

Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Progress on AGS 2019/20 - Significant Issues

Meeting/Date: Corporate Governance Committee – 9th June 2021

Executive Portfolio: Executive Member for Strategic Finance -
Councillor Jonathan Gray

Report by: Deborah Moss, Internal Audit Manager

Ward(s) affected: All Wards

Executive Summary:

The Council's Annual Governance Statement (AGS), approved in January 2021, contains a list of significant governance issues together with proposed remedial action for each.

This report advises the Committee on the progress made against each of these issues and the action taken to date.

Progressive action continues to be taken on all the issues.

It is proposed that the next update is given as part of the 2020.21 AGS report (due to be presented to Corporate Governance Committee in July 21).

Recommendation:

Committee is asked to review and comment upon the action and progress made to date.

1. PURPOSE OF THE REPORT

To advise the Committee on the progress made against the significant governance issues reported in the 2019/20 Annual Governance Statement (AGS).

2. BACKGROUND

The Accounts and Audit Regulations 2015 requires all relevant bodies to prepare an Annual Governance Statement (AGS). The purpose of the AGS is to communicate to stakeholders the standards of corporate governance the organisation demonstrates and identify any significant issues that have arisen in year, and what is planned to address these issues.

This report details the progress made to date on each significant issue.

3. DETAIL

As a result of the Covid-year implications, the Final Accounts and AGS 19.20 were not approved by Committee until January 2021.

Ten significant governance issues were highlighted in the AGS together with an action plan to show how each issue was to be remediated.

The Audit Manager has provided an update from responsible officers on the action taken to date. The significant issues raised in the 2019/20 Annual Governance Statement are set out in detail in Appendix 1 and progress against each of these is reported there – recording both the March 21 update and now a May 21 update.

Action and progress continue to be taken on all issues identified.

In addition to this progress update report, a formal progress record will be included in the next AGS (2020.21), which will also highlight new significant issues identified during that year. This will allow for the monitoring of all significant issues by AGS year and their progress until each is resolved.

4. KEY RISKS

The significant issues are raised because, without any remedial action, they may impact the governance of the Council.

5. LEGAL IMPLICATIONS

The Council is responsible for ensuring that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives, ensures that the financial and operational management of the authority is effective and includes effective

arrangements for the management of risk (Regulation 3 of the Accounts and Audit Regulations 2015).

The Council must carry out an annual review of the effectiveness of its system of internal control which must be considered by the relevant committee. In the light of that review, the Council must produce an annual governance statement which must be approved by the relevant committee in advance of the Authority approving the statement of accounts (Regulations 6 (1), (2) and (4) of the Accounts and Audit Regulations 2015).

6. REASONS FOR THE RECOMMENDED DECISIONS

The report has been requested by the Committee and as such, it needs to decide any further action it wishes to take.

7. LIST OF APPENDICES INCLUDED

Appendix 1 - AGS 2019.20 Significant Issues Updated Action Plan May 2021

BACKGROUND PAPERS

Annual Governance Statement 2019/20

CONTACT OFFICER

Deborah Moss – Internal Audit Manager

Tel No: 01480 388475

Email: deborah.moss@huntingdonshire.gov.uk

Appendix 1: AGS 2019.20 Significant Governance Issues Updated Action Plan May 2021

Area of Assurance	Issue / Gap	Action Plan Proposal	Progress @ March 2021	Progress @ May 2021
<p>Risk Management</p>	<p>RM is not fully embedded and functional within the Council in an effective way. The risk register requires revision and update otherwise it is at risk of being unreliable/unusable.</p>	<p>Service Plans will be redesigned to incorporate risk management.</p> <ul style="list-style-type: none"> • The risk register will be reinvigorated and redesigned before roll out to Services • Internal audit reviews of top risks highlighted by management • Longer term – potential audit review of RM. 	<p>Service Plan redesign to incorporate risk management has taken place and Services are currently preparing their Plans.</p> <p>The Risk & Control team have decided to visit Services to assist them in updating their risk register and this will commence in the new financial year.</p>	<p>The risk register has been restructured to reflect the changes in organisational structure at the Council, and to rationalise the current risks listed.</p> <p>All entries have been 'reviewed' and re-dispositioned so to then validate with assigned owners.</p> <p>The next stage will be to engage with Services to allow them to identify and assess their risks and repopulate/rebuild the risk register.</p>
<p>Lone working (red action in an audit report):</p>	<p>The Council lacks a corporate lone working procedure that is robust and effective. H&S legislation requires us to protect our employees at work. A lack of protocol over lone workers could risk employees' safety and a breach of legislation.</p>	<p>Ownership to be appointed.</p> <ul style="list-style-type: none"> • To investigate lone worker systems that can operate within its 24-hour CCTV function. • A suitable system/procedure to be implemented to protect all officers who lone work off site. • Internal Audit to carry out a follow up review to ensure operation and compliance once installed. 	<p>This has been discussed at the Risk & Controls Board, and investigations into neighbouring authorities' provisions have been undertaken. Further options will be investigated and then put to the mgmt team to decide.</p> <p>A follow up compliance review can be considered only once a LW system is implemented.</p>	<p>Through the new Services collaboration forum, advice recommends that Services with LW issues should conduct a risk assessment and a holistic view of the need understood.</p> <p>Services have been asked to identify and categorise their lone worker posts in order to assess the extent of the provision needed.</p>

