

Dacorum Borough Council - Internal Audit Final Report

Project Management (Transformation)

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Key dates:

Date of fieldwork: February 2012

Date of draft report: March 2012

Receipt of responses: May 2012

Date of final report: May 2012

This report has been prepared on the basis of the limitations set out in Appendix C.

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1. Executive summary

1.1. Background

As part of the Internal Audit programme for 2011/12, approved by the Audit Committee in February 2011, we have undertaken an audit of the Council's systems of internal control in respect of Project Management.

Project Management falls under the remit of Strategy and Transformation within the Authority. Projects are undertaken at Dacorum Borough Council in accordance with the Improving Dacorum Programme (IDP) Corporate Project Management Guidance documents, which are readily available to, and accessible by, all relevant staff via the document centre located on the Authority's intranet site.

All projects that contribute towards improvements in council services and processes that are not delivered through 'business as usual' operational activities should be included within the IDP scope. Some projects are not currently managed under the IDP Governance and therefore are managed by services within the Council.

The Project Management team experienced a restructure in 2010/11. Up until November 2010 all projects were aligned to the 'Improving Dacorum Programme' (IDP). The IDP was targeted to deliver financial savings. All IDP projects are recorded on the CorVu system and are managed using the Council's Corporate Project Management Guidance. From 2011/12, following a full Council restructure, there is now a new Corporate Plan. The plan has identified approximately 10 high level projects which it has designated as either priority or critical. These are not recorded on CorVu and are at various stages of implementation and approval.

Audit selected a sample of five projects as part of the Council's project management process review. The projects included were:

- Lexel Phase 2 (IDP 169)
- Admin Review (IDP 200)
- Phase 2 Realignment (IDP 214)
- Maylands Business Centre – fit out (IDP 216)
- Choice Based Lettings.

1.2. Objectives and Scope

The overall objective of this audit was to assess the adequacy and effectiveness of the system of internal controls designed to manage and mitigate financial and non-financial risks relating to Project Management.

In summary, the scope covered the following areas; Policies, Procedures and Legislation, Project Management Structure, Project Initiation, Project Design, Project Implementation, Project Risk Management, Project Closure. Further detail on the scope of the audit is provided in Section 2 of the report.

1.3. Summary assessment

Our audit of DBC’s internal controls operating over Project Management found that there are weaknesses in the system of internal control design which may put the system objectives at risk. In addition, there is evidence that the level of non-compliance puts the system objectives at risk.

Our assessment in terms of the design of, and compliance with, the system of internal control covered is set out below.

Evaluation Assessment	Testing Assessment
Substantial	Limited

Management should be aware that our internal audit work was performed according to UK Government Internal Audit Standards which are different from audits performed in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board.

Similarly, the assessment grading provided in our internal audit report are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board. The classifications of our audit assessments and priority ratings definitions for our recommendations are set out in more detail in Appendix A, whilst further analysis of the control environment for Project Management is shown in Section 3.

1.4. Key findings

We identified a number of areas of good practice where we have not raised any issues. These include:

- Comprehensive project management guidance available on the Council’s intranet. The guidance documents are available to all members of staff with access to the Council’s network.
- Monitoring officers are in place to report progress on the Council’s critical and priority projects.
- Specialist project advice and guidance is available from the Strategic Planning and Transformation Manager and the Performance, Improvement and Transformation team leader.
- The register for current projects is in place and up to date.
- An Improving Dacorum Programme manager is in place to ensure benefits of the project are delivered.

However, as referred to in section 1.3 above, we found weaknesses in the system of internal control design and levels of non-compliance that put the system objectives at risk. As a consequence, we have raised seven priority one recommendations and five priority two recommendations where we believe there is scope for improvement within the control environment. These are set out below:

Priority 1:

- Management from all departments within the Council should be encouraged to follow and comply with the IDP Governance tools and ensure all projects are registered as

part of the IDP.

- A Project Initiation (PID) document should be completed and retained for all projects.
- A Project Manager should be clearly identified for all projects. Where changes to project management have been noted, a change control form should be completed in line with Project Guidance document.
- An Equalities Impact Assessment form should be completed for all projects.
- Project Initiation Documents (PID) should be approved by delegated officers as part of the approval process.
- Project estimated costs, indicated as part of the PID, should be completed and approved by a Finance Lead Officer.
- Post-implementation reviews should be completed following project completion.

