



**Annual Internal Audit Report & Opinion  
2021/22**

## 1. Introduction and context

- 1.1 This report outlines the internal audit work carried out by Internal Audit for the year ended 31<sup>st</sup> March 2022.
- 1.2 Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. Internal Audit helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes.
- 1.3 Internal Audit is a statutory requirement for local authorities, in accordance with:
- Section 151 of the Local Government Act 1972 – which requires every local authority to make arrangements for the proper administration of its financial affairs and to ensure that one of the officers has responsibility for the administration of those affairs; and
  - The Accounts and Audit Regulations 2018 (England) – which state that “A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.
- 1.4 Internal Audit independence is achieved by reporting lines which allow for unrestricted access to the Chief Executive, Corporate Management Team (which includes the Section 151 Officer), and the Chair of the Audit & Standards Committee. Internal auditors have no direct operational responsibility or authority over any of the activities audited and the Internal Audit Charter sets out how independence and objectivity is maintained and evidenced.
- 1.5 The Public Sector Internal Audit Standards require the Chief Internal Auditor to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control (i.e. the organisation's system of internal control). This is achieved through a risk-based plan of work, which should provide a reasonable level of assurance, subject to the inherent limitations described below and set out in Appendix 1 and takes into account other sources of assurance, as appropriate. The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation.
- 1.6 As such, the Annual Report contains:
- the Internal Audit opinion on the overall adequacy and effectiveness of the Council's governance, risk and control framework (i.e. the control environment);
  - a summary of the audit work from which the opinion is derived and any work by other assurance providers upon which reliance is placed; and
  - a statement on the extent of conformance with the Standards.

## 2. Head of Internal Audit Opinion 2021/22

2.1 Based upon the work undertaken by Internal Audit during the year, the Chief Internal Auditor's overall opinion on the Council's system of internal control is that:

I am satisfied that sufficient internal audit work has been undertaken to allow an opinion to be given as to the adequacy and effectiveness of governance, risk management and control for 2021/22. In giving this opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the system of internal control.

It is my opinion that **Satisfactory Assurance** can be given over the adequacy and effectiveness of the Council's control environment for 2021/22. This control environment comprises of the system of internal control, governance arrangements and risk management. Any specific limitations or exceptions to the opinion are noted below.

### **Financial control**

Controls relating to the Council's key financial systems which were reviewed during the year were concluded to be generally operating effectively, with opinions for the control environment and compliance being of Good Assurance. Testing in 2021/22 included coverage on financial system access controls, payroll transactions, purchasing and payments.

It should be noted that no independent audit assurances have been received in relation to the Council's delegated revenues and benefits systems in 2021/22. As such, Internal Audit cannot provide assurances over the control environment or compliance in that area.

### **Risk management**

Structures and processes for identifying, assessing and managing risk have been further embedded during 2021/22, with use of the new electronic system. An audit of Risk Management was delivered in 2021/22 and resulted in an opinion of Substantial Assurance for controls design and Good Assurance for compliance.

### **Internal control**

For the audits completed in 2021/22, 100% of the opinions given in relation to the control environment and compliance have been of at least Satisfactory Assurance.

Of the recommended actions agreed during 2021/22, and due for implementation, 100% had been completed during the year. There remain four actions which are overdue for implementation from previous financial years but none of these were of a 'high' priority. The two 'medium' priority actions have been reported to the Audit and Standards Committee during 2021/22 in regular progress reports and remain subject to ongoing follow up work.

There have been no incidences where Internal Audit have highlighted a fundamental risk or weakness during 2021/22 and management have sought to accept the risk, rather than take appropriate action.

Special investigation work concluded during 2021/22 has been reported to management and the Audit and Standards Committee and highlighted areas of non-compliance with key

controls and governance procedures which had exposed the Council to an increased level of risk. Those incidents were noted to have taken place in previous financial years (primarily 2018/19 and 2019/20) and the action plan arising from this has resulted in strengthening of controls and provides assurance over the robustness of controls that would be applied going forward.

Internal Audit has not been made aware of any further governance, risk or significant internal control issues which would impact upon the above opinion. No systems of controls can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.

