

APPENDIX 1

CORPORATE AFFAIRS AND AUDIT COMMITTEE – INTERNAL AUDIT SCORECARD

Table 1a - Internal Audit Reports Issued in Final (since last update to Corporate Affairs and Audit Committee on 08 December 2016)

Audited System /Service	Directorate	Assurance Opinion	Priority			Draft Date	Final Date
			P1	P2	P3		
Youth Employment Initiative	Children's	Strong	0	0	1	29/11/16	13/12/16
Early Help Hub	EDC	Strong	0	1	1	06/12/16	21/12/16
Capital Programme	FGS	Strong	0	0	1	20/12/16	06/01/17
Budget Monitoring & Control	FGS	Strong	0	0	1	20/12/16	06/01/17
Medium Term Financial Plan	FGS	Strong	0	0	0	23/12/16	06/01/17
Prevention	Social Care	Strong	0	1	1	22/12/16	10/01/17
Family Case Work	EDC	Good	0	0	2	23/12/16	10/01/17
Change Programme Follow Up	FGS	Strong	0	0	0	23/12/16	01/02/17
Procurement of External Residential Placements	Children's	Good	0	1	0	26/01/17	17/02/17
Total		10	0	3	7		

No further Priority 1 actions have been made and no audit reports have been issued with an assurance opinion of lower than Good. One P1 action from previous years is ongoing and more detail on the Council's progress to implement this action is provided in Table 4 below.

Table 1b – Briefing notes issued during the period

Audit Area	Summary
Connected Persons Placements	As agreed with management, the Audit & Assurance Officer conducted a review of all revised policy and procedural documents, relating to Connected Persons Placements, taking into account relevant regulations. The purpose of the work was to provide assurance that the documents are robust and fit for purpose and will provide clear links between the Connected Persons Placements procedures and other departmental guidance documents. Whilst the Audit & Assurance Officer acknowledged that the revised policy had not been fully progressed to the implementation stage, the overall conclusion was that there are good systems/processes in place to ensure that this is achieved in the very near future. TVAAS suggested some actions to assist in this process.

Table 2 - Total Outstanding Audit Recommendations (that should have been implemented, based on agreed target date, by 31 January 2017

Directorate	Total outstanding actions	P1	P2	P3
Finance, Governance and Support	4	1	2	1
Growth and Place	7	0	7	0
Adult Social Services	0	0	0	0
Children's Services	2	0	1	1
Total	13	1	10	2

Table 3 - The analysis of the 13 outstanding actions is as follows:

Audit Title	Total	P1	P2	P3	Original Recommendation	Status and Comments
Project Governance and Property Disposals	1	1	0	0	Please see Table 4 for the recommended action.	<p>Original date agreed 31/03/2016 and the actions have been incorporated into the Council's Improvement Plan.</p> <p>Target dates for actions were revised as part of the CIP and reported as part of that process. Overall actions are broadly on target against revised target dates.</p> <p>Please see Table 4 for more detail on progress made to date.</p>
Agresso	1	0	0	1	Following the procurement of a new HR/Payroll solution, management investigate the possibility of providing staff movement reports, on a regular basis to the Agresso support team and IT, to ensure the timely review of user access privileges.	<p>Target date agreed at the time of the audit was 31 December 2016.</p> <p>Following the procurement of a new HR/Payroll solution, management will investigate the possibility of regularly providing staff movement reports to the Agresso support team and IT to facilitate the timely review of user access privileges. As this cannot be dealt with until the HR/Payroll solution is in place, it will not be possible to implement the action until at least the new financial year, possibly longer, depending on the progress of the implementation of various modules.</p>
Pension Fund Administration	1	0	1	0	Management should ensure that a disaster recovery test is	Target date agreed at the time of the audit was 30 November 2016. The

Audit Title	Total	P1	P2	P3	Original Recommendation	Status and Comments
					undertaken and that the outcome and lessons learned are fully documented following the move from the Middlesbrough network to the KTG network.	Head of Pensions, Kier has provided an update on this action stating that there has been some delay and that the transfer of data to the Kier data centre has only just taken place. The process of mirroring the data across to the disaster recovery system is due to take place by the end of February 2017. Once completed, there will be a fully resilient disaster recovery system which will be tested to ensure that it works in a live environment. The business continuity plans will then be updated accordingly. The next audit is due to start in two weeks and the progress on this action will be revisited then.
Middlesbrough Manager and Appraisals	1	0	1	0	The excel spreadsheet data capture form used for recording the outcome of appraisals is reviewed with a view to maximising the input controls. These improvements to the form could include the use of drop down scores and comments for each score box and the inclusion of macros to conceal those columns that not applicable (based upon which framework is selected during the appraisal capture process).	Target date agreed at the time of the audit was 30 November 2016. As a P2, evidence of implementation will be required before the action can be closed however progress is ongoing and an update was provided by the Head of HR on 13 Feb 2017 as follows: A different process will be used this year. HR will issue a spreadsheet to each head of service for them to enter the results for their service. There are 3 categories only – under-achieved, achieved and over-achieved plus not possible (the latter will be against strict