Priority 2:

- Where a Project Board is required as part of a project, discussions at the Project Board should be recorded, and action points arising should be assigned to officers involved in the project delivery.
- IDP guidance should be amended to reflect the change in process regarding 'status reports'.
- Highlights / progress reports should be produced and reported regularly to project board and senior management.
- Project Risk Registers should be completed and regularly reviewed.
- A lessons-learnt log should be completed during the project life cycle.

Full details of the audit findings and recommendations are shown in Section 4 of the report.

1.5. Management Response

We received the management response to the recommendations raised and this has been included in the main body of the report.

We would like to take this opportunity to thank all staff involved for their time and co-operation during the course of this visit.

2. Scope of assignment

2.1 Objective

The overall objective of this audit was to provide assurance that the systems of control in respect of Project Management, with regards the areas set out in section 2.3, are adequate and is being consistently applied.

2.2 Approach and methodology

The following procedures were adopted to identify and assess risks and controls and thus enable us to recommend control improvements:

- discussions with key members of staff to ascertain the nature of the systems in operation;
- evaluation of the current systems of internal control through walk-through and other non statistical sample testing;
- identification of control weaknesses and potential process improvement opportunities;
- discussion of our findings with management and further development of our recommendations; and
- preparation and agreement of a draft report with the process owner.

2.3 Areas covered

The audit was carried out to evaluate and test controls over the following areas:

- *Legislation, Policies and Procedures*
Key policies and procedures are in place and communicated to all members of staff involved in projects.
- *Project Management Structure*
Project controls are consistently applied to all projects within the Council. Projects are recorded and documentation is maintained on appropriate approved systems. Projects are aligned to Transformation Priorities.
- *Project Initiation*
Projects are authorised and supported by a Project Initiation Document. Appropriate levels of resources are committed to projects. Project timescales and benefits have been defined as part of the Project Initiation Document (PID). There are is a governance structure that is appropriate for the project scale.
- *Project Design*
Project solution is designed and approved before moving to implementation stages of the project cycle. Financial implications and project costs have been agreed, approved and accepted by the delegated and responsible officers. The projects are justified and the ongoing viability is assessed regularly. Stakeholders have been identified and consulted prior to implementation of the project.
- *Project Implementation*
Implementation Plans are used to oversee projects. In addition, Highlight / Exception Reports are used to manage projects. Project reporting against

milestones is completed in accordance with the PID. Any scope change is formally approved using a change control form.

- *Project Risk Management*















Project risks are assessed and reviewed throughout the project lifecycle.

- *Project Closure*

Completed projects are subject to post-implementation review. Projects are assessed for lessons learned.

3. Assessment of Control Environment

The following table sets out in summary the control objectives we have covered as part of this audit, our assessment of risk based on the adequacy of controls in place, the effectiveness of the controls tested and any resultant recommendations.

Control Objectives Assessed	Design of Controls	Operation of Controls	Recommendations Raised
<i>Policies, Procedures and Legislation</i>			Recommendation 1 and 10
<i>Project Management Structure</i>			Recommendation 2, 3, and 8
<i>Project Initiation</i>			Recommendation 2, 4 and 5
<i>Project Design</i>			Recommendation 2, 6 and 9
<i>Project Implementation</i>			Recommendation 10
<i>Project Risk Management</i>			Recommendation 11
<i>Project Closure</i>			Recommendation 7 and 12

The classifications of our assessment of risk for the design and operation of controls are set out in more detail in Appendix A.

4. Observations and Recommendations

Recommendation 1: Compliance with IDP Governance and Programme Scope (Priority 1)

Recommendation

Management from all departments within the Council should be encouraged to follow and comply with the IDP Governance tools and ensure all projects are registered as part of the IDP.

Observation

The IDP aims to deliver improvements in council services and processes that are not delivered through 'business as usual' operational activities and through continuous improvements. All projects that contribute towards the achievement of the 'anticipated benefits' should be included within the IDP scope. Where projects do not contribute to the 'anticipated benefits', IDP should assess whether the IDP scope could be expanded to include the benefits from these projects. (Source: IDP Definition of Programme Scope)

We selected a sample of five projects. It was noted that four out of five projects were registered / included as part of the IDP. In one instance, it was noted that the 'Choice Based Lettings' projects, which is not a 'business as usual' project was not included as part of the IDP. We were informed that the 'Choice Based Lettings' was undertaken within the service and therefore was not subject to IDP governance. Therefore a number of IDP processes have not been followed for this project.

