

REPORT TITLE: GOVERNANCE QUARTERLY UPDATE – Q2 2021/22

16 DECEMBER 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 second quarter of the 2021/22 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
2. That the Audit and Governance Committee reviews the Corporate Risk Register and as per the Risk Management Policy notes the activity undertaken managing the corporate risks during the quarter.

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 members of the 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 required.

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 Management 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.

- 10.2 A copy of the Corporate Risk Register as at 4 November 2021 is appended to this report and sets out the corporate risks; the original risk rating, the current controls in place to mitigate each risk; and the residual risk exposure.

11 SUPPORTING INFORMATION:

- 11.1 This report sets out the summary information in respect of the second quarter of the 2021/22 financial year concerning governance.

Annual Governance Statement

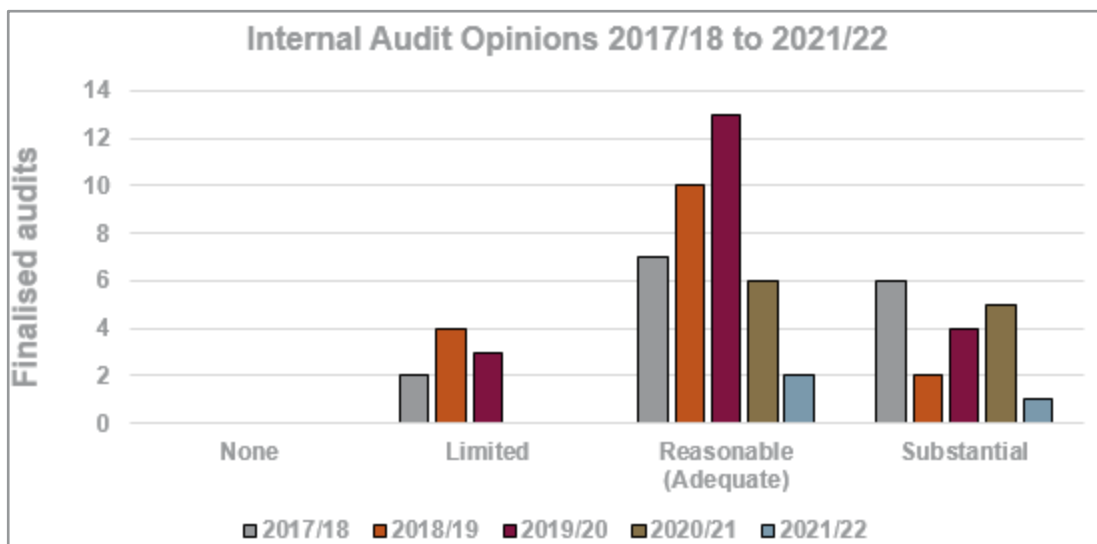
- 11.2 Progress against the actions included in the 2020/21 Annual Governance Statement is included in appendix 1 to this report.

Declarations of gifts and hospitality

- 11.3 During the period of 1 July 2021 to 30 September 2021, there were no declarations of gifts and hospitality made by officers.
- 11.4 Members regularly update their register of interest forms and there were no declarations of gifts or hospitality over the value of £50 during the period of 1 July 2021 to 30 September 2021.

12 INTERNAL AUDIT ASSURANCE REPORTS

- 12.1 The graph below shows the assurance levels of the completed internal audits that were included in the audit plans in the years 2017/18 to the current year; 2021/22.



- 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 22 July 2021 there have been three internal audit reports finalised and issued:
- IT Business Continuity and Disaster Recovery Planning 2020/21 (Reasonable Assurance)
 - WCC Risk Management 2021/22 (Reasonable Assurance)
 - Strategic Planning & Performance Management (Substantial Assurance)

Internal Audit Management Tracking

- 12.4 Progress against the management actions included in the internal audit reports (since May 2016) are regularly reviewed by managers and Executive Leadership Board (ELB).
- 12.5 A summary table showing the status of these actions is reported on a quarterly basis. These management actions are kept under regular review to assess where actions might become superseded or obsolete due to external or internal factors.
- 12.6 The outbreak of the COVID-19 pandemic has had an impact on staff capacity with a number of staff actively supporting the council's response during the previous 18 months, some at times almost exclusively. For these reasons there has been some slippage in the completion before due date of a number of audit actions.
- 12.7 To assist member's understanding an additional narrative is included in the table to provide a brief explanation of the progress being made against the overdue audit actions and the reasons for the delay in completion, including

where the delay is caused by reduced staff capacity owing to the response to the COVID-19 pandemic.

