



NORTHAMPTON BOROUGH COUNCIL

INTERNAL AUDIT PROGRESS REPORT

July 2019

CONTENTS

Progress against internal audit plan 2018/19 and 2019/20	3
2018/19 Executive Summaries	
Audit 1. Senior Management Restructure	6 to 18
Audit 4. Temporary Accommodation	
Audit 5. Housing Rents	
Audit 6. Major Capital Projects	
Audit 7. People	
Audit 8. Building Control	
Audit 9. Cash Handling	
Audit 10. Procurement	
Audit 11. Digital Strategy	
Appendices:	
Definitions of assurance	19

PROGRESS AGAINST PLAN

Internal Audit

This report is primarily intended to inform the Audit Committee of progress made against the 2018-19 internal audit plan, which has been approved by Audit Committee in November 2018. It will also provide an update on the 2019-20 audit plan which has been approved by Audit Committee in March 2019. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

Internal Audit Methodology

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in section 2 of this report, and are based on us giving either "substantial", "moderate", "limited" or "no". The four assurance levels are designed to ensure that the opinion given does not gravitate to a "satisfactory" or middle band grading. Under any system we are required to make a judgement when making our overall assessment.

Overview of 2018-19 work to date

The following 2018-19 reports have now been issued in Final and this completes the 2018-19 Plan:

- Audit 1. Senior Management Restructure, Audit 4. Temporary Accommodation, Audit 5. Housing Rents, Audit 6. Major Capital Projects, Audit 7. People, Audit 8. Building Control, Audit 9. Cash Handling, Audit 10. Procurement and Audit 11. Digital Strategy.

Overview of 2019-20 work to date

The following 2019-20 audit reports have now been issued in Draft; we have also issued all Terms of Reference for the year:

- Audit 1. Planning and Section 106 and Audit 3. Enterprize Zone.

Changes to the Plan:

The 2019-20 Internal Audit Plan was approved in March 2019 and the Audit Committee recorded that changes to the Plan could be agreed between Internal Audit and the Section 151 Officer. Since the Plan was approved the following changes were agreed:

- Internal Audit to utilise 7 of the contingency days to conduct follow-up of recommendations throughout the year
- Some minor changes to the days per audit. The Planning Service review was also expanded to cover Section 106 arrangements. As a result of the changes to days, 25 days were identified for Unitary related work however it has yet to be determined what this time will be utilised for.

We are also presenting separately to this Committee:

- Internal Audit Follow-up Report July 2019
- Internal Audit Plan 2019-2020 Annual Opinion

INTERNAL AUDIT OPERATIONAL PLAN 18/19

Audit Area	Audit Days	Exec Lead	Status Update	Opinion	
				Design	Effectiveness
Audit 1. Senior Management Restructure	20	George Candler	Finalised	Moderate	Moderate
Audit 2. Member Officer Relationships	15	Francis Fernandes	Finalised	Moderate	Limited
Audit 3. Corporate Fraud	Audit removed and 10 days re-distributed to Audit 9 and 10 to allow for additional testing				
Audit 4. Temp. Acc.	20	Phil Harris	Finalised	Moderate	Moderate
Audit 5. Housing Rents	15	Phil Harris	Finalised	Moderate (limitation of scope)	Moderate (limitation of scope)
Audit 6. Major Capital Projects	20	Kevin Langley (previously Rick O'Farrell)	Finalised	Moderate	Moderate
Audit 7. People	25	George Candler	Finalised	Limited	Limited
Audit 8. Building Control	15	Peter Baguley	Finalised	Moderate	Moderate
Audit 9. Cash Handling	20	Stuart McGregor	Finalised	Moderate	Limited
Audit 10. Procurement	20	Stuart McGregor	Finalised	Moderate	Limited
Audit 11. Digital Strategy	20	Marion Goodman	Finalised	Moderate	Moderate