2.2 The basis for this opinion is derived from an assessment of the individual opinions arising from assignments from the risk-based Internal Audit plan that have been undertaken throughout the year. Assurances from other sources have also been taken into consideration, where appropriate.

2.3 The assessment has taken account of the relative materiality of areas highlighted for improvement and management's progress in addressing any control weaknesses.

### 3. Summary of findings

3.1 All final reports have agreed action plans, dates and responsible officers, where required. The audit opinions arising from the work of Internal Audit are summarised in Table 1, split by assurance area.

Table 1 – Summary of audit opinions 2021/22:

Area	Substantial	Good	Satisfactory	Limited	No
Financial systems	-	2	-	-	-
Corporate Governance and Counter Fraud	1	3	-	-	-
Corporate controls and policy compliance	-	4	-	-	-
Corporate Objective: Sustainable growth	1	12	1	-	-
<b>Total</b>	<b>2</b>	<b>21</b>	<b>1</b>	<b>-</b>	<b>-</b>
<b>Summary</b>	<b>8%</b>	<b>88%</b>	<b>4%</b>	<b>-</b>	<b>-</b>
<b>2020/21 comparison</b>	<b>-</b>	<b>76%</b>	<b>24%</b>		

## 4. Review of audit coverage

### Audit opinion on individual audits

- 4.1 The Committee is reminded that the following assurance opinions were assigned during 2021/22:

Table 2 – Assurance categories:

Level of Assurance	Definition
Substantial	There are minimal control weaknesses that present very low risk to the control environment. The control environment has substantially operated and either no, or some minor, errors have been detected.
Good	There are minor control weaknesses that present low risk to the control environment. The control environment has largely operated as intended although some errors have been detected.
Satisfactory	There are some control weaknesses that present a medium risk to the control environment. The control environment has mainly operated as intended although errors have been detected.
Limited	There are significant control weaknesses that present a high risk to the control environment. The control environment has not operated as intended. Significant errors have been detected.
No	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment. The control environment has fundamentally broken down and is open to significant error or abuse.

- 4.2 Unless stated otherwise, individual reports represented in this Annual Report are final reports and, as such, the findings have been agreed with management, together with the accompanying action plans. The one report which remains as 'draft report' has been subject to review and agreement of findings but management action plans have not been finalised at the time of reporting.

#### Summary of audit work

- 4.3 Table 3 details the assurance levels resulting from all audits undertaken in 2021/22 and the date of the Committee meeting at which the outcome of the audit was presented.
- 4.4 All completed assignments have been delivered in accordance with the agreed terms of reference and provide assurance in relation to the areas included in the specified scope.

Table 3 – Summary of audit opinions 2021/22:

<b>Audit Area</b>	<b>Design of Control Environment</b>	<b>Compliance</b>	<b>Organisational Impact</b>	<b>Committee Date</b>
<b>Financial systems</b>				
Financial System Key Controls	Good assurance	Good assurance	Minor	June 2022
<b>Governance &amp; Counter Fraud</b>				
Risk management	Substantial assurance	Good assurance	Minor	October 2021
Procurement compliance	Good assurance	Good assurance	Minor	June 2022
<b>Corporate &amp; Cross Cutting</b>				
Asset management	Good assurance	Good assurance	Minor	June 2022
Budgetary control	Good assurance	Good assurance	Minor	June 2022
<b>Delivery of Corporate Objectives</b>				
Leisure services project (initiation stage)	Good assurance	Good assurance	Minor	June 2022
Temporary accommodation	Good assurance	Good assurance	Minor	March 2022
Planning fee income	Good assurance	Good assurance	Minor	June 2022
Community grants	Good assurance	Satisfactory assurance	Minor	October 2021
Growth projections (draft report)	Good assurance	Good assurance	Minor	June 2022
Covid-19 recovery	Substantial assurance	Good assurance	Minor	February 2022
IT strategy	Good assurance	Good assurance	Minor	February 2022

- 4.6 Audit outcomes have been reported to the Audit and Standards Committee during the 2021/22 financial year. All audit reports finalised since the last Audit and Standards Committee are summarised in Appendix B to this report.

