Audit Committee Agenda

Wednesday 23 September 2015 at 7.30 pm

Bulbourne Room - Civic Centre, Hemel Hempstead

The Councillors listed below are requested to attend the above meeting, on the day and at the time and place stated, to consider the business set out in this agenda.

Membership

Councillor Taylor (Chairman)	Councillor Douris
Councillor Adshead	Councillor Tindall
Councillor Barnes	Councillor Wyatt-Lowe

Substitute Members:
Councillors Anderson, Brown, Link and Ransley

For further information, please contact Jim Doyle on Tel: 01442 228222, e-Mail: jim.doyle@dacorum.gov.uk. Information about the Council can be found on our website: www.dacorum.gov.uk

AGENDA

1.   **APOLOGIES FOR ABSENCE**

       To receive any apologies for absence

2.   **DECLARATIONS OF INTEREST**

To receive any declarations of interest

A member with a disclosable pecuniary interest or a personal interest in a matter who attends a meeting of the authority at which the matter is considered -

(i)   must disclose the interest at the start of the meeting or when the interest becomes apparent

and, if the interest is a disclosable pecuniary interest, or a personal interest which is also prejudicial

(ii)   may not participate in any discussion or vote on the matter (and must withdraw to the public seating area) unless they have been granted a dispensation.

A member who discloses at a meeting a disclosable pecuniary interest which is not registered in the Members' Register of Interests, or is not the subject of a pending notification, must notify the Monitoring Officer of the interest within 28 days of the disclosure.

Disclosable pecuniary interests, personal and prejudicial interests are defined in Part 2 of the Code of Conduct For Members

[If a member is in any doubt as to whether they have an interest which should be declared they should seek the advice of the Monitoring Officer before the start of the meeting]

3.   **MINUTES AND ACTIONS**

To confirm the minutes of the previous meeting and consider the actions

4.   **PUBLIC PARTICIPATION**

An opportunity for members of the public to make statements and ask questions in accordance with the rules as to Public Participation

5.   **PROGRESS REPORT - INTERNAL AUDIT** (Pages 1 - 14)

6.   **INTERNAL AUDIT REPORT - REGENERATION** (Pages 15 - 30)

7.   **EXCLUSION OF THE PUBLIC**

This report and associated policy contains information relating to the business affairs of the Council which may be of value to fraudsters. The Department for Work and Pensions, which oversees housing benefit administration, states that this information should not be made public due to the sensitivity of its contents.

Local Government Act 1972, Schedule 12A, Part 1, paragraph 3

8.   **INTRODUCTION OF RISK BASED VERIFICATION FOR HOUSING BENEFIT AND COUNCIL TAX SUPPORT** (Pages 31 - 60)

9.   **APPENDIX A - AUDIT COMMITTEE WORK PROGRAMME** (Pages 61 - 62)

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DACORUM BOROUGH COUNCIL

INTERNAL AUDIT PROGRESS REPORT

Audit Committee – September 23 2015

CONTENTS

Introduction

This progress report to the Audit Committee covers the work carried out during the period April 1st 2015 to September 11th 2015 by Mazars Public Sector Internal Audit Limited.

Appendix 1 outlines progress to date against the 2015/16 Internal Audit Plan.

Background

The purpose of the internal audit plan is to identify the work required to achieve a reasonable level of assurance to be provided by Mazars Public Sector Internal Audit Limited in compliance with the Code of Practice for Internal Audit.

The fundamental role of Internal Audit is to provide senior management and Members with independent assurance on the adequacy, effectiveness and efficiency of the system of internal control, and to report major weaknesses together with recommendations for improvement. This role is fulfilled by carrying out appropriate audit work, normally in accordance with a strategic plan and an annual operational plan, as approved by the Director of Finance and the Audit Committee.

As internal audit is a major source of assurance that the Council is effectively managing the principal risks to the achievement of its corporate objectives, a key rationale for the development of the internal audit plan was the Council's own Corporate and Service Risk Registers and how the internal audit plan can provide this assurance.