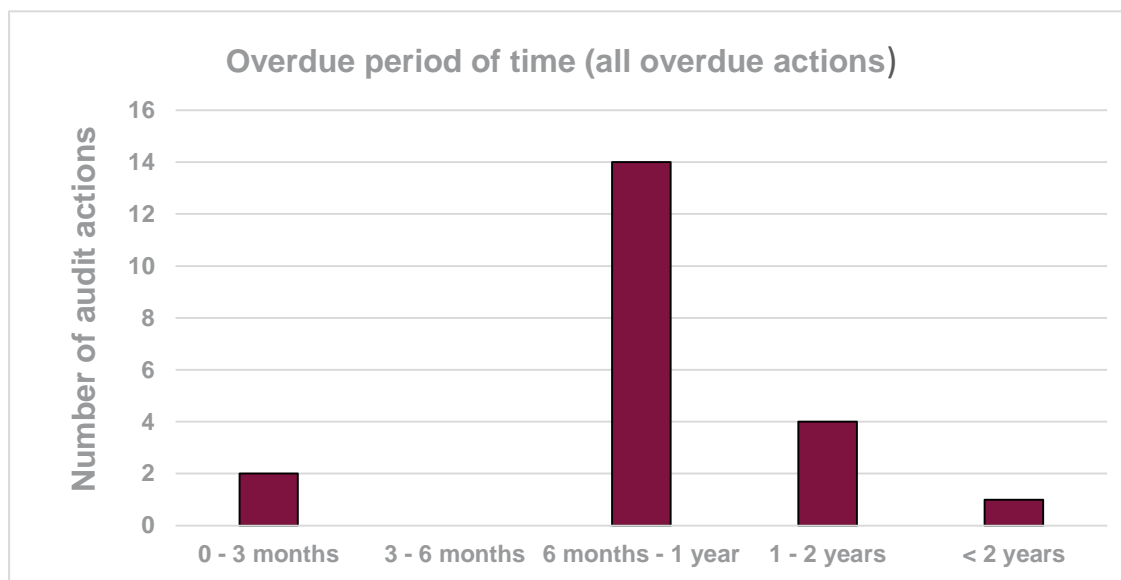
- 12.8 There are currently 21 overdue audit actions with two being high priority. This is eight overdue audit actions less than reported in July 2021. The number of overdue high priority actions remains the same at two.

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Management Actions ('High Priority')					LOW	MEDIUM	HIGH
				Reported	Not Accepted	Pending	Cleared	Overdue			
Hampshire Cultural Trust	24/05/16	SDP	Limited	3 (0)	0 (0)	0 (0)	2 (0)	1 (0)			
<p>Progress update: The overdue action relates to the signing by the Council and Hampshire Cultural Trust, leases for the City and Westgate museums. Engrossed leases for the two Museums (City and Westgate) were sent to Hampshire Cultural Trusts' solicitors in preparation for completion. The lease for the Winchester City Museum has been returned and was completed on 22 September 2021. The completion of the lease for the Westgate Museum is with the Hampshire Cultural Trust solicitors for execution.</p>									1		
Partnerships 19/20	09/09/20	SDR	Limited	12 (2)	0 (0)	0 (0)	7 (2)	5 (0)			
<p>Progress update: There are currently five overdue actions and these are being progressed by the Corporate Head of Community & Engagement. A briefing was given to senior managers on 4 November setting out guidance for partnership lead officers including how to understand who our partnerships are, how they are governed, the value they provide and the benefits they bring to the council and the communities of the Winchester district.</p> <p>The creation of a partnership performance reporting framework aligned to the Council Plan priorities and update of the partnership register including an annual assessment as to continued benefit / appropriateness will be reviewed at the end of the 2021/22 financial year.</p>									5		
Building Control	24/09/20	SDR	Reasonable	10 (0)	0 (0)	2 (0)	7 (0)	1 (0)			
<p>Progress update: One overdue outstanding action relating to carrying out a survey relating to KPI 06 owing to reduced management staffing within Building Control Team. Revised deadline for completion is January 2022.</p>									1		

