/06/2016	05/08/2016
Main Accounting	CCS	Good	0	1	4	05/07/2016	10/08/2016
Pension Fund Administration	CCS	Strong	0	1	0	07/06/2016	04/08/2016
Members' Allowances	CCS	Strong	0	0	2	07/07/2016	28/07/2016
Social Care Payments	WCL	Moderate	0	4	2	21/06/2016	19/08/2016
Selective Landlord Licensing	EDC	Strong	0	0	3	13/07/2016	01/08/2016

Audited System /Service		Directorate	Assurance Opinion	Priority			Draft Date	Final Date
				P1	P2	P3		
Change Programme Management		CCS	Moderate	0	4	1	25/07/16	15/09/16
Total			60	0	33	27		

No further Priority 1 actions have been made and no further audit reports have been issued with a Cause for Concern (or lower) since the previous update to this Committee. Action is still ongoing to implement three Priority 1 actions from previous years and more detail on progress is provided in Table 2 below.

Table 2 – Progress to Implement Outstanding Priority 1 Actions

Table 2 - Three P1 recommendations from previous year's audits are still in progress		
Audit	**Internal Audit Recommendation**	**Progress to Date**
Project Management (2014/15)	Management should ensure that a bespoke project management framework together with associated procedures are developed and established in order; - 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.	The Council's Governance Improvement Plan includes the internal audit recommendations in relation to project management. LMT requested that an officer steering group be established to oversee the development and embedding of the framework. The framework and its implementation plan, was agreed by LMT on 18 February 2016. The Group has contributed to the implementation of the Framework although attendance from some Outcome Areas has been variable and this will be raised with DMTs. The actions within the framework implementation plan remain on target. All feedback from LMT was addressed in the development of the final PPM Framework document, which was also quality-assured by Internal Audit. The

Table 2 - Three P1 recommendations from previous year's audits are still in progress		
Audit	**Internal Audit Recommendation**	**Progress to Date**
		Framework has now been circulated to all project managers in advance of formal training.
Project Management (2014/15)	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.	It is clear that the Council needs to better prioritise and phase its projects, and this will be achieved as part of the ongoing review of the Change Programme. Additional support is being provided to the Framework by the implementation of a dedicated IT system and Departmental Business Coordinators.

A 'project on a page' document has been developed and it is proposed that all non-business critical projects will utilise the final version of this document whilst business critical projects will use the full framework.

In February, LMT agreed to the procurement of Project in a Box, an IT solution to support the PPM Framework. The solution was purchased in March 2016, following a review of the system by the PPM steering group.

The steering group has identified over 160 employees (subsequently agreed by Assistant Directors) working on projects in some capacity that will require appropriate training. This cohort will play a collaborative role in developing the framework and embedding it within the Council. A training programme commenced summer 2016. Two TVAAS representatives completed this training in August 2016. |
| **Project Governance** | In conjunction with the recommendations made in the internal audit report on Project Management, Council senior | All points included within the recommendation have been incorporated into the Council's Governance |

Table 2 - Three P1 recommendations from previous year's audits are still in progress		
Audit	**Internal Audit Recommendation**	**Progress to Date**
and Property Disposals (2015/16)	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 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.	Improvement Plan. An audit has commenced to review the progress made to implement improved processes for property disposals and managing Section 106 Agreements. The findings from that audit will be reported in due course.

Table 3 - Total Outstanding Audit Recommendations (that should have been implemented, according to agreed target date, by 31 August 2016)

Directorate	Total outstanding actions	P1	P2	P3
Corporate and Commercial Services	31	3	21	7
Economic Development and Communities	5	0	1	4
Wellbeing, Care and Learning	5	0	4	1
Total	**41**	**3**	**26**	**12**

Progress to implement the three outstanding P1 actions is detailed in **Table 2** above.

Of the actions still classed as outstanding (but which should have been implemented according to their target date) there are no significant concerns regarding the response to implementing the agreed actions as action is underway to address the remaining areas. However, the main risks associated with the above actions should they subsequently not be implemented are as follows:

- Risk that effective project management controls are not implemented and embedded which could lead to concerns regarding value for money, effective use of resources, delivering according to milestones and reputational damage.
- Should the actions agreed within the IT Governance audit not be implemented then there are risks that incomplete IT governance may impact upon the success of the Council's overall Governance Improvement Plan, effectiveness of IT disaster recovery arrangements and the implementation of the Change Programme. The Audit and Assurance Officer understands that good progress is being made in relation to these actions and is meeting with IT officers to review the evidence early October.
- One of the P1 actions recommended improvements to the property disposal framework. It is understood that this action has yet to be fully implemented however the action is included on the Council's Improvement Plan therefore the Council understands the risk of not implementing this action which is the potential for the Council to be challenged over the value for money and transparency of its property disposal processes. A follow up audit is ongoing at the time of this report.

Table 4 – Analysis of 2015/16 Reports and Updated Overall Assurance Opinion

	2015/16 (Aug)	2015/16 (June)	2014/15
Strong reports – Final	**13 plus 5 schools**	8 plus 4 schools	8 plus 3 schools
Strong reports – Draft	**0**	7	0
Good reports – Final	**10 plus 3 schools**	11 plus 3 schools	7
Good reports - Draft	**1**	3	2
Moderate reports – Final	**10**	4	10
Moderate reports - Draft	**0**	3	2
Cause for Concern reports – Final	**5**	5	1 plus 1 school
Cause for Concern reports - Draft	**0**	4	1
Cause for Significant Concern reports - Final	**0**	0	0
Cause for Significant Concern reports - Draft	**0**	0	0
Total Recommendations made (not including schools)	**148 (non schools) and 14 (schools)**	108	105
Number of Priority 1 Recommendations	**1**	1	2 (draft report)
Number of reports (final and draft)	**47 in total (39 excluding schools)**	45 (38 excluding schools) (plus 1 report	31 (27 excluding schools) (plus 4 reports

	2015/16 (Aug)	2015/16 (June)	2014/15
		where opinion had yet to be confirmed)	where opinion had yet to be confirmed – later confirmed as 3 Good and 1 Moderate)
% Strong (figures in brackets exclude schools)	**38% (33%)**	33% (29%)	26% (19%)
% Good	**30% (28%)**	31% (29%)	29% (33%)
% Moderate	**21% (26%)**	16% (18%)	39% (44%)
% Cause for Concern	**11% (13%)**	20% (24%)	6% (4%)
% Cause for Significant Concern	**0%**	0%	0%
Issued after annual report	**One report still in draft: Good Assurance.**	18 reports were still in draft.	3 Goods and 1 Moderate. All other drafts at time of annual report were issued with same opinion at final.