Where projects within the Council which contribute to the achievement of an 'anticipated benefit' are not subject to IDP governance, there is a risk that the project is not in line with the Council's objectives and the anticipated benefit is not achieved.

Responsibility

Heather Weller, Performance, Improvement and Transformation Team Leader.

Management response / deadline

Agreed: A reminder will be issued to all services, and communications to Assistant Directors and Group Managers that all corporate projects must be managed through IDP and therefore subject to IDP Governance arrangements.

Recommendation 2: Project Initiation Document (PID) (Priority 1)

Recommendation

Management should ensure that a Project Initiation Document (PID) is fully completed and in line with the Council’s Project Management (PM) guidelines.

Observation

The Project Initiation Document (PID) is used to baseline the project goals and time scales. The PID brings together all the key information of the project so that it can be agreed by key personnel and can then be distributed to all concerned. A recommended template is available on the Council's intranet site, along with guidance on how to complete it.

We selected a sample of five projects as part of this audit. In one instance we requested, but were not provided with, a copy of the PID. In that instance, we were informed that the PID document for “Choice Based Lettings” was not readily available at the time of the audit. We were therefore unable to confirm that a PID had been completed and approved in line with PM guidelines. We also noted that in the remaining four projects, the PID had not been fully completed. These inconsistencies have been acknowledged in more detail in separate recommendations within this report.

Where a PID is not in place or is incomplete, there is a risk of non compliance with the Council's Project Management guidelines. In addition, there is a risk that key elements of the project are not identified leading to project over-run during the implementation stage and the projects objectives not being met.

Responsibility

Heather Weller, Performance, Improvement and Transformation Team Leader.

Management response / deadline

As part of IDP Governance, PIDs are always completed and signed off. Choice Based Lettings was not a project that was subject to IDP Governance as it was never put through the IDP office; therefore a PID was not developed. This raises the risk associated with services not adhering to the Councils project management controls.

Recommendation 3: Project Manager (Priority 1)

Recommendation

Management should ensure that there is a Project Manager allocated to each project. Where there have been changes in the governance structure, details of the new project manager should be documented and approved in line with the PM guidelines.

Observation

The Project Manager, as part of the governance structure, helps to ensure effective planning, execution and closing of any project.

From a sample of five projects selected for testing, we were unable to review details of the 'Choice Based Lettings' project where details of the project were not made available at the time of the audit. As a consequence of there being no PID, and following discussions with relevant staff, we were unable to confirm project manager responsibility for the project.

Where a project manager is not identified, roles and responsibilities in relation to both running and reporting on the progress of the project will be unclear. This could lead to delays for the project plan or failure to meet the Council's objectives in a timely manner.

Responsibility

Heather Weller, Performance, Improvement and Transformation Team Leader.

Management response / deadline

As part of IDP Governance, a Project Manager is assigned to every project. Choice Based Lettings was not a project that was subject to IDP Governance as it was never put through the IDP office; therefore a PID was not developed and a Project Manager was not assigned. This raises the risk associated with services not adhering to the Council's project management controls.

Recommendation 4: Equalities Impact Assessments (Priority 1)

Recommendation

An Equalities Impact Assessment Form (EIA) should be completed by all Project Sponsors or Accountable Officers. Once completed at initiation stage, EIA forms should be sent to Human Resources as per Project Management Guidance.

Observation

An Equalities Impact Assessment (EIA) is an analysis of a policy, service or members of staff involved or affected by a project. It is an important tool to enable the Council to assess the implications of departmental or Council wide decisions on the whole community and members of staff. Carrying out an EIA helps the Council to eliminate discrimination, tackle inequality, develop a better understanding of the community and understand members of staff that work for the Council, and supports adherence to the transparency and accountability element of the Public Sector Equality Duty.

From a sample of five projects, we noted that two projects did not have copies of the EIA form. We requested copies from Project Accountable Officers and HR, however we were informed that copies of the EIA could not be located.

Where an EIA form is not completed, there is a risk of non compliance with Public Sector Equality Duty, set out in section 149 of the Equality Act. This will result in the Authority failing to meet its duties to be transparent and accountable to communities about the decisions they are making, leading to reputational damage.

