

Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Progress on Annual Governance Statement
2019/20 - Significant Issues

Meeting/Date: Corporate Governance Committee – 14th
September 2021

Executive Portfolio: Executive Councillor for Corporate Services
Councillor David Keane

Report by: Deborah Moss, Internal Audit Manager

Ward(s) affected: All Wards

Executive Summary:

The Council's Annual Governance Statement (AGS) 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. This is limited to an update on the 2019/20 AGS issues only (the new 2020/21 actions will be included later in the year once the AGS has been formally approved and time allowed for the actions to be progressed).

Two issues are fully completed/closed. Progressive action continues to be taken on the other issues.

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 last update in May and now an August 21 update.

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

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 August 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 Aug 2021

Area of Assurance	Issue / Gap	Action Plan Proposal	Progress @ May 21	Progress @ Aug 2021
Risk Management	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.	Service Plans will be redesigned to incorporate risk management. <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>March 21: Service Plan redesign incorporates risk management. The Risk & Control team to Services to update their risk registers</p> <p>May 21: The risk register now reflect HDC structure, risks entries reviewed and re-dispositioned to validate with assigned owners. Next stage: deep dive with Services to identify and assess their risks</p>	<p>Plan to carry out a basic self-assessment of our procedures that reference risk.</p> <p>Findings will help provide an overview of risk awareness and support what needs to be done to reactivate risk management in Services and to embed in processes and culture.</p>
Lone working (red action in an audit report):	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.	Ownership to be appointed. <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: follow up review to ensure operation and compliance once installed. 	<p>March 21: Risk & Controls Board, taken on LW risk as a project</p> <p>May: New Services Forum, used to further LW progress and advise a refresh of risk assessments of LW</p>	<p>Operations SLT action to all Services update their risk assessments of all lone workers in their Service (deadline 30/09/21). Assessment of overall risk will inform if a corporate LW procedure is required or a Service Based approach is acceptable.</p>
Head of Internal Audit	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.	An Acting Internal Audit Manager has been appointed. This employee is an existing internal auditor at the Council and is MIIA qualified. <ul style="list-style-type: none"> Restructuring of the function to take place to ensure adequate resourcing 	<p>Internal Audit Manager now in place (since April 2021). COMPLETED</p> <p>Additionally, an offer has been accepted by an auditor to take up the vacant internal auditor position.</p>	<p>Following withdrawal of the acceptance for Auditor, new options had to be considered.</p> <p>A new Trainee Internal Auditor post has been created and has now been successfully recruited to. COMPLETED</p>

<p>GDPR (Data Protection Compliance)</p>	<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>levels. 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>March: Progression on the gap analysis work and actions are continuing in IG eg work has started on preparation of info asset registers. The IG Manager is providing CGC with a separate update on these actions. (See Table of areas and actions from gap analysis.)</p>	<p>IG team has circulated templates to service areas in May for info gathering. The returns will be reviewed by IG from end of July. IG will support service areas in developing treatment plans for working towards continual GDPR compliance monitoring. Analysis carried out has identified the specific areas that are to be monitored for the service areas.</p>
<p>Network Access Management Control (red action in an audit report):</p>	<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. • Progress to be monitored by Internal Audit. 	<p>March: 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 IA Plan 21.22 to ensure that regular checks on staff access rights have been conducted</p> <p>May: IA have asked ICT to confirm that corrective action has been taken and user accounts closed where applicable.</p> <p>ICT to set up regular review process to check users are still current and I to prevent further issues. This is also supported by a leaver's notification process to ICT.</p>	<p>ICT have a process to identify accounts that have not been accessed for a certain amount of days.</p> <p>ICT to confirm if gone back to the Service Managers to confirm if the users are supposed to be active or not. ICT still to check if this can be done as unsure if user accounts had departments put against them. Without this there would be no way of identifying which member of staff works for which team and then advise the correct HoS the network accounts.</p>
<p>Procurement function</p>	<p>Resignation of the Procurement Officer in March 2020 leaves the council with no Procurement support function. Absence of a procurement</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</p>	<p>March: Completed (subject to satisfactory completion of the employee's probationary period).</p>	<p>The new Procurement Lead has commenced employment in July 2021. COMPLETED</p>

	<p>function for advice has meant Services had to procure without assistance and put compliance more at risk.</p>	<p>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. 	<p>May: 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>	
<p>Delivery of capital Schemes</p>	<p>An audit review found that there several issues relating to governance, capability, capacity and delivery, and commissioning.</p>	<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. 	<p>March: 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 EPMD Enterprise wide Project Management (EPMD) 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> <p>A planned follow up review is included within the Audit Plan 21.22</p> <p>May: 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>A follow up Internal Audit review was undertaken in June 2021 to see assurance that the issues identified had now been addressed.</p> <p>Processes are being applied to new projects / capital schemes from 2021/22, and as such there will be a need to consider written guidance and training for staff, and arrangements for managing non-delivery as the scheme progresses.</p> <p>Due to the infancy of these changes it was not possible to fully assess the new control framework nor undertake any formal compliance testing to assess the degree to which changes have been applied and adhered to.</p> <p>Based on what is being proposed Audit provided a reasonable level of assurance that the concerns previously reported are being addressed, and that exposure to risk in this area will reduce.</p>

			<p>The scope of what the task force focus should be has gone forward to the May WP 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>	
Audit reports Outstanding	<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>March: A list of outstanding reports has been formally reported by the R&C Board to Corporate SLT for action. Responses/updates are awaited, and an updated list will be a standing item on the R&C's monthly report.</p> <p>May: A list of outstanding reports has been formally reported by the R&C Board to Corporate SLT for action.</p> <p>Progress to finalise and close outstanding reports; surge effort by IA via escalation to Corporate Leadership level improved response.</p>	<p>3 reports remain outstanding:</p> <p>Lone working – work on this area is already in place</p> <p>Solcase Debts – this is being taken up by the AD Corporate Services</p> <p>Estates – this report and actions are being re-evaluated by the Service after lapse of time. Risks and actions that remain will be take up as actions.</p>
Information Governance Training	<p>The ability to monitor which staff have completed which training courses needs improvement. Decisions on mandatory training and frequency of courses needs</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 	<p>March: Policies are currently being reviewed. 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>Further update unknown – IG group due to meet in September</p>

	<p>to be decided. There is a risk that employees may not have sufficient training or awareness.</p>	<ul style="list-style-type: none"> • Ownership of training attendance to be assigned • A system for monitoring all training 	<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>May: The IG Training Needs has been developed and communicated to the IG Group.</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. Emergency procedures put in place need to be reviewed to ensure that effective governance is in place to protect Council / users etc</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 business as usual. • Gold, Silver and Bronze command were stood up to manage critical responses/issues in response to the pandemic. 	<p>Mar:: Gold command active to respond / provide resources for support within the community in relation to the Covid 19 pandemic.</p> <p>Costs associated with responding to Covid 19 pandemic captured via A separate cost centre</p> <p>Recognition 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 to claim back 75p in the £1, (subject to 95% total).</p> <p>NNDR and CTAX will continue to be a concern 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>	<p>Further update to be received</p>