

GOVERNANCE QUARTERLY UPDATE QUARTER FOUR 2020/21

9 JUNE 2021

REPORT OF CABINET MEMBER: CLLR CUTLER - DEPUTY LEADER AND
CABINET MEMBER FOR FINANCE AND SERVICE QUALITY

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WARD(S): ALL

PURPOSE

To provide members of the Audit and Governance Committee with a summary overview of the key issues in respect of governance arising during the fourth quarter of the 2020/21 financial year.

RECOMMENDATIONS:

1. That the Audit and Governance Committee notes the content of the report, the progress against the internal audit management actions and raises any issues with the cabinet member.

IMPLICATIONS:

1 COUNCIL PLAN OUTCOME

- 1.1 This summary document supports the council to be open and transparent by reporting the effectiveness of its governance framework and highlighting areas of weakness or issues of concern.

2 FINANCIAL IMPLICATIONS

- 2.1 There are no financial implications.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 There are no legal or procurement implications arising from the content of this report.

4 WORKFORCE IMPLICATIONS

- 4.1 None

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 None

6 CONSULTATION AND COMMUNICATION

- 6.1 Consultation on the content of the report has been undertaken with the Deputy Leader and Cabinet Member for Finance and Service Quality and Executive Leadership Board (ELB).

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 None

8 EQUALITY IMPACT ASSESSEMENT

- 8.1 None arising from the content of the report, although officers will have regard to the considerations as set out in the Equalities Act 2010 and whether an equality impact assessment will be required to be undertaken on any specific recommendations or future decisions made. This report is not making any decisions and is for noting and raising issues only.

9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 None

10 RISK MANAGEMENT

- 10.1 This report presents a summary update on how the council is performing against the governance processes and procedures that are in place and set

out in the Risk Policy 2021 and Local Code of Corporate Governance. Independent assurance provided by the council's internal and external auditors evidence where there are weaknesses in the council's governance arrangements and are highlighted in this report.

11 SUPPORTING INFORMATION:

- 11.1 This report sets out the summary information in respect of the fourth and final quarter of the 2020/21 financial year concerning governance.

Annual Governance Statement

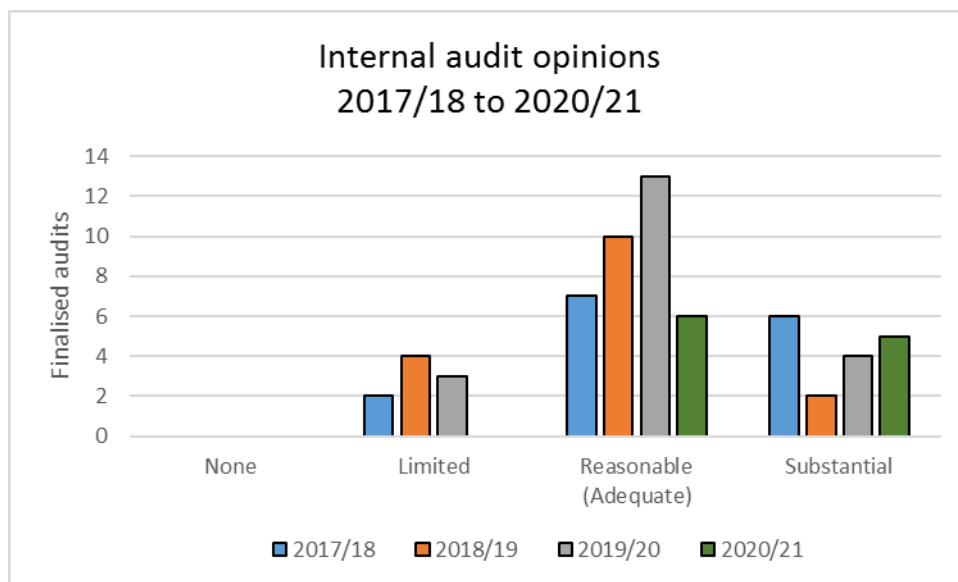
- 11.2 Progress against the actions included in the 2019/20 Annual Governance Statement is included in appendix 1 to this report.
- 11.3 The Annual Governance Statement for 2020/21 will be presented to this committee for consideration at its next meeting on 22 July 2021.