#### **Implementation of Internal Audit recommendations**

- 4.7 Internal Audit follow up on progress made against all recommendations arising from completed assignments to ensure that they have been fully and promptly implemented. Internal Audit trace follow up action on a monthly basis.
- 4.8 A total of 28 audit recommendations have been implemented by officers during 2021/22, including some actions from previous years. There were no actions from the 2021/22 audits which were overdue as at 31<sup>st</sup> March 2022 - but there were, however, actions outstanding from four audits delivered in previous financial years.
- 4.9 Details of the implementation rate for the audit recommendations made during 2021/22 are provided in Table 4, as at 31<sup>st</sup> March 2022.

Table 4 - Implementation of audit recommendations agreed in 2021/22 as at 31<sup>st</sup> March 2022:

	'High' priority	'Medium' priority	'Low' priority	Total
Agreed and implemented	1	13	14	28 (54%)
Agreed and not yet due for implementation	-	15	9	24 (46%)
Agreed and due within last 3 months, but not implemented	-	-	-	-
Agreed and due over 3 months ago, but not implemented	-	-	-	-
<b>TOTAL</b>	<b>1</b>	<b>28</b>	<b>23</b>	<b>52</b> <b>(100%)</b>

4.10 A full overview of overdue actions is provided in Table 5.

Table 5 - Summary of overdue recommendations from 2021/22

Audit area	Audit Year	High		Medium		Low	
		Over 3 months overdue	Under 3 months overdue	Over 3 months overdue	Under 3 months overdue	Over 3 months overdue	Under 3 months overdue
Effective use of consultation – Engagement Strategy	2019/20	-	-	1	-	-	-
Development Management – Income reconciliation	2020/21	-	-	1	-	-	-
Financial systems – debt recovery policy	2020/21	-	-	-	-	1	-



Audit area	Audit Year	High		Medium		Low	
		Over 3 months overdue	Under 3 months overdue	Over 3 months overdue	Under 3 months overdue	Over 3 months overdue	Under 3 months overdue
Ethics and equalities – policy amendments	2020/21	-	-	-	-	1	-
<b>Totals</b>		<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>0</b>

### Other sources of assurance

4.11 In forming an opinion on the control environment for 2021/22, other sources of assurance have been considered, where appropriate. This has included:

- The Council has delegated the collection of council tax and business rates and the administration of housing benefits to the Leicestershire Revenues and Benefits Partnership led by Hinckley and Bosworth Borough Council. There have been no audit report issued in relation to the Revenues and Benefits Partnership's systems for administering council tax, business rates or housing benefit during 2021/22. As such, Internal Audit cannot provide any assurance over the key controls operating in these areas for 2021/22, at the time of reporting. The Chief Internal Auditor is in correspondence with the internal audit team for the Partnership with a view to obtaining assurances over these systems in 2022.

## 5. Internal Audit contribution and performance

### Added value

- 5.1 It is important that Internal Audit demonstrates its value to the organisation. The service provides assurance to management and Members via its programme of work and also offers support and advice to assist the Council in new areas of work.
- 5.2 During 2021/22, the Internal Audit service was delivered under the shared service arrangement led by Milton Keynes Council. From 1<sup>st</sup> April 2022, this service is to be led by the new North Northamptonshire Council Internal Audit service.
- 5.3 The Internal Audit service's performance against its key performance indicators for 2021/22 is summarised in Table 6.

Table 6 – Internal Audit KPIs 2021/22

Indicator description	Target	Actual
Delivery of the agreed annual Internal Audit Plan to at least draft report stage by 31 <sup>st</sup> March 2022	90%	79%
Overall delivery of the agreed annual Internal Audit Plan by deadline for Annual Report	100%	100% to at least draft report stage
Customer Feedback – rating on a scale of 1 to 4 (average)  Whereby:  1 = Poor, 2 = Satisfactory, 3 = Good and 4 = Outstanding	3.2 (average)	3.4 (average)

### Internal Audit contribution in wider areas

- 5.4 Key additional areas of Internal Audit contribution to the Council in 2021/22 are set out in Table 7:

Table 7 – Internal Audit contribution

Area of Activity	Benefit to the Council
Sharing advice and fraud alerts in relation to the Covid-19 business grants.	Pro-active counter fraud support and learning from other authorities.