Progress to Date

Audit fieldwork on the 2015/16 Internal Audit Plan is progressing well and audit coverage has been in line with the Plan, as shown in Appendix 1.

We have issued the following Final report:

- Regeneration (Evaluation Assurance: **Substantial**. Testing assurance: **Substantial**).

We have issued the following Draft report, for which we are awaiting the final management responses before issuing the Final Report:

- Licencing

Other Work:

Assurance Framework

The approach we are taking is based upon us supporting the Council in the development of its draft Assurance Framework and in future years, driving the Internal Audit plan from this framework. The Assurance Framework will provide enhanced assurance around governance procedures and will further enhance the assurance needs of the senior management and other key stakeholders of the Council.

The Key Questions in the framework have been agreed by management, and we have almost completed identifying the evidence needed to support the statements made. In future years management will need to update the evidence trail and this will be reviewed by Internal Audit.

Anti-Fraud Arrangements

In light of both national changes following the introduction of Single Fraud Investigation Service, the increased financial risks that Dacorum Borough Council (the Council) now faces following the introduction of Council Tax and Business Rates Support, and a desire to develop the Council's corporate fraud approach; the Council sought to undertake a review of its arrangements for preventing and detecting fraud. A draft report summarising our work in this area has been completed.

Follow-up of Recommendations

2014/15

The table below details the recommendations raised in the audit reports for 2014/15. It should be noted that progress in implementing recommendations raised has been followed up, as part of the 2014/15 audit plan and summary of the outcome is shown in the table below:

Year	Total Recommendations	Implemented	%	Implemented or partly implemented	%
2014/15	39	36	92%	39	100%
Total	**39**	**36**	**92%**	**39**	**100%**

Appendix 3 provides a summary of the status of all 2014/15 recommendations where the proposed implementation date was at or before 31st August 2015.

Definition of Assurance & Priorities

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	F	There is a sound system of internal control designed to achieve the system objectives.	The controls are being consistently applied.
Substantial	S	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	L	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	N	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.

Priority 1 Recommendations

We have not raised any Priority 1 recommendations in the final report issued since the last Audit Committee meeting.

Appendix 1 – Status of Audit Work 2015/16

	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
Core Financial Systems	Main Accounting	Audits previously given Full Assurance: the audit will cover the adequacy and effectiveness of the Key Controls in place across the four areas. Other controls tested will include any new controls operating for the first time in 2015/16, any controls where there is perceived to be a weakness, and a judgmental sample of other controls in operation across the four areas.	21		Q3							
	Treasury Management, Cash & Bank											
	Accounts Receivable											
	Accounts Payable											

	Budgetary Control	To cover strategic approach to co-ordinating budgetary control, monitoring and reporting, and also testing a sample of departments.	8		Q4							
	Council Tax	Covering adequacy and effectiveness of controls including liabilities, billing, cash collection, recovery and accounting. CRSA to be applied.	8		Q3							
	NNDR	Covering adequacy and effectiveness of controls including Business Rate Retention Scheme, liabilities, billing, cash collection, recovery and accounting. CRSA to be applied.	8		Q4							
	Housing Benefit and Council Tax Support	Covering adequacy and effectiveness of controls including new claims, size criteria, benefit caps, amendments, backdated benefits, payments and reconciliations. CRSA to be applied.	10		Q4							
Core Financial Systems Total			**55**									
Operational Risks	Housing Repairs	Covering adequacy and effectiveness of controls over the management of planned and responsive repairs and the demonstration of value for money. The audit will also cover contract management arrangements in place.	12	5	Q2	Work in Progress						
	Parking	Covering adequacy and effectiveness of the controls in place over income collection for on street and off street parking. The audit will also cover contract management arrangements in place.	12	10	Q2	Fieldwork Complete						