Declarations of gifts and hospitality

- 11.4 During the period of January to March 2021 (Q4), the following declarations by officers were recorded in accordance with the policy:
- One declaration of a bottle of champagne which was subsequently donated to the Mayors charities
 - Two declarations of bottles of wine
 - One bunch of flowers and a jar of marmalade
 - Small selection of confectionary
 - One Amaryllis bulb and a small box of chocolates
- 11.5 Members have accordingly each updated their register of interest forms and there was one declaration of gifts or hospitality during the Q4 period which was a bunch of flowers.

12 Internal Audit Assurance Reports

- 12.1 The graph below shows the assurance levels of the completed internal audits that were included in the 2017/18, 2018/19, 2019/20 and 2020/21 (to date) audit plans.



- 12.2 There have been no published audit reports that concluded with a 'no' assurance opinion.
- 12.3 Since the last Audit and Governance Committee meeting on 4 March 2021 there have been three internal audit reports published and these were:
- Environmental Services Contract 2020/21 – substantial assurance
 - Contract Management 2020/21 – reasonable assurance
 - Programme and Project Management 2020/21 – substantial assurance
- 12.4 Elsewhere on this committee's agenda is the Annual Internal Audit Report and Opinion 2020/21 (Report AG051 refers) which provides the Chief Internal Auditor's opinion on the adequacy and effectiveness of the council's framework of governance, risk management and control for 2020/21.

Internal Audit Management Tracking

- 12.5 Progress against the management actions included in the internal audit reports (since May 2016) are regularly reviewed by managers and Executive Leadership Board (ELB).
- 12.6 A summary table showing the status of these actions is reported on a quarterly basis. These recommendations are kept under regular review to assess where actions might become superseded or obsolete due to external or internal factors.
- 12.7 To support the committee to quickly identify where there are overdue actions the progress table on the following pages includes only those audits where there are overdue actions. It remains a priority for officers to focus on completing their actions within agreed timescales and progress continues to be made to reduce the total number of overdue actions.

- 12.8 However, the outbreak of the COVID-19 pandemic has continued to have an impact on staff capacity with a number of staff actively supporting the council's response during the last year, some almost exclusively. For these reasons there has been some slippage in the completion of a number of audit actions before their due date.
- 12.9 An additional narrative is included to the table to provide a brief explanation of the overdue audit actions and the reasons for the delay in completion including where the delay is caused by staff capacity owing to the response to the COVID-19 pandemic
- 12.10 There are currently 35 overdue audit actions with four being high priority. This is 13 more overdue audit actions than reported in March 2021.

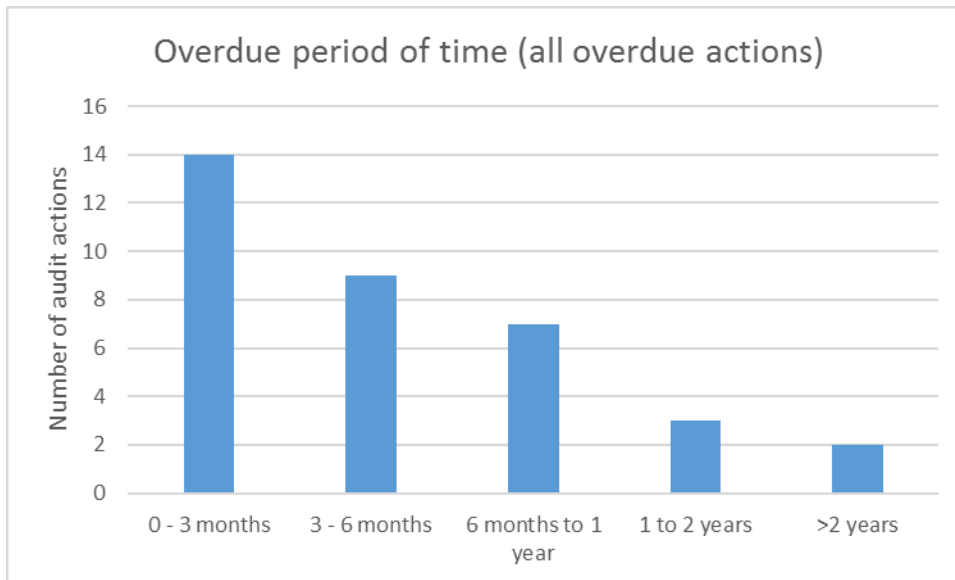
Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Management Actions ('High Priority')							
				Reported	Not Accepted	Pending	Cleared	Overdue	LOW	MEDIUM	HIGH
Hampshire Cultural Trust											
	24/05/16	SDP	Limited	3 (0)	0 (0)	0 (0)	2 (0)	1 (0)		1	
<p>Update: Progress has been made since the last meeting of this committee with a draft lease for the City Museum being forwarded to the Trust for approval. Once approved it should be possible to agree a very similar form of lease for the Westgate Museum. The proposed under lease for F2 storage area is more complex, but the agreement and completion of the museum leases should help establish the main principles involved so that this audit action can be completed.</p>											
IT Software Licensing and IT Asset Management											
	12/03/18	SDR	Adequate	3 (0)	0 (0)	0 (0)	2 (0)	1 (0)	1		
<p>Update: The council has prioritised the Windows 10 project which will provide improved security and performance, with the deployment of laptops and other mobile devices ahead of the IT Asset Management project.</p> <p>The project will be reviewed alongside resource availability and council priorities closer to completion of the Windows 10 project by Q3 21/22.</p>											
Digital Agenda											
	05/02/19	SDR	Adequate	3 (0)	0 (0)	0 (0)	2 (0)	1 (0)	1		
<p>Update: One outstanding action relating to the review of data on all council websites to ensure it is fully accessible.</p>											