Area of Activity	Benefit to the Council
Providing a point of contact for Whistleblowing, to enable concerns to be raised directly with Internal Audit.	Supporting the Council in its Counter Fraud strategy and reinforcing a zero tolerance culture.
Maintaining good working relationships with External Audit.	Maximising value of audit resources.
Ad hoc advice and assistance.	Assistance with ad-hoc queries and advice. Raising the profile of Internal Audit with service leads to increase the effectiveness of the service.

### Professional Standards

- 5.5 The Public Sector Internal Audit Standards (PSIAS) were adopted by the Chartered Institute of Public Finance and Accountancy (CIPFA) from April 2013. The standards are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of Internal Audit across the public sector.
- 5.6 The objectives of the PSIAS are to:
- Define the nature of internal auditing within the UK public sector;
  - Set basic principles for carrying out internal audit in the UK public sector;
  - Establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations; and
  - Establish the basis for the evaluation of internal audit performance and to drive improvement planning.
- 5.7 During 2021/22, the Internal Audit service was delegated to a shared service led by Milton Keynes Council. A detailed self-assessment against the PSIAS was completed by the Chief Internal Auditor and the outcome of the assessment was that the Internal Audit service was operating in general conformance with the Standards.
- 5.8 From 1<sup>st</sup> April 2022, the Internal Audit service is being delivered in house and a Quality Improvement Plan is being drafted by the Chief Internal Auditor to support ongoing development, in line with the Standards. Assessment against the Standards will be embedded in the delivery of the service and ongoing development work.
- 5.9 The Chief Internal Auditor can confirm that there has been no evidence of impairment of the independence of the Internal Audit team during 2021/22 and no auditors have reviewed systems/controls which they have been responsible for delivering.

## Appendix A: Limitations and responsibilities

### Limitations inherent to the Internal Audit's work:

Our work has been performed subject to the limitations outlined below:

#### Opinion

The opinion is based solely on the work undertaken as part of the agreed internal audit plan. There might be weaknesses in the system of internal control that we are not aware of because they did not form part of our agreed annual programme of work, were excluded from the scope of individual internal audit assignments or were not brought to our attention. As a consequence management and the Audit Committee should be aware that our opinion may have differed if our programme of work or scope for individual reviews was extended or other relevant matters were brought to our attention.

#### Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

#### Future periods

Our assessment of controls relating to the areas audited is for the period 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- The degree of compliance with policies and procedures may deteriorate.

#### Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities.

However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and our examinations as internal auditors should not be relied upon to disclose all fraud, defalcations or other irregularities which may exist.

## Appendix B: Audit reports finalised since last Audit and Standards Committee meeting

### Financial systems key controls

The Council operates a number of systems designed to ensure that transactions are recorded in a timely, accurate and complete manner, free from fraud or error. These systems are often referred to as 'Key' or 'Fundamental' financial systems.

The S151 Officer is required to include a statement in the Council's annual financial statements that confirms he has kept proper accounting records that are up to date. Internal audit control evaluation and testing supports the S151 Officer in exercising this duty.

During a Cabinet meeting on 10th February 2020, Members approved the delegation of the provision of a new integrated human resource and payroll system to North West Leicestershire District Council. The new system was implemented in April 2021 and an Internal Audit Consultancy review was undertaken in October 2021 focused on project management arrangements but also provided reasonable assurance regarding the payroll data conversion process. Testing as part of this year-end audit has confirmed that controls are operating effectively. Low level recommendations for improvement relate to recording and retaining evidence of validation checks for annual parameter updates.

The Council utilises the IT systems package eFinancial to maintain financial records. Access to the system is restricted through passwords, which must be changed on a regular basis, and which allow hierarchical access to the system, enabling authority levels to be built into its parameters. System back-up arrangements are in place. Controls could be strengthened further by undertaking periodic user access reviews.

eProcurement, a module within eFinancial, is used to raise requisitions and purchase orders and receipt goods/services prior to the invoice being paid. Where this system is utilised, appropriate separation of duties is achieved and authorisation levels for the commitment of expenditure are automatically applied. However, it was noted that there remains a high proportion (55%) of invoices being paid without a purchase order (PO). Officers should continue their efforts to address this as part of the planned implementation of a new finance system in 2023.