INTERNAL AUDIT OPERATIONAL PLAN 19/20

Audit Area	Audit Days	Exec Lead	Status Update	Opinion	
				Design	Effectiveness
Audit 1. Planning Service + S106	20	Peter Baguley	Draft report issued Expected to be finalised July 2019	TBC	TBC
Audit 2. Safeguarding	15	Phil Harris	Terms of Reference issued Fieldwork commences November 2019	TBC	TBC
Audit 3. Enterprise Zone (Economic Growth)	20	Kevin Langley	Draft report issued Expected to be finalised July 2019	TBC	TBC
Audit 4. Contract Management	15	Stuart McGregor	Terms of Reference issued Fieldwork commences October 2019	TBC	TBC
Audit 5. Corporate Plan Progress	10	George Candler	Terms of Reference issued Fieldwork commences September 2019	TBC	TBC
Audit 5. Asset Management	20	Kevin Langley	Terms of Reference issued Fieldwork commences October 2019	TBC	TBC
Audit 6. Health and Safety	15	Stuart McGregor	Terms of Reference issued Fieldwork commences July 2019	TBC	TBC
Audit 7. GDPR	15	Stuart McGregor	Fieldwork commenced June 2019 Expected to be finalised July 2019	TBC	TBC
Audit 8. Cyber	15	Stuart McGregor	Fieldwork commences July 2019 Expected to be finalised August 2019	TBC	TBC
Audit 9. Additional Unitary work	25	Stuart McGregor	TBC	TBC	TBC

EXEC SUMMARY - SENIOR MGT RESTRUCTURE

SUMMARY OF RECOMMENDATIONS

High

0

Medium

4

Low

0

TOTAL NUMBER OF RECOMMENDATIONS: 4

Findings:

- Re-instatement of an action log
- To set terms of reference for CMB
- Deputies to be substituted for CMB members unable to attend
- Job descriptions for senior staff to be updated.

Sig	Recommendation	Response
M	<ol style="list-style-type: none"> 1. An action log should be created on a separate document to the CMB minutes. This should include a column to identify completed actions and how the action has been completed. 2. A time slot should be created for a brief status update to be given on the contents of the action log by the responsible officer at the beginning of each CMB meeting. 3. The Chair should formally summarise all the agreed actions from the meeting at the end to clarify the responsibility of each manager and communicate a clear date the action is due to be completed by. 	<p>An Action Log has been in operation since April following the release of the report in draft and reflects the suggestions made from the review.</p> <p>A time slot is allocated to review these when CMB go through the Minutes and Action Log from the last meeting.</p> <p>The Chair confirms the actions after each agenda item with deadlines.</p>
M	<ol style="list-style-type: none"> 1. A Terms of Reference should be created for CMB meetings to provide clarity on the remit, the purpose, the frequency and the composition of the group. This should be published on the intranet. 2. The Terms of Reference should include the requirement for a representative of each service area to attend if the Head of Service is unable to do so. 	<p>A Terms of Reference will be developed and published on the intranet and will be clear that each Head of Service area needs to be represented</p>
M	<ol style="list-style-type: none"> 1. All senior management team job descriptions should be reviewed and updated to reflect the new roles of Heads of Service. 	<p>A review of all Head of Service job descriptions will be undertaken and refreshed/updated as needed</p>

CONCLUSION

Overall the Council has moderate design of controls following the senior management restructure in September 2018. Interviews with the Chief Executive, Heads of Service and managers revealed a positive, approachable culture within the senior management team. The All Measures Report suggests improved performance since the restructure in key performance indicators directly related to the achievement of the Corporate Plan. The new structure is clear and the framework is written in the Constitution which was updated in November 2018, however, the job descriptions of some Heads of Service are out-dated and identify a number of overlaps in duties. Furthermore, we noted that the action logs on the CMB minutes were not adequately completed and actions were not always followed up adequately. Based on discussions held, there has been a significant improvement in the culture of the senior management team in the past year and the restructure has had a generally positive effect.