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Management Actions ('High Priority')							
				Reported	Not Accepted	Pending	Cleared	Overdue	LOW	MEDIUM	HIGH
IT – Mobile Devices											
	18/07/19	SDR	Limited	5 (3)	0 (0)	0 (0)	3 (1)	2 (2)			2
<p>Update: Two overdue actions that relate to deployment of Sophos Android security technology for mobile working devices. IT have begun the phased deployment of a number of laptops to officers, following successful build and testing phase of the project and are working with a trusted Microsoft certified third party supplier, to undertake training in the new technology, Microsoft Endpoint (Intune) ahead of the deployment to all mobile devices from July 2021.</p>											
Partnerships 2019/20											
	09/09/20	SDR	Limited	12 (2)	0 (0)	1 (0)	2 (2)	10 (0)		10	
<p>Update: Progress is now being made to complete these overdue actions which are all medium priority. The overdue actions include completion of a partnership working guide for managers including best practice, development of a standard operating procedure for future partnership management followed by dissemination to the council's management forum Further actions include updating the council's partnership register to include more management information and that each partnership objectives are aligned to the Council Plan priorities to give greater transparency on areas of engagement and that a risk register is created for each partnership. The updating of the partnership register has been substantially completed with only a few responses outstanding and these are being followed up. It is expected that the register of all partnerships will be completed by the agreed revised date of July 2021. Partnership guidance documentation has drafted and will be presented to ELB later in June for approval before rolling out to officers who are involved with partnerships through the summer. An overall report on the work of the council's partnerships is planned for September 2021.</p>											

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Management Actions ('High Priority')							
				Reported	Not Accepted	Pending	Cleared	Overdue	LOW	MEDIUM	HIGH
Building Control											
	24/09/20	SDR	Reasonable	10 (0)	0 (0)	2 (0)	6 (0)	2 (0)		4	
<p>Update: Four outstanding actions. First action relates to LABC KPI data. Action not closed as team are still awaiting this data from LABC. Second action relates to a customer survey which has not taken place yet and is expected to be completed by 30 June 2021.</p> <p>A further action relates to the biennial reconciliation taking payments made within a two-week period of the Civica Financials system and checking against the Uniform database charges record</p> <p>The fourth action relates to implementation of building inspection app which will provide accurate figures for performance monitoring g purposes. Due to changes required to Uniform/ldox to enable electronic documents to be fully available on the app this has not yet been implemented. Revised due date proposed 30 June 2021</p>											
Health & Safety 2020/21											
	22/10/20	SDR	Reasonable	17 (4)	0 (0)	3 (2)	0 (0)	14 (2)		12	2
<p>Update: 14 overdue actions: 1.1 Collate current and pending risk assessments from all services. 1.2 Review all risk assessments and identify issues. 1.3 Action o/s issues identified. 2.1 Review last update 2.2 Compile accurate data and agree basis of reporting with SLT. 2.3 Agree Member reporting protocol with SLT 3.1 Review last H & S meeting notes and action. 3.2 Identify cross over with COVID H&S group. 3.3 Arrange meeting dates for H&S Group .5.1 Review existing documents and compile library reference 5.2 Identify documents for updating. 5.3 agree Action plan of when these need to be completed and who has control. 6.1 Identify inconsistencies in H & S policy 6.2 Update and amend documents.</p>											