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Management Actions ('High Priority')					LOW	MEDIUM	HIGH
				Reported	Not Accepted	Pending	Cleared	Overdue			
Health and Safety 20/21	22/10/20	SDR	Reasonable	17 (4)	0 (0)	0 (0)	6 (2)	11 (2)			
Progress update: The new Health and Safety Advisor commenced in post on 21 October and priorities include addressing the weaknesses identified as part of the internal audit review and completing the agreed management actions. Further information is given in paragraph 12.13 below									9	2	
WCC Gas Safety 2020/21	08/10/20	SDR	Substantial	2 (0)	0 (0)	0 (0)	1 (0)	1 (0)			
Progress update: Currently one overdue outstanding action which is to review roles and responsibilities in the Gas Safety Policy. Owing to pressures last year in respect of adjusting gas safety services for tenants in line with government COVID-19 safety rules and resulting impact on staff capacity the document has not be finalised but will be completed and in place by the end of February 2022.									1		
Contract Management	26/05/21	SDR	Reasonable	6 (0)	0 (0)	2 (0)	2 (0)	2 (0)			
Progress update: The first overdue action relates to exploring options to create centralised e-storage solutions for contracts which is unlikely to have been completed until the end of the year and dependent upon the roll-out of the updated version of SharePoint. Owing to the volume of medium risk contracts and reduced resources within the procurement team, a staggered approach is now being taken to the second action over a three month period and this will start in December. This action relates to supporting managers of medium risk contracts to undertake a self-assessment of their contract management activity against the requirements of the contract management framework to identify any gaps.									1	1	

12.9 Of the 21 overdue actions as at 5 November 2021, there were two actions that are overdue by three months or less.

12.10 A total of eleven of the overdue actions relate to the Health and Safety audit including the two high priority actions for which an update is provided at



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12.11 Since the last meeting of this Committee in July, a number of actions that were included in the Partnerships audit have now been completed and there are only five outstanding overdue actions.

12.12 The chart above shows there is one management action overdue by more than two years. This 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. Engrossed leases for the City Museum has been signed and the lease for the Westgate Museum has been sent to Hampshire Cultural Trust solicitors in preparation for completion.

Health & Safety

12.13 An internal audit review to assess the effectiveness of controls in place focusing on those designed to mitigate risk through the management and

monitoring of health and safety arrangements concluded with a reasonable assurance opinion and that generally there was a sound system of governance, risk management and control in place.

- 12.14 Responding to the observations arising from the audit review were 17 management actions, of which four actions were assessed as being high priority.
- 12.15 The final audit report was issued at the time the post of Health and Safety Advisor was vacant and from 1 April 2021 responsibility for Health and Safety was transferred from Organisational Development to the Public Protection Team.
- 12.16 The council's new Corporate Health & Safety Advisor started in post on 21 October and has been familiarising herself with the work of the council and prioritising the management actions that will address the weaknesses identified in the internal audit review.
- 12.17 These actions, which were briefed out to senior managers on 4 November include:
- Setting up and holding health and safety group meetings, with the first meeting scheduled for 9 December.
 - Review and update contact details of risks assessors for each service, has now been completed.
 - Undertaking risk assessment training for risk assessors before Christmas. Initial training scheduled for 7 December
 - Review and update the Corporate Health & Safety Policy
 - Update the Health & Safety Management Action Plan
- 12.18 With the Corporate Health & Safety Advisor now in post it is anticipated that the overdue internal audit actions will have been completed before the next meeting of this Committee.