EXEC SUMMARY -TEMPORARY ACC.

SUMMARY OF RECOMMENDATIONS

High

1

Medium

3

Low

1

TOTAL NUMBER OF RECOMMENDATIONS: 5

Findings:

- Appropriate letters and notices to be issued in a timely manner for TA arrears.
- Retain evidence of training for staff dealing with vulnerable applicants
- Homelessness strategy to be devised and communicated
- Procedures for TA are to be adhered to with random checks carried out on case paperwork.

Sig	Recommendation	Response
H	<ol style="list-style-type: none"> 1. Training on rent collection should be provided to a dedicated rental incomes officer. 2. Weekly meetings to discuss rent arrears accounts should continue and a representative from Revenues & Benefits should be required to attend. N.B. These meetings began in February 2019 and review the top 25 cases of arrears (by value) and each week the following ten rent arrears accounts are added to the meeting discussions. The aim of these meetings is to create action plans for these tenants, whether it be to issue a letter, an NTQ or contact the tenant to set up a payment plan. 3. The Council should discuss and document its appetite for collecting rent arrears from vulnerable individuals. 	Agreed
M	<ol style="list-style-type: none"> 1. All TA and prevention officers and managers should receive specialist training on conducting interviews with applicants that may be dealing with sensitive issues to ensure they are capably equipped to identify and support the TA application for vulnerable individuals. The attendance for this training should be documented and the material retained for staff to refer to at a later date 2. The Rent Incomes Officer should receive training on techniques for recovering arrears. 	Agreed
M	<ol style="list-style-type: none"> 1. The Spend to Save Policy should be updated with limits on funds that can be granted/loaned to clients. Once updated, the Council should review the funds allocated to the Scheme and assess whether they are adequate. 2. A Homelessness Strategy should be created and published onto the Council website. This should include a section on the prevention strategy with tangible action plans that expand the current wording of 'persuading' private landlords and families/friends to not evict people. 	Agreed
M	<ol style="list-style-type: none"> 1. All officers working in TA should receive refresher training which should include a reminder of the procedures to placing an applicant in accommodation. This training should also be provided to any new starters following the restructure. 2. Officers should be reminded by email that a senior officer must sign off the file before an applicant can be placed in accommodation. 	Agreed

CONCLUSION

Overall the Council has moderate design of controls in place for managing TA. There are strong governance arrangements and procedures in place and a clear action plan for improvement. However, we noted a number of areas where controls need to be strengthened, such as the chasing of rent arrears and the need for improved consistency in documenting approval of TA cases.

EXEC SUMMARY - HOUSING RENTS

SUMMARY OF RECOMMENDATIONS

High	2
Medium	0
Low	1

TOTAL NUMBER OF RECOMMENDATIONS: 3

Findings:

- Implementation of the recovery process of former tenant rent arrears
- There was consistent non-compliance with the recovery process of former tenant rent arrears. There was an excessive number of stages for different scenarios that led to inadequate following of protocol and a high number of overdue debts.

Sig	Recommendation	Response
H	<ol style="list-style-type: none"> 1. The Council should assess whether the resources for the Recovery Team are sufficient to recover debts of former tenants or whether they want to pursue these debts given the typically low return rate 2. The Recovery Team should be retrained on effective methods to recover debts. 	Agreed
H	<ol style="list-style-type: none"> 1. The Council obtain a signed agreement with NPH to allow access to review their internal controls for the management of the Council's HRA. Alternatively, the Council should, as a minimum, ensure that NPH provide appropriate independent assurance to the Council of their management of the HRA. 	Agreed

CONCLUSION

Overall the Council has a moderate control design for managing the HRA. There was a strong level of management of rental income and ensuring receipts were allocated to the HRA. However, former tenants rent arrears were inadequately actioned and the Corporate Debt Policy was not reviewed regularly.