	Licensing	Covering adequacy and effectiveness of key controls over applications for and granting of licences and enforcement of those licences.	8	7	Q2	Draft						
	Members' Training and Expenses	Covering adequacy and effectiveness of key controls over training and expenses following the elections.	8		Q4							
	Housing Lettings	Covering adequacy and effectiveness of key controls over the allocations process once properties are available to let.	10		Q4							
Operational Risks Total			**50**	**22**								
Strategic Risks	Regeneration	Project management assurance in respect of significant regeneration schemes and assurance over grant spending.	10	10	Q1	Final	Substantial	Substantial	-	2	3	
	Partnership Arrangements	Review the arrangements in place for joint strategic needs assessments and the changes in commissioning services and the controls in place for data and information sharing..	10		Q4							
	Health and Safety	Covering adequacy and effectiveness of controls over Health and Safety	7		Q3							

	Performance Management	Covering adequacy and effectiveness of controls in place regarding the performance management framework and progress in delivering strategic objectives.	10		Q3							
	Data Security	Covering adequacy and effectiveness of the Council's strategic approach to data security.	7		Q2							
Strategic Risks Total			**44**	**10**								
Governance, Fraud & other Assurance Methods	Control Risk Self Assessment including the Corporate Governance Framework	The use of CRSA to provide assurance that managers understand their requirements and take ownership of their responsibilities. To be utilised on a number of the core financials and will be issued prior to fieldwork and used to scope the audit.	13	2	All							
	Counter Fraud	Internal Audit will continue to work with the Council in the development of a fraud risk register, the provision of fraud awareness training, pro-active fraud exercises, etc.	10		All							
	Continuous Auditing/Data Mining	Data analysis scripts will be written on which both identify anomalies as well as comparing the number of anomalies occurring on a period by period basis. Suggested areas of review are Payroll and Asset Management. part of the annual governance statement.	10		Q2-4							

	Benefits/Savings Realisation	To provide assurance that processes are in place to measure such initiatives. Suggested areas of review are the CSU and PAYE/VAT health checks.	10		Q3										
Governance, Fraud & other Assurance Methods			**43**	**2**											
ICT	PCI DSS	The specific scope will be agreed with management but would look to provide assurance over the information governance, customer data security and adherence to Caldicott.	15	13	Q2	Fieldwork Complete									
	Digital Dacorum (Including CRM)	The specific scope will be agreed with management but would look to provide assurance over pre and post implementation reviews and focus on strength of controls.	15		Q4										
ICT total			**30**	**13**											
Other	Follow-up of Recommendations	Follow-up of all priority 1 and 2 recommendations made in final reports issued.	10	4											
	Management (including Audit Committee Training)		25	7											
	Ad Hoc	Contingency allocation to be utilised upon agreement of the Assistant Director (Finance & Resources). Risk Management Workshops Right to Buy	30												
Other total			**65**	**11**											
TOTAL			**287**	**58**											

Appendix 2 - Summary of Final Reports

Brief outlines of the work carried out, a summary of our key findings raised and the assurance opinions given in respect of the final reports issued since the last meeting of the Audit Committee are provided in this section.

Regeneration (2015/16)

Our audit of DBC's internal controls operating over Regeneration found that 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.

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	Substantial

We have raised two priority 2 recommendations and four priority 3 recommendations where we believe there is scope for improvement within the control environment. These are set out below:

- The Hemel Evolution Programme Board's Terms of Reference should record its review date to ensure that it is regularly updated and relevant to its purpose. (Priority 3)

- The governance diagram for the MURI project should detail the reporting responsibilities it has to the Dacorum Regeneration Steering Group. (Priority 3)

- The Terms of Reference for the Dacorum Regeneration Steering Group should be reviewed and its members' attendance should be assessed to ensure all required departments are adequately represented. We would also suggest that the list of required members is reviewed and its review date is documented. (Priority 3)

- The change control process which allows teams to amend and align original project end dates in CorVu to actual deliverable dates within their project plans should be communicated to the project teams, in order to facilitate improved quality of reporting. (Priority 3)

- CorVu reports should be completed correctly with accurate, complete and reliable risk information included and progress reported against all the key milestones and dates contained in the original Project Initiation Document (PID).The Procurement team's performance, based on objectives and cost savings identified for each procurement activity, should be monitored and reported to the appropriate forum. (Priority 2)

- The level of training on CorVu within the Regeneration team should be reviewed and action taken to ensure everyone is at an agreed level of capability. (Priority 2)

Appendix 3 – Follow-up of Recommendations 2014/15

A follow-up audit has been undertaken in accordance with the 2014/15 audit plan. The objective was to confirm the extent to which the recommendations made in 2014/15 internal audit final reports have been implemented.