Head of Internal Audit	<p>The resignation of the Internal Audit Manager affects the resourcing of the statutory Internal Audit service. This impacts on the provision of an annual Audit Opinion.</p>	<p>An Acting Internal Audit Manager has been appointed. This employee is an existing internal auditor at the Council and is MIIA qualified.</p> <ul style="list-style-type: none"> • Restructuring of the function to take place to ensure adequate resourcing levels. 	<p>The Acting Manager is in place until the early April when formal appointment is due to be made.</p> <p>Discussions have taken place as to the various recruitment options for the vacant auditor post which will be advertised shortly.</p>	<p>Internal Audit Manager now in place (since April 2021).</p> <p>Additionally, an offer has been accepted by an auditor to take up the vacant internal auditor position.</p>
GDPR (Data Protection Compliance)	<p>Progressive action towards GDPR compliance and monitoring has not been sufficiently robust since the Regulations' effective date. This puts the council at a greater risk of a potential non-compliance with GDPR legislation, a data breach, penalty fine and reputational damage.</p>	<p>Information Governance team has carried out a gap analysis review across the Council.</p> <ul style="list-style-type: none"> • Work to be done to ensure data protection training and awareness. • A planned Internal audit [follow up] review to assess compliance. 	<p>Progression on the gap analysis work and actions are continuing in IG eg work has started on preparation of info asset registers.</p> <p>The IG Manager is providing CGC with a separate report by way of update on these actions. (See Table of areas and actions from gap analysis.)</p>	<p>Work is progressing on areas identified.</p> <p>Updates are provided to the Information Governance Committee each quarter.</p> <p>Key areas that have progressed in the last quarter include the circulation of the Information Asset Templates in order to develop a central register.</p>
Network Access Management Control (red action in an audit report):	<p>The audit found that user accounts may not be regularly reviewed and monitored (by HR or systems owners) leading to leaver, inactive or dormant accounts.</p>	<p>Agreed that HR management would assign ownership to line managers to review the network accounts that do not match to payroll listing.</p> <ul style="list-style-type: none"> • Agreed that line managers/Heads of Service would perform a regular review of all staff in their service ae going forwards. 	<p>HR has provided ICT with a list of the highlighted 65 users that did not match the Payroll list of employees together with instructions as to which should remain active, which deleted and which needed further insight before remaining active.</p> <p>A follow up review of this action is included in the Internal Audit Plan</p>	<p>HR have investigated the users and informed ICT. IA have asked ICT to confirm that corrective action has been taken and user accounts closed where applicable.</p> <p>ICT also need to set up a regular review process whereby HoS confirm their users are still current and</p>

		<ul style="list-style-type: none"> • Progress to be monitored by Internal Audit. 	21.22 to ensure that regular checks on staff access rights have been carried out by line managers and heads of service.	legitimate to prevent this from happening again. This is also supported by a leaver's notification process to ICT.
Procurement function	<p>Resignation of the Procurement Officer in March 2020 leaves the council with no Procurement support function.</p> <p>Absence of a procurement function for advice has meant Services had to procure without assistance and put compliance more at risk.</p>	<p>The AD for Corporate Services has forged a good relationship with the Procurement Officer of a neighbouring authority which was used for support and advice where needed in the interim and going forward.</p> <ul style="list-style-type: none"> • The recruitment of a Procurement Officer was agreed. • Subsequent appointment of an experienced procurement officer took place in September 2020. 	Completed (subject to satisfactory completion of the employee's probationary period).	<p>The appointed Procurement Officer left the post due to personal reasons before the end of the probation period.</p> <p>The post was advertised and an offer has been made to a candidate from local public sector organisation, to take up the vacant position.</p>
Delivery of capital Schemes	An audit review found that there several issues relating to governance, capability, capacity and delivery, and commissioning.	<p>Appointment of a Programme Delivery Manager took place in 2020.</p> <ul style="list-style-type: none"> • Many programmes and projects are already underway • Internal Audit to carry out a follow up review. 	The Programme Delivery Manager has Undertaken a full Project Management Delivery Audit in September. Findings and recommendations to mitigate risks highlighted have been presented to the WP SLT Board; awaiting board decision on recommendations. In Parallel PDM has established a EPMO Enterprise wide Project Management (EPMO) Steering Group to review PM Improvement of tools and processes. And introduced a Gateway Assurance Review process for HDC Projects and programmes going forward.	<p>The April board agreed that PMD at HDC is not working, the discussion took place at the SLT away day in April 21.</p> <p>It was agreed at the April WP Board that a task force should be set up to look at the way forward it will be a task and finish group. As recommended in the next steps of the Sept. 20 Audit report by the PDM.</p> <p>The scope of what the task force focus should be has gone forward to the May WP</p>