Business Continuity

- 12.19 Since the internal audit review of business continuity arrangements in September 2020, which received a substantial assurance opinion and no weaknesses identified, a significant amount of work has been undertaken by the Policy team this year to ensure that the council maintains a robust and resilient business continuity provision and that this level of assurance can be upheld.
- 12.20 Following the introduction of an updated business impact analysis tool (BIA) in the summer of 2020 that assessed which council services were business critical, all service areas have been reassessed in 2021 to take into account organisational and service provision changes.

- 12.21 A 'lessons learnt' document was put in place in summer 2020 to capture learning points identified during the COVID-19 pandemic as well as actions taken which are deemed to have worked well. These actions have been incorporated into the business continuity plans during the annual review in 2021.
- 12.22 The business continuity training programme took place 26 February - 14 May 2021 and was attended by managers and staff who are named in the business continuity plans for the 14 business critical services. The aim of the training was to validate the business continuity plans for business critical services and to test the plans to ensure:
- That they are fit for purpose
 - That key contacts are familiar with the plans' content, in particular:
 - What individual roles and responsibilities are
 - And what they need to do to invoke the plan during an incident.
- 12.23 A report summarising the work that had been undertaken earlier in the year, including the updated business critical business continuity plans was endorsed by Executive Leadership Board (ELB) on 6 October 2021.
- 12.24 A business continuity work programme for 2022 was also considered and endorsed at the same ELB meeting.

Internal Audit Plan

- 12.25 Owing to the ongoing pressures presented by the COVID-19 pandemic and to continue to prioritise resources and relieve pressures on some teams, it is considered that in some service areas there is not sufficient officer capacity to facilitate the conclusion of the originally agreed Internal Audit Plan for 2021-22. At the request of the council's S151 and Monitoring Officer's, the Deputy Head of SIAP has been asked to review and reassess the agreed Internal Audit Plan to determine the minimum coverage required to still enable provision of an annual opinion for the current financial year.
- 12.26 It should be recognised that the professional and regulatory expectations on local government bodies to ensure that their internal audit arrangements conform with PSIAS have not changed. In this difficult situation, heads of internal audit still need to consider whether they can issue an annual opinion or whether there will need to be a limitation of scope. The primary consequence of not providing an annual opinion or doing so but with a limitation of scope is that the leadership team and those charged with governance do not receive independent assurance that the framework of governance, risk management and control is adequate and effective. Without this assurance the organisation should consider the risk of significant control weaknesses, inefficiencies or poor performance remaining unidentified. In addition, opportunities for improvement may be lost.

12.27 The internal audit plan is by its nature risk-based focusing on the key risk faced by the organisation therefore dilution to the plan is not sustainable in the long term.

12.28 The revised plan is detailed in the 'rolling work programme' with proposed adjustments to the plan outlined in Annex 1 of the Internal Audit Progress Report (Appendix 2 of this report). The Deputy Head of SIAP considers that sufficient work will have been carried out to provide an opinion on the councils framework of governance, risk and internal control for 2021-22, however, any further dilution of the plan will jeopardise this position.

Risk Management

12.29 The council's Risk Management Policy 2021/22 sets out a timetable for this committee to review the policy and corporate risks (section 11 of the Risk Management Policy).

12.30 Included in the timetable, referred to as being during the autumn, this committee is asked to review the corporate risks that are included on the register.

12.31 Attached as appendix 4 to this report is the Corporate Risk Register as of 4 November 2021. Since the last quarterly report ELB have reviewed in-depth the risks, associated risk ratings and current controls.

12.32 The table below provides an overview of the current corporate risks and the updates and amends made over the last quarter:

Reference	Risk Description	Update / Amend
CR001	Having capacity to deliver services and priorities	<p>Updated to reflect the additional pressure that responding to COVID is having on capacity. Additional controls added.</p> <p>The risk before controls has been reviewed and the likelihood reassessed as 'unlikely' from 'highly unlikely'.</p>
CR003	Challenges to decisions due to a lack of strong evidence base	<p>Updated to recognise the impact that lack of consultation or engagement with ward members and/or parish council's over local issues could have</p> <p>Updated to include risks related specifically to major projects</p> <p>Procedural error in statutory processes added as a potential 'what might go wrong'.</p> <p>The risk before controls, has been reviewed and the likelihood reassessed as 'likely' from</p>