We were not given access by NPH to review their controls and our testing was therefore restricted to operations conducted by the Council and LGSS regarding the management of the HRA, so we are unable to provide assurance on the following risk areas:

- NPH policies and procedure notes
- Accuracy and effectiveness of charging, billing and collecting rent arrears
- Accuracy and completeness of manual adjustments to rent accounts
- Adequacy of management monitoring and scrutiny of performance information.

These relate directly to risks 1, 2 4, 5 and 7 in the terms of reference.

This leads us to conclude that both the control design and control effectiveness was moderate subject to the above caveats for areas we could not review.

EXEC SUMMARY - MAJOR CAPITAL PROJECTS

SUMMARY OF RECOMMENDATIONS

High	1
Medium	2
Low	1

TOTAL NUMBER OF RECOMMENDATIONS: 4

Findings:

- Project paperwork and agreements to be signed for all projects
- A project risk register was not updated since April 2018
- Highlight reports were not produced monthly and CMB reports lacked detail.

Sig	Recommendation	Response
H	1. The Council should review and report on why these agreements and contracts were not signed. The report should contain a 'lessons learnt' section to ensure that contracts/agreements are promptly signed and evidence that the project outcomes are agreed.	Agreed
M	1. The Delapré Abbey risk register should be updated to reflect the current position of the project 2. The Museums Project Manager should include the date risks are added to the risk register, risk owners and mitigating controls currently in place for all risks.	Agreed
M	1. All Project Managers should be reminded via email to produce monthly Highlight Reports 2. The Corporate Management Report should contain greater detail of the project spend against forecast that is similar in detail to the Highlight Reports. 3. The finance reports for the Museum and the Delapré Abbey projects should include actual vs budget spending on a line by line basis to provide greater clarity on the cause of expenditure variance 4. Spending to date should be included in the finance reports for the Museum project 5. Site meeting reports for the Museum project should include an action plan with implementation dates. RAG status column should be added to the minutes.	Agreed

CONCLUSION

Overall the Council has moderate design of controls in place for major capital projects based on the three projects we reviewed. While the overall framework was sound, we found weaknesses in contract agreement, risk management, reporting and scrutiny on individual projects.

EXEC SUMMARY - PEOPLE

SUMMARY OF RECOMMENDATIONS

High

3

Medium

2

Low

2

TOTAL NUMBER OF RECOMMENDATIONS: 7

Findings:

- Appraisal process and completion of documents to be strengthened (high)
- Absence data reporting to be more robust for management scrutiny (high)
- Introduce succession planning for each service area
- Exit survey process to be reviewed, updated and implemented.

Sig	Recommendation	Response
H	<ol style="list-style-type: none"> 1. Training should be held for Tier 1, Tier 2 and Tier 3 staff to ensure that they are adequately prepared on how to conduct and review an appraisal. 2. Managers should remind all staff in team meetings of their responsibilities with regards to appraisal. This should be backed up by an email from the Chief Executive to all staff stating the responsibilities of staff in the appraisal process. 3. Monitoring should be put in place to ensure all staff receive an appraisal. 	Agreed
H	<ol style="list-style-type: none"> 1. The Council should complete the Workforce Monitoring Report for 2018/19 and report it on the website. 2. CMB should identify and discuss the management information that they would like to capture and monitor for workforce. We would expect this to include sickness, staff turnover, vacancies and equality measures. Management information on these areas should be discussed on a monthly or quarterly basis at CMB and actions should be included in the action plan on the Board minutes. 	Agreed
H	<ol style="list-style-type: none"> 1. The Council should establish a central policy for succession planning. This should include a timetable and criteria for the handover of information prior to the departure of the leaving officer. 2. The Council should identify key posts that are vulnerable to turnover. This should include a list of job roles so succession plans can be created for these posts. This should be shared with CMB. 	Agreed

CONCLUSION

Overall the Council has a limited design of controls for people aspects of the organisation. Policy documents are in place to guide staff on appraisals, working from home and management of sickness absence but in all three cases have not been updated and published on the intranet in the past year. Furthermore, we found that there were high levels of non-compliance with these policies suggesting that they were not widely read and not followed. Policies tended to be developed in service areas and there was no central approach towards identifying good performers or succession planning.