Based upon the findings, Internal Audit has given the following assurance opinions over the management of the associated risks:

Assurance Opinion		
Control environment	Good	●
Compliance	Good	●
Organisational impact	Minor	●

### Procurement compliance

The Council's Contract Procedure Rules (CPRs) and Statement of Required Practise for Procurement (SORP) are designed to ensure compliance with legal and regulatory requirements in respect of competition, transparency and value for money when procuring goods, works or services. This audit was carried out to provide assurance that approved rules and practices are being complied with.

The procurement SORP was last updated in July 2020 and is published on the Council's website. At the conclusion of the 2020/21 audit of procurement arrangements it was recommended that the SORP be updated following introduction of new legislation relating to public sector procurement, which was expected to be introduced in 2021. However, it is now

likely that this legislation will not be implemented until 2023. This delay, coupled with the ongoing impact of the COVID-19 pandemic, has led to the SORP still needing to be updated. When this update takes place, it would also be appropriate to revise procurement guidance and ensure the latest version of the Guidance is published on the Council's intranet.

To comply with the Local Government Transparency Code, all expenditure over £500 is published on the Council's website, together with the Contracts Register. Comparison of all suppliers with whom the Council had incurred expenditure in excess of £50K by the end of quarter 3 with the content of the Contracts Register identified that the majority of this expenditure was being incurred under contracts that were detailed in the Register. Compliance failures noted included two recruitment agencies (an issue which was also raised in the 2020/21 audit) and the use of a company for transportation of recycling waste on an ongoing basis since at least 2016, apparently without a formal contract or having initiated a procurement exercise to confirm that the Council is receiving value for money. The exercise has also identified a need to implement a periodic review of cumulative expenditure with suppliers against the Contracts Register.

Testing of a sample of procurements confirmed that controls had been exercised to achieve and evidence value for money. Documentation to demonstrate compliance with internal procedure rules was retained, including evidence of quotations and use of framework contracts.

Based upon the findings, Internal Audit has given the following assurance opinions over the management of the associated risks:

Assurance Opinion		
Control environment	Good	●
Compliance	Good	●
Organisational impact	Minor	●

### Asset management

Local authorities have a duty to ensure that buildings and land under their control comply with all relevant statutory, regulatory and corporate standards. This entails ensuring effective compliance arrangements for operational buildings and common areas under Council control; property inspection regime and documentation;

and contractor management processes. The Council's property portfolio should also provide a source of income and the tenant management processes should be robust to manage associated risks. This audit has looked at the Council's operational buildings (i.e. office buildings, such as the Symington Building) and leased assets (i.e. the Harborough Innovation Centre and Grow On Space). This has not included a review of any asset acquisitions or disposals nor general property maintenance regimes.

The Council's compliance regime is well managed and monitored by the Property team. There is a corporate contract in place which aligns with good practice and ensures that inspections and checks are compliant with the standard specification. Record keeping is in place to enable oversight of the certificates held for compliance regimes and flags when these become due for re-inspection. The corporate contract sets out the Council's standard expectations in terms of frequency of checks and it is evident that officers are alert to changing risk environments and act upon this to ensure the safe management of the Council's properties and facilities. Sample testing has confirmed a good level of compliance with expected statutory compliance regimes – with 100% of operational properties selected being subject to gas safety inspections, Electrical Installation Condition Reports (EICRs) and water safety assessments within the expected timeframes.

The expected controls that should be applied in the letting of commercial properties were found to be well established and evidenced for the Harborough Innovation Centre and Grow

On Space. The processes and record keeping established in relation to these units are sound and enable robust, informed budget forecasting.