Reference	Risk Description	Update / Amend
		<p>'highly unlikely'.</p> <p>The risk after controls has been reviewed and the likelihood reassessed as 'unlikely' from 'highly unlikely'.</p>
CR004	Failure to have in place robust business continuity plans to maintain and recover services after a major incident	The risk before controls, has been reviewed and the likelihood reassessed as 'unlikely' from 'highly unlikely'.
CR006	Failure of Effective partnership working	Internal Controls updated to reflect that the Partnership Group is now established.
CR007	Financial stability and balanced budget	Current controls updated to amend reference to Outcome Based Budgeting approach to Medium Term Financial Strategy.
CR008	Strategic planning for future housing	No amends made
CR009	Failure in Cyber security	<p>Risk description updated to clarify that this risk is a <i>failure</i> in Cyber security.</p> <p>Insurance for potential losses for a cyber-attack has been added as a current control.</p> <p>The risk after controls has been reviewed and the likelihood reassessed as 'highly unlikely' from 'unlikely'.</p>
CR010	Responding to the Climate Emergency	Current controls updated to include the council's Annual report on progress made against the Carbon Neutrality Action Plan (CNAP) and £15mil allocated from HRA to support carbon neutrality.
CR011	Lack of preparedness and incapability to respond to events caused by climate change	This is a new risk added in response to the increase in frequency and severity of events caused by climate change.

- 12.33 In addition to a comprehensive review of the Corporate Risk Register, risk management training has taken place with 35 officers from across Executive Leadership Board (ELB), Senior Leadership Team (SLT) and wider Management Forum attending.
- 12.34 The recent Risk Management Audit conducted by Southern Internal Audit Partnership (SIAP) received 'reasonable' assurance opinion.

Code of Conduct Complaints

- 12.35 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.
- 12.36 Appendix 3 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:-

AG054 Governance Quarterly update Q1 2021/22, 22 July 2021

Other Background Documents:-

None

APPENDICES:

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

Appendix 2 – Internal Audit Progress Report

Appendix 3 – Code of Conduct complaints

Appendix 4 – Corporate Risk Register 2021/22 – as at 4 November 2021

Annual Governance Statement 2020/21 – Action Plan update – November 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	Initial partnership register is complete. Second stage review of documentation due by December 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 and will be completed by end March 2022.	Corporate Head of Engagement	September 2020	RED
		Complete Partnership Working Guide for Managers	Partnership Working Guide for managers has been produced and presented to ELB for approval and is now signed off.	Corporate Head of Engagement	September 2020	COMPLETE
3.	Equality Impact Assessments (EqIA) reviewing the current arrangements in place to enable the council to meet the requirements of the Equalities Act 2010	Review and update current EqIA policy, guidance and templates and brief out to staff ensuring that the council meets the requirements of the Equalities Act 2010	Refreshed EqIA policy presented to ELB on 10 November alongside action plan and template and is also on this Committee's agenda for consideration. Report AG067 refers. Updated Policy to be considered for adoption at Cabinet on 25 January 2022 with officer training taking place before	Service Lead – Legal	30 September 2021	RED

No.	Issue	Actions	Progress Update	Lead Officer	Target Date	Current Status
			implementation from 1 April 2022			

Internal Audit Progress Report 2021/22

19 November 2021

Winchester City Council



**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

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1. Role of Internal Audit

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body 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.’

The standards for ‘proper practices’ are laid down in the Public Sector Internal Audit Standards [the Standards – updated 2017].

The role of internal audit is best summarised through its definition within the Standards, as an:

‘Independent, objective assurance and consulting activity designed to add value and improve an organisations’ operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes’.

Winchester City Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

The Council’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisations’ objectives.