Responsibility

Heather Weller, Performance, Improvement and Transformation Team Leader.

Management response / deadline

Agreed. All accountable officers will be reminded of the importance of completing and retaining this document immediately. As previous recommendations, new guidance detailing the approval process for adding all new projects will be developed and circulated to Assistant Directors, Group Managers and the Performance, Improvement & Transformation Team. This will detail a process to ensure projects cannot be added until the PID and associated documentation has been completed and signed off - April 2012

Recommendation 5: Project Approval (Priority 1)

Recommendation

All projects should be approved in line with delegated responsibilities and supporting documentation should be reported and retained centrally at the IDP office.

In addition, copies of PIDs should be formally signed by management; specialists (HR, Finance; and Legal) and approval documented as part of the Corporate Management Team.

Observation

All projects are required to comply with the "Process for placing a project on the Improvement Dacorum Programme (IDP)" document which is available on the Council's intranet. This ensures that management, IDP office, specialists, project sponsors and Corporate Management Team (CMT) are satisfied with project objectives and PID details. Section 12 of the PID requires the following officers to sign and date PID for approval: Project Sponsor; Accountable Officer; Finance Officer and IDP Office.

Audit requested copies of five Project Initiation Documents (PID) to ensure that authorising officers had signed section 12 of the PID to demonstrate project approval. Audit was unable to confirm that any of the five projects selected for testing were subject to approval from the IDP office, specialists, sponsor and CMT. Copies of PIDs made available to audit had not been signed or dated by authorising officers.

Where projects are not appropriately approved, there is a risk that project objectives are not in line with Council's aims and objectives leading to waste of resources.

Responsibility

Heather Weller, Performance, Improvement and Transformation Team Leader.

Management response / deadline

All projects that are managed through IDP have to adhere to the specified approval process before being placed on Corvu. All of these projects were signed off and hard copies filed (apart from the Choice Based Lettings project which was not managed through IDP). The file that contained these hard copies was mislaid following the redundancy of the Officer responsible for maintaining all project documentation.

Recommendation 6: Project Estimated Costs (Priority 1)

Recommendation

All project costs and benefits analysis should be reviewed and approved by a Finance Officer. Supporting documentation should be retained as part of the project file.

Observation

The IDP Project Guidance states that "the Finance Lead Officer must review and approve the cost and financial benefit analysis" within the PID document.

Audit was unable to confirm that project costs and financial benefit analysis had been reviewed and approved by a finance officer as part of the approval process. In two out of five projects, there were no project costs or benefits analysis detailed as part of the PID.

There is a risk that unapproved projects are included as part of the IDP. In addition, there is a risk that project costs exceed the Council's expectations and that value for money is not achieved.

Responsibility

Heather Weller, Performance, Improvement and Transformation Team Leader.

Management response / deadline

Agreed. Email reminder to be sent immediately to all project holders to reiterate the importance of fully completing the Project Initiation Document (PID). New guidance detailing the approval process for adding all new projects will be developed and circulated to Assistant Directors, Group Managers and the Performance, Improvement & Transformation Team. This will detail the inclusion of estimated costs – if actual figures are not available, it will detail the requirement of potential resources, systems etc that may be required, to be costed as part of the project - April 2012

Recommendation 7: Post-Implementation Reviews (Priority 1)

Recommendation

A Post Implementation Review (PIR) should be carried out for all projects. The accountable officer should complete and sign a PIR to agree that the report is a fair reflection of the project outcome. The report should include details on whether benefits have been achieved in line with the PID requirements.

Observation

The IDP Project Guidance states that "the Post Implementation Review (PIR) Report is a document that is produced at the end of the project." The accountable officer for each project prepares the PIR report and signs it off as a fair reflection of the outcome of the project prior to handing over the project to the business manager for the business as usual process. This ensures that project objectives have been met in accordance with the approved PID.

We noted that whilst three out of the five projects in our sample had been completed, Post Implementation Reviews were not available for any of the three projects. We were informed that these reviews were not always completed at the end of the project.

Where post-implementation reviews are not completed, there is a risk that project outcome or benefits realised are not in line with the Council's objectives and that similar issues are not addressed in future projects.

Responsibility

Heather Weller, Performance, Improvement and Transformation Team Leader.