Audit Title	Total	P1	P2	P3	Original Recommendation	Status and Comments
						<p>criteria e.g. employed less than 6 months or on long term absence). The spreadsheet will be controlled/locked down to avoid incorrect entries where possible. The spreadsheet information will be extracted from the new HR system which is in implementation stage. The recent senior management review has changed current structures. Subject to heads of service providing required information to meet the deadlines, structures will be updated from 1 April. These spreadsheets will be provided to heads of service early May so that returns can be completed to enable corporate reporting in June.</p>
School Readiness	1	0	1	0	<p>The data sharing agreement should be put into writing in line with the guidance available on the intranet, and then shared with the Data Protection Officer to ensure that it meets the service's requirements whilst complying with relevant guidance.</p>	<p>The action is valuable in order to ensure compliance with relevant legislation and to avoid sharing data inappropriately. Target date agreed at the time of the audit was 01 September 2016. Work is ongoing and completion was expected before the end of 2016. The work is being undertaken using an NHS template and the draft version is with the Harrogate Health Team. Regular contact is made to check on the progress of the draft agreement so that it can be finalised. The target date for this action has now been extended to</p>

Audit Title	Total	P1	P2	P3	Original Recommendation	Status and Comments
						31 March 2017.
Town Hall & Theatre	2	0	2	0	<p>Management review the Town Hall refurbishment project specification with a view to identifying the disparity between the tendered bids received and the pre tender estimate provided by Faithful & Gould. A decision should then be taken with regards to how the project will progress including any planned value engineering and liaison with funding bodies. In view of this, a new project timetable should be prepared and the process, including all relevant decision making, should be fully documented.</p> <p>Management consider producing project board minutes in order to complement current controls and to ensure that a detailed audit trail is in place for the purpose of evidencing effective project governance.</p>	<p>Target date agreed at the time of the audit was 30 November 2016. An update on progress had not been received at the time of this report.</p> <p>Target date agreed at the time of the audit was 30 November 2016. An update on progress had not been received at the time of this report.</p>
Ayresome Industries	4	0	4	0	Management should establish if there is any realistic prospect of the 10 Ayresome Industries employees, currently working in	Target date agreed at the time of the audit was 8 August 2016. The decision is ongoing pending a review. A meeting between the

Audit Title	Total	P1	P2	P3	Original Recommendation	Status and Comments
					<p>Area Care, obtaining an unfunded work placement. If this is unlikely, then the potential impact in terms of Ayresome Industries being unable to recruit and progress additional employees needs to be considered. A failure to progress employees is a risk the funding received due to non-compliance with progression targets stipulated within the SLA between Ayresome Industries and the Shaw Trust.</p>	<p>Assistant Director and TVAAS was held in November 2016 where it was agreed that this issue would be resolved by the end of January 2017. The Auditor has been informed (14 Feb 2017) that the matter is still ongoing.</p>
					<p>Seek to demonstrate how Ayresome Industries is contributing to the Council's priorities, which have been identified in documents such as the Outcome Delivery Plan for Property and Commercial Services, and the 'Middlesbrough 2020 - Our Vision', in order to provide evidence of the value and viability of the services being provided.</p> <p>In addition to this, management need to be mindful of the</p>	<p>Target date agreed at the time of the audit was 8 February 2016. The decision is ongoing pending a review. A meeting between the Assistant Director and TVAAS was held in November 2016 where it was agreed that this issue would be resolved by the end of January 2017. The Auditor has been informed (14 Feb 2017) that a further report is due to be discussed at LMT by the end of February.</p>

Audit Title	Total	P1	P2	P3	Original Recommendation	Status and Comments
					<p>employee progression target stipulated in the SLA between Ayresome Industries and the Shaw trust, and the consequences of non-compliance, in terms of the discontinuation of external funding currently being received totalling £136.8k a year.</p>	
					<p>The trend of actual sales income being significantly below the anticipated income for Ayresome Industries should be addressed by reviewing the process of setting income target in future budgets. The only alternative is to produce an effective business plan for increasing income generated by the different work streams, or a significant reduction in costs.</p>	<p>Target date agreed at the time of the audit was 8 August 2016. Ongoing review and decisions to be taken. At a meeting in November 2016 between the Assistant Director and TVAAS, it was expected that the situation would be clarified by the end of January 2017. The Auditor has been informed (14 February 2017) that a report was considered at LMT in January and that another report will be considered by the end of February.</p>
					<p>To address the threat to the current external funding received by Ayresome Industries, resulting from non-compliance with progressing employees into unfunded work placements at a rate of 5-10% per year. Although no specific penalties are stipulated in the SLA between the Shaw Trust and the</p>	<p>Target date agreed at the time of the audit was 8 February 2016. Ongoing review and decisions to be taken. At a meeting in November 2016 between the Assistant Director and TVAAS, it was expected that the situation would be clarified by the end of January 2017. The Auditor has been informed (14 February 2017) that a report was considered at LMT in</p>