EXEC SUMMARY - BUILDING CONTROL

SUMMARY OF RECOMMENDATIONS:

High

0

Medium

2

Low

4

TOTAL NUMBER OF RECOMMENDATIONS: 6

Findings:

- Planned and undertaken training was not recorded
- Varying levels of detail on site visits recorded on the system.

Sig	Recommendation	Response
M	<ol style="list-style-type: none"> 1. Building Control ensure that agreed competency training (a) is undertaken by staff and documented on a schedule for tracking and (b) is independently spot checked or included as an agenda item for monitoring purposes on the Planning Service management meetings which can be carried out on a quarterly basis. 2. Building Control and the Planning Service staff ensure that evidence for training is obtained and filed. 	<ol style="list-style-type: none"> 1. Agreeing appropriate training is carried out during the appraisal process via a Personal Development Plan. This is reviewed at a mid-term appraisal meeting and at the end of year. 1:1 meetings are carried out in between these meetings. These 1:1 meetings need to be better documented to demonstrate what training is needed and achieved. A specific agenda item will be added to team meetings to review and monitor training. 2. There is a central repository for the department to log and record training - surveyors are to provide the administrator with the details of the training and CPD certificates received. This will be communicated to the team.
M	<ol style="list-style-type: none"> 1. Building Control Officers ensure that sufficient detail relating to site visit reports is recorded on MasterGov that facilitates a quick assessment of the status of an application and result of the visit 2. The Planning Registration & Support and Building Control teams ensure that all relevant fields and events in MasterGov are completed and selected when completing building regulations applications or requests 3. Build Control ensure that all supporting documents relevant to an application are appropriately filed on Civica before a case is completed 4. Assessment is made for the development of reports for monitoring individually determined fees, standard fees, hours and miles spent on a case to assist with the future fee charging process 5. Building Control assess evidencing the Building Control Manager's periodic review of MasterGov case records. 	<ol style="list-style-type: none"> 1. The Building Control Surveyors are to up load their site records when they return back to the office at the end of the day. The service is currently looking at ways with MasterGov on how to record site records remotely that is when the surveyors complete a visit to the site. 2. Procedures are in place for Registration and Support Team and the Building Control team. Team management is to monitor and review this more frequently to ensure that events and fields the service uses are filled in and completed. Any performance issues will be raised at 1:1's and in team meetings. 3. The examples given where application forms and documents were not on CIVICA was because they were applications received by telephone - when an application is taken this way there are no application documents. The Registration and Support Team have a procedure and script in place for taking 'telephone' applications.' 4. The information listed is held in three different systems that is MasterGov, Agresso and with individually determined fees in a Fees-Quote folder on a on a shared drive system. Building Control will assess and review how the information from these three areas can be collated and documented to help assess future fee charging is to be undertaken. 5. The Building Control Manager will undertake a review of a random selection of case files on a quarterly basis and document and record the findings.

CONCLUSION:

Overall we have raised two medium and four low findings. This review was focussed on the assessment of Building Control operational strategy and controls and the capacity and resilience of the team to deliver the service. Our review found that Building Control have a moderately designed control environment due to the following arrangements in place: (a) a qualified Building Control Team administratively supported by the Registration & Support Office and (b) the use of the MasterGov software to manage building regulations applications. Governance arrangements are also in place to monitor the service performance and to review and approve the charge and fee structure.

In terms of effectiveness we have reached a moderate opinion also. This is because that whilst competency training, supporting documents for building regulation applications and the recording of data on MasterGov were not consistently recorded there were compensating sources of evidence in terms of qualifications being verified via national databases and the application of processes by an experienced team.