The tables below provide a summary of the status of all outstanding 2014/15 recommendations where the proposed implementation date was at or before 31st August 2015 and had not been reported as implemented at the previous Audit Committee meeting.

Title	Raised	Implemented	Partly Implemented	Outstanding	No longer relevant	Original Due Date	Revised Due Date	No Response	Not yet due	Resp. Officer
Performance Management	2	2								Rob Smyth
Risk Management	4	4								James Deane
Community Infrastructure Levy	4	4								James Doe
Trees and Woodlands	9	7	2							Craig Thorpe
Regeneration	1	1								Chris Taylor
Budetary Control	3	3								Marie Stokes
Customer Services	9	8	1							Mark Housden Ben Trueman
Accounts Payable	1	1								Richard Baker
Treasury Management	1	1								Richard Baker
Procurement	5	5								Ben Hosier
Total	**39**	**36**	**3**							

Appendix 4 - 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 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 our 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 us 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. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Our 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 work and to ensure the authenticity of such material. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Mazars Public Sector Internal Audit Limited

London

September 2015

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Dacorum Borough Council
Final Internal Audit Report
Regeneration

August 2015

This report has been prepared on the basis of the limitations set out on page 13.

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Distribution List:

James Doe - Assistant Director (Planning Development and Regeneration)

Chris Taylor - Group Manager (Strategic Planning and Regeneration)

David Skinner – Assistant Director (Finance and Resources)

Robert Smyth – Assistant Director (Performance and Projects)

Mark Gaynor - Corporate Director (Housing and Regeneration) (Final Report only)

James Deane – Corporate Director (Finance and Operations)

Key Dates:

Date of fieldwork:	June 2015
Date of draft report:	July 2015
Receipt of responses:	July 2015
Date of final report:	August 2015

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Contents

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1. Executive Summary

1.1. Background

As part of the Internal Audit Plan for 2015/16, we completed a risk based audit of the processes in place for Regeneration.

Although Full assurance was given to the audit of Regeneration that took place in 2014-15, since then there has been an issue where a proportion of the Local Sustainable Transport Fund (LSTF) money was returned at the year end as it had not been spent. This related to the Maylands Urban Realm Improvement project (MURI), and as it is being reported as a loss to the Council within published performance measures, we need to be able to provide assurance over the controls in place in this area.

We looked at 2 other projects during this audit:

-Maylands Business Centre Extension and

-Heath Park.

1.2. Audit Objective and Scope

The overall objective of this audit was to provide assurance over the adequacy and effectiveness of current controls over Regeneration, and provide guidance on how to improve the current controls going forward.

In summary, the scope covered the following areas: Governance Arrangements, Management and Monitoring of Key Milestones, Budget Setting and Monitoring and Payments.

1.3. Summary Assessment

Our audit of the Council's internal controls operating over Regeneration found 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.

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	Substantial

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

Similarly, the assessment gradings 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 over Regeneration is shown in Section 3.

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1.4. **Key Findings**

We have raised two priority 2 and four priority 3 recommendations where we believe there is scope for improvement within the control environment. These are set out below:

- The Hemel Evolution Programme Board's Terms of Reference should record its review date to ensure that it is regularly updated and relevant to the purpose of the committee. (Priority 3).

- The governance diagram for the MURI project should detail the reporting responsibilities it has to the Dacorum Regeneration Steering Group. (Priority 3).

- The Terms of Reference for the Dacorum Regeneration Steering Group should be reviewed and its members' attendance should be assessed to ensure all required departments are adequately represented. We also suggest that the list of required members is reviewed and its review date is documented. (Priority 3).