Audit Title	Total	P1	P2	P3	Original Recommendation	Status and Comments
					Supported Business, the DWP can, in theory, withdraw funding if value for money is not being demonstrated.	January and that another report will be considered by the end of February.
Lingfield Primary School	2	0	1	1	Ensure that the School's 5 year budget plan reflects the actual pupil premium amount received for 2016/17, in order that budget projections for the current and future years are as accurate as possible.	Target date agreed at the time of the audit was 31 December 2016. The Auditor has contacted the Headteacher to request a progress update and a response is outstanding.
					The School should ensure that it can demonstrate that Governors are receiving termly information relating to pupil premium progress and attainment, in order that they have the opportunity to identify in a timely manner whether pupil premium initiatives are having the desired outcomes.	Target date agreed at the time of the audit was 31 December 2016. The Auditor has contacted the Headteacher to request a progress update and a response is outstanding.
Total	13	1	10	2		

It should be noted that Finance, Governance and Support will often have a higher number of recommendations due to the level of focus that each year's audit plan gives to areas of corporate governance.

At the meeting of this Committee 08 December 2016, there were seven actions outstanding that should have been implemented by or before 31 October 2016. Of those seven, two are still outstanding and are included in the list of outstanding actions above. The two actions are from the School Readiness audit and the Project Governance and Property Disposals audit. A progress report on both actions is included against the relevant action in **Table 3** above.

Progress to implement the one remaining P1 action is detailed in **Table 4** below.

Table 4 – Progress to Implement Priority 1 Actions (that were outstanding at the time of previous meeting 08 December 2016)

Audit	Internal Audit P1 Recommendation	Progress to Date
<p>Project Governance and Property Disposals (2015/16)</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 management and the Council's Section 151 Officer and ultimately CMT.</p> <p>The action plan should include the following:</p> <ul style="list-style-type: none"> • 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. 	<p>The current status of this recommendation is that the actions are almost complete. All points included within the recommendation have been incorporated into the Council's Governance Improvement Plan.</p> <p>Project Management Framework - revised processes and documentation have now been rolled out across the Council, in line with the Programme and Project Management (PPM) framework. All identified relevant staff have received training; arrangements for the governance of programme and project management have been agreed and boards commenced in November 2016. Paul Stephens and the team are focussing on ensuring that robust project documentation for new and existing projects is in place to allow effective monitoring of progress to be undertaken at these boards. Further resourcing of the PMO will be addressed as part of the development of phase three of the Change Programme.</p> <p>S106 framework – the Head of Planning's report was</p>

Audit	Internal Audit P1 Recommendation	Progress to Date
	<p>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.</p>	<p>due to go to LMT in December 2016. TVAAS concurs with the judgements of the Deloitte representative who has overseen the progress of the Council's CIP and is satisfied with both the Council's commitment to the CIP and with the processes and reporting arrangements developed for setting and monitoring its content. Satisfactory evidence has been provided in relation to each of the completed areas to support the progress made to date, and whilst there are a few areas still to be fully completed, these will be the subject of further examination in due course. The next stage will be for further internal audit testing to be undertaken as part of the 2017/18 audit plan which will confirm the success of the frameworks and evaluate whether actions have become fully embedded as business as usual processes and that outcomes have achieved the associated purpose.</p> <p>Asset disposals framework – a review of the Council's asset disposal process has been completed. The original finding in relation to this area was that there was a need for a clearer audit trail. In order to address this finding, a key aspect of this new process is the requirement for completion of a Disposal Business Case prior to any disposal. This will detail the preferred use for the asset, taking into account regeneration plans for the area, the market value of the property along with any other outcomes required from the disposal. Other possible outcomes will include the potential social value offered by any sale, such as job creation and community benefits. Completion of the Disposal Business Case will give a baseline to refer back to as the disposal</p>

Audit	Internal Audit P1 Recommendation	Progress to Date
		<p>progresses, offering guidance as to the purpose behind the disposal and the circumstances of the sale. In addition, the information documented in the Disposal Business Case will form the basis of any scoring matrix when assessing the most suitable tenders for an asset disposal. The Disposal Business case will be authorised in the first instance by the Head of Asset Management to ensure that the disposal of the asset is in line with the Council's overall Estates Strategy. The disposal will then be approved by either the Head of Financial Planning and Strategic Director of Finance, Governance and Support or the Executive Sub Committee for Property (depending on the estimated value of the asset). In addition to the Disposal Business Case, an Asset Disposal Control Document for each asset disposal will be maintained by the Valuations and Estates Team. This will provide an audit trail of all key decisions made in relation to the disposal. To add an additional level of control, a Consolidated Asset Disposal Control Document will also be maintained by the team. This will provide a record of all asset disposal decision in one place. It will be reviewed and signed off by the Strategic Director of Finance, Governance and Support every month to ensure that he is aware of decision taken in this area. This new process is now being implemented. A larger piece of work to revise the Council's Estate Strategy is now being undertaken to ensure that the Council is able to use its estate in the most effective, efficient and economic manner. The Valuations and Estates Team have transferred to the Finance, Governance and Support directorate to move this improvement work forward and additional specialist</p>

Audit	Internal Audit P1 Recommendation	Progress to Date
		resources have been procured to deliver embedded improvement actions at pace over the next three months. These additional resources have commenced their work on site.