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Management Actions ('High Priority')							
				Reported	Not Accepted	Pending	Cleared	Overdue	LOW	MEDIUM	HIGH
WCC Gas Safety 20/21											
	8/10/20	SDR	Substantial	2 (0)	0 (0)	0 (0)	0 (0)	2 (0)	2		
<p>Update: Two outstanding actions with the first to review Grenfell recommendations. Team still awaiting the formal recommendation/s from the Grenfell inquiry and nothing is likely to change on this recommendation until that happens (i.e. no change anticipated for at least 6/12 months).</p> <p>The second is to review roles and responsibilities that are included in Gas Safety Policy. This remains a low priority and does not impact on operational effectiveness.</p>											

- 12.11 Committee members previously requested a chart be included in the quarterly governance monitoring reports that shows the period of time that outstanding audit management actions have been overdue.
- 12.12 There are currently 35 overdue actions and the chart below provides details of amount of time that has lapsed since the target date for each of these actions.
- 12.13 There are six actions with due dates of 31 March 2021 and at the time of this report only just overdue. A total of 14 actions are overdue by three months or less and the majority of these actions relate to the Health and Safety audit



- 12.14 The chart above shows there are two management actions overdue by more than two years. The oldest action relates to the audit that reviewed the transfer between the council and the Hampshire Cultural Trust and was issued in May 2016. Progress has been made since the last meeting of this committee with a draft lease forwarded to the Cultural Trust for the City Museum for consideration and approval. Once agreed this will set the way forward for a similar lease to be drafted for the Westgate Museum.
- 12.15 The second action overdue by more than two years relates to the IT Software Licensing and Asset Management audit and migration to new asset management software. The continuing impact of COVID-19 on IT staff capacity who are supporting both remote working and the council's critical services, has delayed any further progress on this project. The IT shared service plan is to review all projects in Q3 21/22 or earlier, dependent on the continuing impact of the virus on the team's capacity.

Risk Management

- 12.16 Following approval of the council Risk Management Policy 2021/22 by Cabinet on 10 March (Report CAB3245 refers) workshops took place in May

with Executive Leadership Board, corporate heads of service, senior managers and report authors.

12.17 The learning outcomes of the workshops were to help attendees to:

- Better understand their responsibilities under the council's risk policy
- Better appreciate how to risk-assess an activity / decision
- Feel more confident in how to quantify risk
- Be aware of how to capture risk assessment outcomes and explain how you will minimise and mitigate risks in a risk assessment
- Be more confident to complete the risk section of the corporate report template
- Know where to go for more help if needed

12.18 A poll taken at the beginning and end of each workshop has evidenced that attendee's confidence to identify, assess and manage risk has increased as had their understanding of the council's risks management framework.

12.19 Internal Audit has recently begun a review of the council's risk management arrangements and is included in the 2021/22 Audit Programme. The objective of the audit is to ensure that:

- Management and operational responsibilities are clearly defined and supported by documented policies and procedures
- Corporate and operational risks have been identified, assessed and documented, with risk registers being regularly reviewed, monitored and updated
- Controls to manage the risks identified are in place and documented, and are monitored regularly to ensure that continued reliance can be placed on them
- Risk management activities are regularly reported to senior management and members.

12.20 An update for members on the outcome of the internal audit will be provided to this committee once the internal audit has been completed and the final report issued.

Code of Conduct Complaints

12.21 The Audit and Governance Committee has two sub-committees including the Standards Sub-Committee, whose purpose is to consider investigation reports, in respect of Code of Conduct Complaints, that have been referred to it by the Monitoring Officer.

