



Dacorum Borough Council

Final Internal Audit Report

Digital Dacorum

February 2017

This report has been prepared on the basis of the limitations set out on page 8.

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Key Dates:

Date of fieldwork:	November 2016
Date of draft report:	January 2017
Receipt of responses:	February 2017
Date of final report:	February 2017

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1. Executive Summary

1.1. Background

As part of the Internal Audit Programme for 2016/17, we have undertaken an audit of the Council's systems of internal control in respect of the Digital Dacorum Strategy (DDS).

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 Digital Dacorum, and provide guidance on how to improve the current controls going forward.

In summary, the scope covered the following areas: Governance Arrangements, Project Plans, Monitoring and Management Reporting, and End of Project Procedures.

1.3. Summary Assessment

Our audit of the Council's internal controls operating over Digital Dacorum found that there is a sound system of internal control designed to achieve the system objectives, and the controls in place are being consistently applied.

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
Full	Full

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 Digital Dacorum are shown in Section 3.

1.4. Key Findings

We have raised one Priority 3 recommendation where we believe there is scope for improvement within the control environment. The recommendation raised is in relation to retaining the baseline data used to measure the impact of projects and their Key Performance Indicators.

Overall we were able to confirm that there are robust arrangements and processes in place over the delivery of Digital Dacorum Strategy.

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 in a timely manner and this has 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.

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 Digital Dacorum, with regards to the areas set out in section 2.3, are adequate and 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

There is a clear accountability and adequate structure is in place to facilitate an efficient, effective and transparent delivery of the projects and activities driving the Digital Dacorum Strategy.

Project Plans

Projects associated with Digital Dacorum Strategy have clearly defined objectives and milestones. Projects are scoped in sufficient details to enable reliable estimates of budget, timescale and other resource requirements.

Key risks threatening the achievement of project objectives are identified promptly and preventative measures or response plans are put in place to manage these risks.

Monitoring and Management Reporting

Progress of the projects and activities associated with Digital Dacorum Strategy is monitored regularly and preventative measures are put in place where possible to avoid slippage or overspend and corrective actions are taken as appropriate.

Information need of management is clarified and complete, accurate and relevant performance information is provided to facilitate effective and efficient management oversight and decision making.









End of Project Procedures

Project is evaluated upon completion and any lessons learnt are fed through to future projects. Any issues requiring further actions at the time of the end of project sign off are tracked through to a full resolution.

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 Arrangements			
Project Plans			
Monitoring and Management Reporting			
End of Project Procedures			Recommendation 1

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: Key Performance Indicators and Baseline Data (Priority 3)

<p>Recommendation</p> <p>The baseline data relating to the performance and statistics prior to a project being undertaken through the Digital Dacorum Strategy (DDS) should be evidenced in the evaluation report to provide assurance on project success and output delivery .</p>
<p>Observation</p> <p>Key Performance Indicators and baseline data are important for the Council to measure and quantify the success and impact of the projects under the DDS.</p> <p>Review of the five completed projects so far identified that three have had a Project Evaluation Report completed. In the remaining two cases, the evaluation report is not yet due. Within the evaluation report there is a section in relation to the impact of the project (measured by KPIs).</p> <p>Project 1 (Website Re-Design) has two KPIs in place as follows:</p> <ul style="list-style-type: none"> • Number of people viewing website pages; and • Functional and clear web pages (measured by the average time spent on page and bounce rate). <p>The post project data says there has been a 2.2% increase on the number of site visits from data collected March - October 2016, 7.64% reduction on the average time spent on page and 19.71% reduction on the bounce rate. However, pre-project data (baseline data) is left blank within the Project Evaluation Report. We did request the baseline data but these could not be provided at the time of the audit.</p> <p>Where there is no baseline data, there is an increased risk that the Council is unable to demonstrate the accuracy of the performance being reported in case of challenge.</p>
<p>Responsibility</p> <p>Assistant Director (People, Performance & Projects)</p>
<p>Management response / deadline</p> <p>Establishing relevant baseline data is vital for the effective assessment of the success of a project.</p> <p>In this case, while we collected and reported on the relevant base-line data (and its progress throughout the project) in a number of different forums and reports, the information had not been listed on the project evaluation report.</p> <p>We will go back and amend the project evaluation report and we will also ensure that all future project evaluation reports contain details of the baseline data.</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:

- Charles Berry-Ottaway Innovation and Improvement Team Leader
- Robert Smyth Assistant Director (People, Performance & Projects)

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

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

February 2017

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