- The change control process which allows teams to amend and align key original project end dates in CorVu to actual deliverable dates within the project plans should be communicated to Project Teams, in order to facilitate improved quality of reporting. (Priority 3).

- CorVu reports should be completed correctly and progress against all the key milestones and dates contained in the original Project Initiation Document (PID) should be reported. (Priority 2)

- The level of training on CorVu within the Regeneration team should be reviewed and action taken to ensure everyone is at an agreed level of capability. (Priority 2).

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

1.5. **Management Response**

We received the management responses in a timely manner and they have been included in the main body of the report.

1.6. **Acknowledgement**

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

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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 Regeneration, with regards to the areas set out in section 2.3, are adequate and are 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:

Governance Arrangements

The process, approval structure, and reporting lines have been clearly defined and documented. Communication lines have been established to enable efficient and effective decision making. Appropriate and adequate financial planning is in place to enable available financial resources to be identified. Regeneration programmes adequately reflect corporate strategy, objectives and investment priorities.

Management and Monitoring of Key Milestones

Appropriate operational monitoring is in place to ensure that individual projects perform as planned. There is a clear record of actions taken in response to overruns or slippage, and the impact of this on the overall programme. Appropriate monitoring of the programme is in place, and key milestones are recorded on the Council's performance planning and management system, CorVu.

Budget Setting and Monitoring

Appropriate provisional budgets are calculated and approved and budget monitoring is in place to ensure that variances are identified at an early stage to enable corrective action to take place promptly. Actual against budgeted expenditure is reported to senior management on a regular basis. Details of deviations from planned expenditure are provided along with appropriate explanations.

Payments

Invoices and schedules of payments are checked against contractual agreements and examined against ant payment deductions. Payments are authorised by the designated signatory with the appropriate authority.

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.

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

Control Objectives Assessed	Design of Controls	Operation of Controls	Recommendations Raised
Governance	≈	≈	**Recommendations 1, 2 and 3**
Management and Monitoring of Key Milestones	≈	≈	**Recommendations 4, 5 and 6**
Budget Setting and Monitoring	✓	✓	
Payments	✓	✓	

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

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4. Observations and Recommendations

Recommendation 1: Programme Board – Terms of Reference (Priority 3)

Recommendation
The Hemel Evolution Programme Board's Terms of Reference should record its review date to ensure that it is regularly updated and relevant to its purpose.
Observation
As the main oversight committee for all the Regeneration projects at the Council it is imperative that the Terms of Reference for the Programme Board accurately reflects its purpose, role and responsibilities and is regularly reviewed to ensure it is fit for purpose.
During our review of the document, we found that it did not detail when the next review is due so there is a risk that the value and purpose of the Programme Board could become affected.
An effective Project Board that regularly reviews its aims, objectives, responsibilities and membership will help to avoid the risk that costs could overrun and delays could occur.
Responsibility
Team Leader – Regeneration Team
Management response / deadline
The TOR for the Programme Board will be reviewed by the end of September including a section stating that it will be reviewed every two years or before if deemed necessary. This will include a review of membership of the Board.
30 September 2015

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Recommendation 2: MURI Governance Chart (Priority 3)

Recommendation
The governance diagram for the MURI project should detail the reporting responsibilities it has to the Dacorum Regeneration Steering Group.

Observation
Every regeneration project should have a documented and up to date governance chart in place that details all roles, responsibilities and reporting requirements. We found that the project team regularly attends and presents progress reports to the Dacorum Regeneration Steering Group, however this reporting requirement was not detailed within its governance chart. Where reporting requirements are not documented, there is a risk that the governance and the management of risks associated with the MURI project could become undetected and thus unreported which could lead to budget overrun and failure to meet key project deliverables.