The conducting and approving of rent setting and reviews across the corporate properties is referenced in the Constitution but may benefit from supporting documented procedures/process maps to define key controls. There is a current Asset Management Plan in place which clearly documents every asset and notes areas where action is required in relation to lease coverage / rent reviews etc, which it is acknowledged have not been completed for properties overseen by the Property team during the last year, following staff turnover and vacancies.

The Council has effective processes in place for raising of invoices for licences and leases in place for Council properties and a regular review of arrears arising from these.

Based upon the findings, Internal Audit has given the following assurance opinions over the management of the associated risks:

Assurance Opinion		
<b>Control environment</b>	Good	●
<b>Compliance</b>	Good	●
<b>Organisational impact</b>	Minor	●

### Budgetary control

Financial planning in the current environment within Local Government is under significant pressure. Reductions in funding and uncertainty over forthcoming changes to the sources of central funding present challenges in both planning for future spending and ensuring that actual expenditure does not exceed that which has been budgeted. The Council must therefore demonstrate sound financial management to ensure that it can maintain a balanced budget and afford future plans.

The Council's revenue budget for 2021/22 is £13.1m, which was approved at the Council meeting held on the 22nd February 2021. The Internal Audit Plan for 2021/22 includes an allocation to review both budget setting and budget monitoring procedures and this report summarises the findings of the audit undertaken to examine these areas.

In overall terms, the audit identified that the Council has appropriate arrangements in place for budget setting and monitoring. A software package entitled Collaborative Planning (CP) is in operation, which has separate modules for budget setting and monitoring. The CP package facilitates the retention of an audit trail for both changes made to budgets during the budget setting process and the monitoring of actual income and expenditure against planned levels. The audit confirmed the existence of an appropriate audit trail for the areas where testing was undertaken.

Budget holders are supported in the delivery of their role by Business Partners from the Finance Team, who meet with them at least quarterly (and also on an ad-hoc basis as necessary) to discuss budget setting and monitoring. The audit confirmed, through discussion with a sample of budget holders, that the role provided by Business Partners is effective.

Based upon the findings, Internal Audit has given the following assurance opinions over the management of the associated risks:

Assurance Opinion		
<b>Control environment</b>	Good	●
<b>Compliance</b>	Good	●
<b>Organisational impact</b>	Minor	●



## Leisure services project – initiation stage

Harborough's leisure project will determine the shape of future leisure provision in the district. The initial aim of the project was to have suitable leisure facilities and services in place at the expiry of the previous leisure trust contract in March 2019. However, following a failed procurement exercise in 2018 for the preferred option of a Design Build Operate and Maintain (DBOM) contract, the project was placed on-hold due to concerns over affordability. Attempts to negotiate an extension of the trust management contract with Serco in 2018, as an interim measure, failed to reach agreement but a new three year service only contract was subsequently procured and awarded to Sport and Leisure Management (SLM) commencing April 2019. The project then remained on hold whilst the Council reconsidered its options and was further delayed as a result of the Covid-19 pandemic. In September 2021 Cabinet agreed to proceed with the option of redevelopment and refurbishment of the existing sites at an estimated net capital cost of £9.75 million. In October 2021 Cabinet agreed an extension to the existing SLM contract for a further two years to 31<sup>st</sup> March 2024 to secure the continued provision of leisure services in the interim.

Based on interviews and review of project documentation, it is Internal Audit's opinion that appropriate governance and project management arrangements have been put in place to support the project. At this stage the project remains on-track although senior management should continue to review and monitor project resources to ensure there is sufficient capacity, both internal staff and external specialist support, to deliver all phases of the project as planned. Further work is required to ensure that all project activities and governance approvals have been identified and incorporated into the project plan and that the basis for measuring and evaluating achievement of the project objectives is clearly established. There is also scope to review and improve some of the new corporate project management templates, such as the RAID log (risks, assumptions, issues and dependencies) and project highlight reports. However, subject to the implementation of the recommendations in this report, a sound overall governance framework has been established at this stage and should provide a good foundation for managing the project going forward.

Based upon the findings, Internal Audit has given the following assurance opinions over the management of the associated risks:

Assurance Opinion		
<b>Control environment</b>	Good	●
<b>Compliance</b>	Good	●
<b>Organisational impact</b>	Minor	●