Management response / deadline

Agreed. To be implemented immediately. Again, this will be explicitly covered in the revised guidance and disseminated to Assistant Directors, Group Managers and the Performance, Improvement & Transformation Team - April 2012

Recommendation 8: Project Board and Working Group Minutes (Priority 2)

Recommendation

Project Board and Working Group meetings should be minuted, copies of which should be retained on project files to ensure that decisions and action points arising are followed up and implemented as part of the implementation process.

Observation

Project Board or Working Group meetings should be minuted as part of the project administration process. This ensures that discussions, decisions and action points raised as part of the Project Board are noted and followed up in a timely manner.

Audit noted that three out of the five projects selected for testing had a Project Board and Working Group identified in the PID. However, there was no evidence to show that Project Board and Working Group meetings were minuted and that decisions had been documented as part of the project decision making process.

Where a Project Board does not meet, or meetings are not minuted, there is a risk that key decisions are not followed up as part of the implementation plan leading to ineffective project implementation.

Responsibility

Heather Weller, Performance, Improvement and Transformation Team Leader.

Management response / deadline

Project Boards are now minuted. Working groups are not minuted as working groups carry out specific tasks only and do not hold separate meetings.

Recommendation 9: Amendments to IDP guidance (Priority 2)

Recommendation

IDP Project Guidance should be amended to reflect the change in process with regard to the termination of progress being reported in the form of Status reports.

Observation

The IDP Project Guidance states that "The Status report is used for projects with medium level governance and reports on the progress of the project against the milestones of the signed off project summary."

From a sample of five projects, audit was unable to confirm that status reports had been produced as part of reporting progress on the project. We noted a number of "status reports" for one of the projects tested, however there was no evidence to show that status reports were produced regularly for the remaining four projects. It was confirmed with the Performance, Improvement and Transformation Team Leader that 'Status Reporting' is no longer in operation as the Authority has moved to consolidate progress reporting onto the highlights reports only.

There is a risk that inconsistencies in progress reporting may emerge as project holders are not clear about how and when they should be reporting. This may lead to senior management and portfolio officers being unaware of project issues leading to delays in project implementation.

Responsibility

Heather Weller, Performance, Improvement and Transformation Team Leader.

Management response / deadline

Agreed – the new guidance will detail the change from separate status reports to the use of Corvu to provide monthly progress reports against projects - April 2012

Recommendation 10: Highlight and Progress Reports (Priority 2)

Recommendation

Project managers should ensure that highlight / progress reports are produced and reviewed in a timely manner. Any delays to the delivery of the project should be notified to the project sponsor and IDP Office in a timely manner.

Highlight / progress reports should be reported to the CMT on a regular basis.

Observation

A highlight / progress report gives an explanation of the progress of the project for any given month, and is used for high level governance projects. The progress is judged against the signed off PID and the milestones that are identified in the PID. Highlight reports are produced from the CorVu system that management use to monitor the IDP. Reporting to CMT will ensure that senior management are aware of issues encountered by projects and any costs or delays to the project.

Audit noted that highlight / progress reports were regularly produced prior to July 2011. We were informed that after a system update of the CorVu system, highlight / progress reports had not been produced. There was no evidence to show that highlight / progress reports had been produced since July 2011.

There is a risk that project delays and overruns are not identified in a timely manner where highlight / progress reports are not produced on a regular basis.

Responsibility

Heather Weller, Performance, Improvement and Transformation Team Leader.

Management response / deadline

Agreed. It has been noted that the period during which the highlights reports have not been updated refers to a time where the system was not running. A system upgrade resulted in data becoming distorted and the whole system had to be completely reconfigured. It is not feasible for these changes to be made now, however, going forward, highlights reports will be run regularly and kept up to date at all times. New guidance will detail the use of Corvu to provide progress against all projects – there will no longer be a distinction between high and medium/ low governance projects. However, there will be two separate programmes created from April 2012 – one with the Council’s identified Priority and Critical projects, and a second with all other projects – this distinction will be made as part of the reporting process - April 2012

Recommendation 11: Project Risk Registers (Priority 2)

Recommendation

Project Accountable officers and Sponsors should ensure that a project risk register is completed in line with IDP Project Guidance. In addition, risk registers should be regularly reviewed and updated to reflect the status of the project.