EXEC SUMMARY - CASH HANDLING

SUMMARY OF RECOMMENDATIONS

High

1

Medium

2

Low

3

TOTAL NUMBER OF RECOMMENDATIONS: 6

Findings:

- Reconciliations on car park takings identified a discrepancy between the system and amounts banked. This is being further investigated by the internal control officers at NBC (high)
- Security risk around cash handling from museums to the Recovery Team by the same officer.
- Lack of compliance by credit card holders in respect of the Card Acceptance Agreement signed upon receipt of the card

Sig	Recommendation	Response
H	<ol style="list-style-type: none"> 1. The Council should ensure that reconciliations are made against the Cash Box Report amount. The Parking & Bus Station Manager should send a monthly report of the amount that should have been collected from the machines to LGSS who then reconcile the bank statement against this value. Any differences should be followed up to ensure there is an adequate explanation. 2. There should be a reconciliation between the Cash Box Report and bank statements for the car parking account undertaken by the Council as far back as 2015. 3. The Council should conduct an investigation into the variance and have a minuted meeting with Jade Security Services Ltd into the missing money. 	<ol style="list-style-type: none"> 1. Agreed. Recommendations were written with the auditor and were agreed at the time therefore. We intend to investigate the discrepancy and implement accurate reconciliations as soon as possible.
M	<ol style="list-style-type: none"> 1. The Council should create a central policy that is applicable to all areas of cash/cheque collection articulating protocols on segregating duties between collecting, counting and transporting cash/cheques. Furthermore, the policy should include provisions to ensure staff safety when transporting cash/cheques. This should be uploaded onto the Council's intranet and emailed to all staff. 2. The policy should include a maximum amount of cash that can be held by a service area before it should be transported to the Guildhall. This should be within the maximum amount stated on the Council's insurance policy. 	<ol style="list-style-type: none"> 1. Accepted and agreed.
M	<ol style="list-style-type: none"> 1. The Council should remind all officers with a corporate credit card via email, with an acceptance requirement, that they should send their Purchase Card Reconciliation to the appropriate officer within 5 days. 	<ol style="list-style-type: none"> 1. Accepted and agreed.

CONCLUSION

Overall the Council has moderate design of controls in place for cash handling, with rigid rules articulated in the Council's Constitution regarding security measures for holding cash. Furthermore, procedure notes for petty cash and corporate credit cards re-iterate the importance of compliance with the Council's processes towards holding cash securely. The arrangement with Jade Security Services Ltd provides strong controls for the collection of cash and cheques to ensure that they are securely transported to bulletin centres to be coded and banked. Discussions with Council officers indicated that there was satisfaction with this arrangement, including collecting cash for car parking meters, from the Recovery Team at the Guildhall and the Exchequer Team at One Angel Square. However, we noted control gaps in the collection and transportation of cash and cheques from service areas and a lack of control effectiveness over the use of corporate credit cards. This leads us to conclude that the control design was moderate and control effectiveness was limited.

EXEC SUMMARY - PROCUREMENT

SUMMARY OF RECOMMENDATIONS

High	1
Medium	3
Low	2

TOTAL NUMBER OF RECOMMENDATIONS: 6

Findings:

- Invitation to tender, specifications or contract were not located for one supplier (high)
- Exemptions for procurements were not approved adequately in line with the Contract Procedure Rules
- Contracts not found for some suppliers
- Inconsistencies between guidance documents and the Contract Procedure Rules.