2. Purpose of report

In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

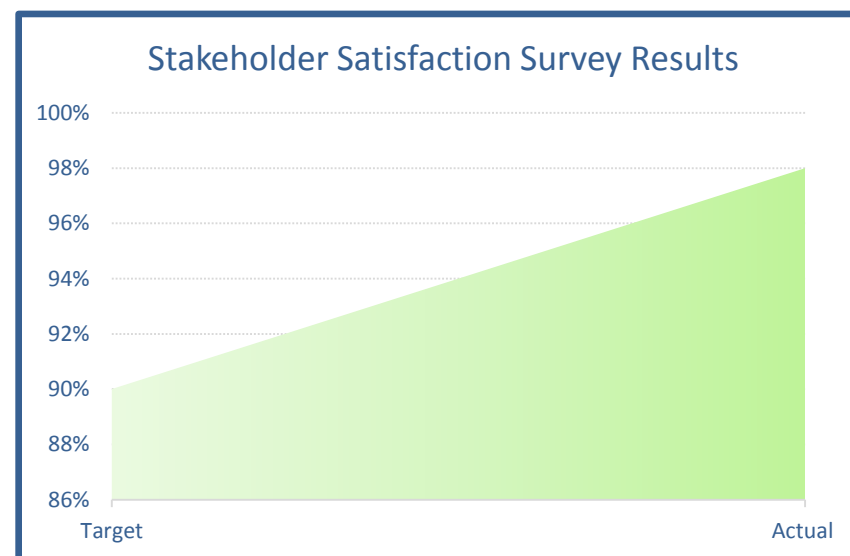
- The status of ‘live’ internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Chief Internal Auditor’s annual opinion.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. The assurance opinions are categorised as follows:

Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

** Some reports listed within this progress report (pre 2020-21 audit plan) refer to categorisations used by SIAP prior to the adoption of the CIPFA standard definitions, reference is provided at Annex 2.*

3. Performance dashboard



Compliance with Public Sector Internal Audit Standards

An External Quality Assessment of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2020. The report concluded:

'The mandatory elements of the International Professional Practices Framework (IPPF) include the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards. There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles.

It is our view that the Southern Internal Audit Partnership conforms to all 64 of these principles.

We have also reviewed SIAP conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN).

We are pleased to report that SIAP conform with all relevant, associated elements.'

4. Analysis of 'Live' audit reviews

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Total Management Action(s)	Not Yet Due	Complete	Overdue		
							L	M	H
Hampshire Cultural Trust	May 16	SDP	Limited **	3	0	2		1	
IT Software Licensing and IT Asset Management *	Mar 18	SDR	Adequate **	3	0	3			
Digital Agenda *	Feb 19	SDR	Adequate **	3	0	3			
Working in Partnership	Sep 20	SDR	Limited **	12	0	7		5	
Building Control	Sep 20	SDR	Reasonable	10	2	7		1	
Housing Asset Management – Gas Safety	Oct 20	SDS	Substantial	2	0	1	1		
Health and Safety	Oct 20	SDP	Reasonable	17	0	6		9	2
Accounts Receivable *	Nov 20	SDR	Reasonable	3	0	3			
Capital Programme and Monitoring	Feb 21	SDS	Reasonable	4	2	2			
Secure e-mail *	Feb 21	SDR	Reasonable	13	0	13			
Programme & Project Management *	May 21	SDR	Substantial	1	0	1			
Contract Management	May 21	SDR	Reasonable	6	2	2	1	1	
(IT) Patch Management *	Jun 21	SDR	Reasonable	5	0	5			
ICT Business Continuity	Jul 21	SDR	Reasonable	4	4	0			
Risk Management *	Sep 21	SDR	Reasonable	7	0	7			
Total							2	17	2

* Denotes audits where all actions have been completed since the last progress report.

** The reports listed (pre 2020-21 audit plan) refer to categorisations used by SIAP prior to the adoption of the CIPFA standard definitions, reference is provided at Annex 2.

Audit Sponsor (Director)	
Chief Executive	CX
Strategic Director - Resources	SDR
Strategic Director - Services	SDS
Strategic Director – Place	SDP

5. Executive Summaries of reports published concluding a ‘Limited’ or ‘No’ assurance opinion

There have been no ‘Limited’ or ‘No’ Assurance opinion reports issued as part of the 2021-22 audit work. The findings from the Information Governance – Record Retention (Limited Assurance opinion report as shown below in section 7 of this progress report) were included within the 2020-21 Annual Internal Audit Report and Opinion reported to the Audit and Governance Committee in June 2021 (AG051).