Observation

Change is inevitable as a result of new legislation and regulations, change in technology, change in project environment, budget cuts and demands of stakeholders. It is therefore essential that there is a systematic approach to risk and risk management within projects. In order for the Council to adopt a consistent and holistic approach to the identification and assessment of project risks, there is an agreed project risk management policy in place.

In two out of five cases, we noted that risks had been documented as part of the PID. Three projects did not have evidence of a project risk register being considered. Furthermore, for the two projects which had a project risk register in the PID, there was no evidence to show that the risks were regularly reviewed and updated for an effective risk management process.

If project risk management process is not managed effectively, there is a risk that the approach to risk management will not be effective in line with best practice.

Responsibility

Heather Weller, Performance, Improvement and Transformation Team Leader.

Management response / deadline

Agreed. Email reminder to be sent immediately to all project holders to reiterate the importance of fully completing the Project Initiation Document (PID), with a specific note to review and update risk registers as necessary throughout any project. The requirement to complete and include risk registers for all projects will be included in the revised guidance and disseminated to Assistant Directors, Group Managers and the Performance, Improvement & Transformation Team - April 2012





Recommendation 12: Lessons Learnt Log (Priority 2)

<p>Recommendation</p> <p>Management should ensure that a lessons learnt log is maintained and action points are raised for future projects.</p>
<p>Observation</p> <p>In line with the Council’s Project Management procedure notes, a ‘lessons learnt log should be maintained and updated throughout the project life’. This enables the accountable officer to ensure that errors noted as part of one project are not repeated in future projects and therefore effective working practices are built on.</p> <p>We selected a sample of five projects. Audit noted that lessons learnt logs were not documented as part of the sampled projects for the audit.</p> <p>There is a risk that ineffective project management issues are not rectified where a lessons-learnt log is not completed.</p>
<p>Responsibility</p> <p>Heather Weller, Performance, Improvement and Transformation Team Leader.</p>
<p>Management response / deadline</p> <p>Agreed. To be implemented immediately. The requirement to complete and include lessons learnt for all projects will be included in the revised guidance and disseminated to Assistant Directors, Group Managers and the Performance, Improvement & Transformation Team - April 2012</p>

Appendix A – Reporting definitions

Audit assessment

In order to provide management with an assessment of the adequacy and effectiveness of their systems of internal control, the following definitions are used:

Level	Symbol	Evaluation Assessment	Testing Assessment
Full		There is a sound system of internal control designed to achieve the system objectives.	The controls are being consistently applied.
Substantial		Whilst there is a basically sound system of internal control design, there are weaknesses in design which may place some of the system objectives at risk.	There is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
Limited		Weaknesses in the system of internal control design are such as to put the system objectives at risk.	The level of non-compliance puts the system objectives at risk.
Nil		Control is generally weak leaving the system open to significant error or abuse.	Significant non-compliance with basic controls leaves the system open to error or abuse.

The assessment gradings provided here are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board and as such the grading of 'Full' does not imply that there are no risks to the stated control objectives.

Grading of recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows:

Level	Definition
Priority 1	Recommendations which are fundamental to the system and upon which the organisation should take immediate action.
Priority 2	Recommendations which, although not fundamental to the system, provide scope for improvements to be made.
Priority 3	Recommendations concerning issues which are considered to be of a minor nature, but which nevertheless need to be addressed.
System Improvement Opportunity	Issues concerning potential opportunities for management to improve the operational efficiency and/or effectiveness of the system.

Appendix B – Staff interviewed

The following personnel were consulted:

Jim Doyle	- Group Manager, Democratic Services
Heather Weller	- Performance, Improvement and Transformation Team Leader
Becky Oblein	- Strategic Planning and Regeneration Team Leader
Shayne Flynn	- Assistant Director, Finance and Resources
Teresa Wood	- Housing Options Team Leader
Noele Pope	- Group Manager, Legal and Governance
Chris Taylor	- Group Manager, Strategic Planning and Transformation
Michelle Anderson	- Corporate Support Team Leader (Democracy)

We would like to thank the staff involved for their co-operation during the audit.

Appendix C - Statement of responsibility

Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of internal audit work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Auditors, in conducting their work, are required to have regards to the possibility of fraud or irregularities. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our audit work and to ensure the authenticity of these documents. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system. The assurance level awarded in our internal audit report is not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board.

Deloitte & Touche Public Sector Internal Audit Limited

London

May 2012

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