Responsibility
MURI Project Officer

Management response / deadline
The governance diagram for the MURI project will be amended to show reporting lines to the Steering Group and project board. 31 August 2015

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Recommendation 3: Attendance at Steering Group (Priority 3)

Recommendation
The Terms of Reference for the Dacorum Regeneration Steering Group should be reviewed and its members' attendance should be assessed to ensure all required departments are adequately represented. We would also suggest that the list of required members is reviewed and its review date is documented.
Observation
One of the key objectives of the Dacorum Regeneration Steering Group is to prepare and regularly review Regeneration projects documentation, including identifying risks and issues, and where resolution is not possible, to escalate to the Hemel Evolution Programme Board.
Through discussion with staff, they stated to us that they found the Dacorum Regeneration Steering Group meetings to be an extremely valuable and informative forum where project issues are highlighted, discussed and key decisions are taken. However following our review of the minutes for February, March and May 2015 we do have some concerns around staff attendance.
A total of between 37-41 members of staff are required to attend these monthly meetings, however when we calculated how many people actually attended the last 3 meetings, attendance was calculated at 22% (ie.8 staff attended, 29 did not), 33% and 41% respectively. Upon closer inspection it would seem that members of the Regeneration Team and Finance are regular attenders to this meeting and that perhaps other stakeholders are absent.
If all stakeholders are not adequately attending and thus not represented, there is a risk that their issues and concerns are not being taken account of, which could lead to delays in the delivery of the project that could then have a monetary and reputational impact for the Council.
Responsibility
Team Leader – Regeneration Team
Management response / deadline
A new TOR for the Steering Group will be prepared including refreshing the membership of the group and the need to attend the relevant parts of the meeting. I suggest this is then taken to CMT meetings to ensure that attendance is endorsed at a high level for the organisation and that attendance is then monitored and if necessary reported to the relevant Manager for non-attendance within a specific area of the council. The TOR will be reviewed by the end of August and raised at CMT meeting in September.
30 September 2015

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Recommendation 4: Milestone Reporting in CorVu (Priority 3)

Recommendation
The change control process which allows teams to amend and align original project end dates in CorVu to actual deliverable dates within their project plans should be communicated to the project teams, in order to facilitate improved quality of reporting.
Observation
Dacorum uses the project reporting tool called CorVu which Project teams are required to input into, to produce monthly update reports which are reviewed at Project Meetings, Steering committees and Programme Board meetings. CorVu is a project reporting tool which deals with retrospective data and information not live data and so doesn't allow project managers/officers to actively manage the project data from the system. CorVu has limited flexibility in recording/reporting dates so if a project is one day late then it's immediately flagged as a red risk. We identified that there is a change control process in operation which many projects teams are unaware of. This process allows staff to review/amend/change key project milestone dates within the CorVu system; in conjunction with the respective Project teams, to ensure more accurate and up to date progress reports are produced. For projects to be delivered on time and to budget its imperative that project reporting contains reliable, accurate and timely information as there is a risk that costs could overrun and delays could occur.
Responsibility **Assistant Director for Performance and Projects**
Management response / deadline Training on the change control process to allow an improved quality of reporting has been provided as part of Corvu training. An improved change control template has also been updated as part of the new project management guidance (Managing Projects Successfully) which was launched at the end of July. Monthly project clinics also enable us to review how projects are working and identify issues including change control requirements. 31 July 2015

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Recommendation 5: Completeness of CorVu Reports (Priority 2)

Recommendation
CorVu reports should be completed correctly with accurate, complete and reliable risk information included and progress reported against all the key milestones and dates contained in the original Project Initiation Document (PID).
Observation
As detailed above, for projects to be successfully delivered it's important to have an effective project reporting system in place.
Audit obtained copies of the CorVu reports for MURI (Jan, April and May 2015), Heath Park (Jan and April 2015) and the Maylands Business Centre extension (May 2015) and found that the "Key Tasks" section which contains key dates and information from the original PID were completed more fully for Heath Park and Maylands Business Centre projects compared with the MURI CorVu reports.
Included in the recent MURI Situation Report produced by the Assistant Director – Planning Development and Regeneration that documented the reasons for the LSTF money to be returned he noted that:
"*Project reporting should have been better. The Risk levels were identified as too low and there should have been greater challenge over assumptions to get a procurable solution by 31 March 2015*".
It's therefore imperative that to avoid the completeness and accuracy issues found within the MURI CorVu reports where risks were not correctly assessed and reported, that extra effort is made to ensure all key milestone dates and data are included for every monthly project update report. This action will therefore mitigate against future projects failing to meet key project deadlines and financial budgets.
Responsibility
MURI Project Officer
Management response / deadline
The standard of reporting key dates on CorVu will be improved. Project sponsor for all regeneration projects is now Assistant Director – Planning, Development and Regeneration.
31 August 2015