Sig	Recommendation	Response
H	<ol style="list-style-type: none"> 1. The Council should remind officers by email of the importance of retaining documentation on ProContract and the locations where they should be stored. 2. The Council should create a separate drive to which all officers at the level of management and above can access where documentation should be stored relating to all procurements, current and archived, in folders unique to each procurement. This should be compulsory and incorporated into the Contract Procedure Rules. 	<ol style="list-style-type: none"> 1. Agreed. These will be implemented by the Council.
M	<ol style="list-style-type: none"> 1. All staff should be reminded by email of the appropriate use of the exemptions process with a 'required response' email to ensure that it is received. Additionally, the Council should upload a notice onto the intranet with the exemption policies. 2. The Section 151 Officer and Monitoring Officer should formally remind any officers if the appropriate signatories, values and dates are not completed in the correct order that they should complete the form correctly or reject the exemption request. 	<ol style="list-style-type: none"> 1. Agreed. Staff will be emailed to advise them on the appropriate use of exemptions. Requests that do not comply with the exemptions procedure will be rejected or the individual will be advised on the correct process. These recommendations were written by the Council and the auditor together.
M	<ol style="list-style-type: none"> 1. The Council should put in place a process to check that contractual requirements on high-value contracts are included. 2. The Council should give procurement and contract refresher training for staff involved with high-value contracts. 	<ol style="list-style-type: none"> 1. Agreed. The Council will implement the recommendations. These recommendations were written with the auditor so we intend to put in place a process to ensure contractual requirements are considered for high-value contracts. Furthermore, we intend to supply training to staff involved in high-value contracts as per the recommendation.
M	<ol style="list-style-type: none"> 2. The Council should amend the Contract Procedure Rules to ensure the correct information is conveyed within. 	<ol style="list-style-type: none"> 3. Agreed. We intend to review and update the Contract Procedure Rules to incorporate the recommendations to ensure compliance with legislation and consistency with other documents.

CONCLUSION

Overall the Council's procedures for procurement are adequate, with strong levels of guidance provided via the Contract Procedure Rules, the Constitution and the Best Practice Guide. However, these documents were not always up to date. Compliance with procedures was inconsistent. In one case the procurement had been completed and the supplier was delivering services to the Council without a contract being signed and for another case there was no evidence that could be provided supporting the existence of a compliant procurement process. This leads us to conclude that the control design was moderate and the control effectiveness was limited.

EXEC SUMMARY - DIGITAL STRATEGY

SUMMARY OF RECOMMENDATIONS

High

0

Medium

2

Low

1

TOTAL NUMBER OF RECOMMENDATIONS: 3

Findings:

- Scrutiny of the website project was weak
- There was no definitive roadmap.

Sig	Recommendation	Response
M	<ol style="list-style-type: none"> 1. CMB should scrutinise the Digital Transformation project more rigorously on a bi-monthly basis including an assessment of the high risks on the risk register. 2. The Digital Services Team should be reminded by email that Highlight Reports should be produced on a monthly basis regardless of whether there have been significant project updates. 	<ol style="list-style-type: none"> 1. Accepted and agreed.
M	<ol style="list-style-type: none"> 1. A road map template should be established which is required to be used for digital strategy projects. 	<ol style="list-style-type: none"> 1. Accepted and agreed.

CONCLUSION

Overall the Council has moderate design of controls in place for the Digital Strategy, with the Project Definition providing the aims and objectives of the digital transformation and building on the Assisted to Self-Service Business Case. The Definition outlines sufficient monitoring controls with a clear governance structure and the roles of each individual in the team. However, despite the clear governance structure outlined in the Project Definition and the Risk Management Strategy Framework, the project was not scrutinised effectively. Most project meetings focused on feedback rather than the progress and budgets. Furthermore, the risk register did not encompass the full aspect of risks, particularly with the omission of financial risks. Road maps for the project were limited and did not establish the stages of the project against the corporate objectives directly, although there was a high level of consistency between the business case, the Efficiency Plan and the Corporate Plan. This leads us to conclude that both the control design and control effectiveness was moderate.

APPENDIX I - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS	DESIGN	FINDINGS	EFFECTIVENESS
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.
RECOMMENDATION SIGNIFICANCE				
High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.			
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.			
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.			



FOR MORE INFORMATION:

Greg Rubins

Greg.Rubins@bdo.co.uk

The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO Member Firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

Copyright ©2019 BDO LLP. All rights reserved.