			<p>A planned follow up review is included within the Audit Plan 21.22</p> <p>.</p>	<p>board to confirm what is realistically achievable with the resources available in the absence of any PMO, and with regards to the GAP report on PMD at HDC.</p> <p>In parallel to this the PDM has set up and is working with our partner PMOs to continue and develop our KTN- Knowledge transfer Networks with SC, City, and ICT. As well National uk gov project authority.</p> <p>PMD at HDC will need to be a watching brief, to ensure governance is not diluted which may impact on current PMD risk mitigation plans.</p>
<p>Audit reports Outstanding</p>	<p>There has been difficulty in obtaining replies by Services to draft audit reports. These reports highlight weaknesses and risks found in a system and if they remain not responded to and no actions are implemented to address the risks, then the risks potentially remain and assurance cannot be given.</p>	<p>Audit Manager has advised senior management of such outstanding reports.</p> <ul style="list-style-type: none"> • A new Risk & Controls Board has been developed which will formally reports these issues to Corporate SLT for action. 	<p>A list of outstanding reports has been formally reported by the R&C Board to Corporate SLT for action.</p> <p>Responses/updates are awaited, and an updated list will be a standing item on the R&C's monthly report.</p>	<p>A list of outstanding reports has been formally reported by the R&C Board to Corporate SLT for action.</p> <p>Progress has been made to finalise and close outstanding reports; a recent surge effort by IA has via escalation to Corporate Leadership level has improved response.</p>

<p>Information Governance Training</p>	<p>The ability to monitor which staff have completed which training courses needs improvement. Decisions on mandatory training and frequency of courses needs to be decided. There is a risk that employees may not have sufficient training or awareness.</p>	<ul style="list-style-type: none"> • New Information Governance Manager in post • IT and IG policies are being reviewed • IG training modules are being reviewed • Ownership of training attendance to be assigned • A system for monitoring all training 	<p>Policies are currently being reviewed.</p> <p>IG training modules have been reviewed. HR are due to roll out these modules as part of the Learning Mgt System (LMS) – the contract has been signed and due to go live by 15th March.</p> <p>There is difficulty extracting exception reports on those employees who have not completed each IG course, and this is being examined by the Transformation team.</p> <p>Responsibility for the monitoring of completion of courses is still undecided.</p> <p>Progress is being reported to and overseen by the IG Board.</p>	<p>The IG Training Needs has been developed and communicated to the IG Group.</p> <p>The LMS System is now live;</p> <p>The IG team are currently working with the Transformation team and HR on reporting.</p> <p>An update on the outcome of this will be reported to the Information Governance Committee in May.</p>
<p>Covid-19 risks, levels of debt, loss of income etc</p>	<p>Since mid-March 2020, the Council has diverted its resources to focus on providing active support across Huntingdonshire as part of its response to Covid-19. There is a risk that costs incurred outweigh the levels of funds received from Central Government.</p>	<p>Assess 2020/21 budget and income streams for non-deliverable items and link to overall 2020/21 Financial monitoring and the 2021/22 MTFS requirements.</p> <ul style="list-style-type: none"> • Robust risk management processes followed to ensure effective monitoring of key risks whether relating to response to Covid-19 or return to 	<p>At present, Gold command is still active to help respond and provide resources for continued support within the community in relation to the Covid 19 pandemic.</p> <p>A separate cost centre was set up to capture costs associated with responding to Covid 19 pandemic.</p> <p>During 20/21, central government has provided significant support in</p>	<p>Continuing as per last update.</p>

	<p>Emergency procedures put in place need to be reviewed to ensure that effective governance is in place to protect Council / users etc</p>	<p>business as usual.</p> <ul style="list-style-type: none"> • Gold, Silver and Bronze command were stood up to manage critical responses/issues in response to the pandemic. 	<p>terms of the one-off costs associated with responding to the pandemic, this support will continue in 21/22.</p> <p>Recognition has also been provided by central government in support loss of income for services affected by the closure of leisure and retail activities. The Income Compensation Scheme has provided Local Authorities affected by this to claim back 75p in the £1, after deducting 5% of the total expected budgeted income for that activity.</p> <p>NNDR and CTAX will continue to be a concern going into 21/22 with ongoing pressure around collections. Central Government have provided mechanisms to spread 20/21 deficits over 3 years and will also allow Local Authorities to claim compensation for irrecoverable losses.</p> <p>Balanced budget has been approved (Feb 21).</p>	
--	---	--	--	--