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Recommendation 6: Training on CorVu (Priority 2)

Recommendation
The level of training on CorVu within the Regeneration team should be reviewed and action taken to ensure everyone is at an agreed level of capability.

Observation
With any project management reporting system there will always be varying degrees of expertise, but efforts should be made to ensure all staff achieve an agreed and acceptable standard of knowledge and practice that ensures consistent and robust project reports are regularly produced.
Through discussions with the Assistant Director for Performance and Projects and following our audit testing of CorVu reports, we found that the level of expertise and knowledge of the reporting capabilities of CorVu varies across the Council.
We believe this is down to a poor level of training offered to staff when the package was first implemented.
The Assistant Director did acknowledge to us that this was an area that he was currently seeking to resolve with allowing one of his team to act as a consultant to the project teams to assist in improving their knowledge and learning of the CorVu system. This effort to ensure all staffs have a basic understanding of the CorVu system, should mitigate the risk that project updates are inconsistently produced, contain incomplete information and be of limited value to senior management.

Responsibility
Assistant Director for Performance and Projects

Management response / deadline
New project management guidance (called Managing Projects Successfully) was issued at the end of July which will strengthen the project management process.
Corvu training for project managers took place on August 6th and we are going to be undertaking this on a regular schedule as part of ongoing learning and development.
As part of Managing Projects Successfully we are launching a project management passport in September which will raise project standards and ensure that all staff has a minimum standard of training.
31 August 2015

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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.

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Appendix B - Staff Interviewed

The following personnel were consulted:

- James Doe - Assistant Director (Planning, Development and Regeneration)

- Chris Taylor - Group Manager (Strategic Planning and Regeneration)

- Kevin Langley - Regeneration Team Leader

- Claire Covington - Project Officer – Heath Park

- Shalini Jayasinghe Project Officer – MURI

- Becky Oblein Project Officer – Maylands Business Centre Extension

- Emma Cooper Technical Assistant - Regeneration

- Rob Smyth Assistant Director for Performance and Projects

- Yaqubul Islam Management Accountant for Regeneration Team
- Louis Devayya Technical Assistant – Economic Wellbeing

- Cat Hamilton Lead Officer (Payments, Income and RTB)

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

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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 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 our 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 us 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. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Our 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 work and to ensure the authenticity of such material. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Mazars Public Sector Internal Audit Limited

London

August 2015

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AUDIT COMMITTEE: 23 SEPTEMBER 2015
APPENDIX A

AUDIT COMMITTEE: Work Programme 2015-16

MEETING DATE	DEADLINE TO MONITORING OFFICER	DEADLINE TO MEMBER SUPPORT	ITEMS:	WHO RESPONSIBLE
23 Sept 2015			Progress Report (See Agenda) Regeneration (See Agenda PCI DSS (Deferred until December meeting)	Internal Audit
16/12/2015		7/12/2015	Progress Report Housing Repairs Parking Licensing Data Security	Internal Audit
			2014/15 Annual Audit Letter	External Audit
27/4/2016		18/4/2016	Progress Report Main Accounting Treasury Management Accounts Receivable- Payable Budgetary Control NNDR Housing Benefit – Council Tax Support Member Training & Expenses Housing Lettings	Internal Audit
			2014/15 Report on the Certification of Claims and Returns 2015/16 Audit Planning Report	External Audit

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