12.22 Appendix 2 provides brief details of the Code of Conduct complaints that have been received and where the assessment (or investigation) into the complaint has concluded, a brief update on the outcome.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

AG040 Governance Quarterly update Q3 2020/21, 4 March 2021

Other Background Documents:-

None

APPENDICES

Appendix 1 – Annual Governance Statement 2020/21 – progress update

Appendix 2 – Code of Conduct complaints

Annual Governance Statement 2019/20 – Action Plan update – May 2021

No.	Issue	Actions	Progress Update	Lead Officer	Target Date	Current Status
1.	Partnership working – the need to ensure that the council maintains effective partnership working	Review partnerships to ensure all required documents are in place and up to date	The partnership register has been substantially completed with some outstanding responses being followed up. The register will be complete by the agreed revised target date of July 2021.	Corporate Head of Engagement	September 2020	RED
		Annual report covering the performance of key partnerships scheduled to be considered at The Scrutiny Committee.	An overall report on partnerships is being prepared for September 2021.	Corporate Head of Engagement	September 2020	RED
		Complete Partnership Working Guide for Managers	Draft guidance has been produced and will be presented to ELB for consideration mid-June for approval and sign off	Corporate Head of Engagement	September 2020	RED
2.	Business Continuity - ensuring that the council has robust and adequate plans in place to maintain business critical services following the event of a crisis or disruption affecting its operations	Review of business continuity framework and response to COVID-19 pandemic by internal audit	Audit completed late summer 2020 and concluded with Substantial Assurance and no weaknesses identified.	Senior Policy & Programme Manager	31 August 2020	Complete
		Business Continuity training plans developed and testing scheduled	Training programme for staff working in business critical services completed.	Senior Policy & Programme Manager	31 December 2020	Complete

No.	Issue	Actions	Progress Update	Lead Officer	Target Date	Current Status
3.	Equality Impact Assessments (EqIA) reviewing the current arrangements in place ensuring the council meets the requirements of the Equalities Act 2010	Review and update current EqIA guidance and templates and brief out to staff ensuring that the council meets the requirements of the Equalities Act 2010	A revised corporate approach to implementation of the public sector equality duty will be presented to this committee at its next meeting on 22 July 2021.	Service Lead – Legal	30 September 2020	Complete
4.	Restoration & Recovery Plan – COVID-19 to develop and implement a full Restoration and Recovery Plan for the ongoing provision of council services	Detailed report to Cabinet that sets out the council's high level restoration and recovery approach/ high level plans.	COVID-19 Restoration and Recovery Plan included with Responding to the Coronavirus outbreak report presented to cabinet on 21 May 2020 (report CAB3244 refers)	COVID-19 GOLD Group	May 2020	Complete
		Develop and implement a full restoration and recovery plan that takes into consideration the impacts on council services from the COVID-19 pandemic.	Corporate heads of service have completed updating their service plans for 2021/22 and include relevant restoration and recovery actions.	Executive Leadership Board	30 October 2020 (plans approved)	Complete
5.	Finance Recovery Plan – COVID-19 review the council's Medium Term Financial Strategy and the financial impact of COVID-19 ensuring that the a balanced budget is maintained	Full review of the impact of the COVID-19 pandemic on the council's finances and an updated budget for 2020/21 taking in revised projections approved.	Revised budget for 2019/20 considered by Scrutiny Committee on 7 September and approved by Council on 23 September 2020 (report CAB3246 refers). Budget for 2021/22 approved by council on 24 February 2021	Strategic Director: Services (S151 Officer)	September 2020	Complete

Code of conduct complaints

- A. Code of Conduct Complaints received by office of the Monitoring Officer since previous meeting of Audit & Governance Committee and update of those previously reported - as at **28 May 2021**

Date contact first made with Monitoring Officer	Complaint against district or parish/town councillor	Details
26 June 2020	District Councillor	On hold by the Monitoring Officer.
30 September 2020	District Councillor	Complaint received 30 September 2020 which is under assessment by the Monitoring Officer.
5 October 2020	Parish/Town Councillor	Previous complaint submitted 8 September 2020 and then withdrawn and resubmitted 5 October 2020. Currently under investigation. *
5 November 2020	District Councillors	Under assessment by Monitoring Officer and Independent Person.
11 February 2021	District Councillors	Under assessment by Monitoring Officer and Independent Person
25 March 2021	Parish Councillor	Under assessment by Monitoring Officer and Independent Person

* A further 12 related complaints received since October 2020, over the course of the investigation.

- B. Issues raised and discussed with the office of the Monitoring Officer since the previous meeting of Audit & Governance Committee - as at **28 May 2021**

	Number of issues raised	Comments
District Councillors	6 issues raised by email or phone	None have led to receipt of complaint to date.
Parish/Town Councillors	3 issues raised by email or phone	None have led to receipt of complaint to date.