6. Planning & Resourcing

The internal audit plan for 2021-22 was approved by the Council’s Management Team and the Audit and Governance Committee in March 2021.

Due to the ongoing pressures presented by the COVID-19 pandemic Winchester City Council have concluded that in prioritisation of their resources and to relieve pressure on some teams, they do not feel they have sufficient officer capacity to facilitate the conclusion of the originally agreed Internal Audit Plan for 2021-22. At the request of the Council’s S151 and Monitoring Officers, the Deputy Head of SIAP has been asked to review and reassess the agreed Internal Audit Plan to determine the minimum coverage required to still enable provision of an annual opinion for the current financial year.

It should be recognised that the professional and regulatory expectations on local government bodies to ensure that their internal audit arrangements conform with PSIAS have not changed. In this difficult situation, heads of internal audit still need to consider whether they can issue an annual opinion or whether there will need to be a limitation of scope. The primary consequence of not providing an annual opinion or doing so but with a limitation of scope is that the leadership team and those charged with governance do not receive independent assurance that the framework of governance, risk management and control is adequate and effective. Without this assurance the organisation should consider the risk of significant control weaknesses, inefficiencies or poor performance remaining unidentified. In addition, opportunities for improvement may be lost.

The internal audit plan is by its nature risk-based focusing on the key risk faced by the organisation therefore dilution to the plan is not sustainable in the long term.

The revised plan is detailed in the 'rolling work programme' below with proposed adjustments to the plan outlined in Annex 1. The Deputy Head of SIAP feels that sufficient work will have been carried out to provide an opinion on the Councils framework of governance, risk and internal control for 2021-22, however, any further dilution of the plan will jeopardise this position.

7. Rolling Work Programme

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Carry Forward – Included within 2020-21 annual report and opinion								
Information Governance – Records Management	SDR	✓	✓	✓	May 21		Limited	
2021-22								
Strategic / Governance Reviews								
Strategic Planning and Performance Management	SDR	✓	✓	✓	Sep 21	Oct 21	Substantial	
Programme & Project Management – Use of Consultants on Major Projects	SDR	✓	✓	✓				
Economic Development – High Streets Priority Plan	SDS	✓	✓	✓				
Risk Management	SDR	✓	✓	✓	Aug 21	Sep 21	Reasonable	
Contract Management – Leisure Centre	SDP	✓						
Fraud Framework - NFI	SDR	n/a	n/a	✓				On-going
Human Resources – Employee Wellbeing	SDR	✓	✓	✓				
Core Financial Systems								
NNDR	SDS	✓	✓	✓				
Overtime and Expenses	SDS	✓	✓	✓	Oct 21			
Information Technology								
Cyber Security	SDR	✓	✓	✓	Oct 21			
ICT Business Continuity	SDR	✓	✓	✓	Jun 21	Jul 21	Reasonable	

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Incident and Problem Management	SDR	✓	✓	✓	Nov 21			
User Lifecycle & Access Management	SDR	✓	✓					
Service / Operational Reviews								
Housing - Leaseholder Management	SDS	✓	✓					
Disabled Facilities Grants	SDS	✓	✓	✓	Nov 21			
Land Registry / Charges	SDS	✓	✓	✓				
Certification Audits								
Bus Service Operator Grant	SDS	✓	n/a	✓	n/a	✓	n/a	Grant certification.
Mayor's Charity Account	SDS	✓	n/a	✓	n/a	✓	n/a	Certification audit.

Annex 1 - Adjustments to the plan

Audit reviews added to the plan (included in rolling work programme above)	Comment
None	

Audit reviews removed from the plan (excluded from rolling work programme)	Comment
Working in Partnership *	Postpone the audit until all management actions identified during the review finalised in September 2020 have been implemented and become embedded.
Energy Management / Climate Emergency / Green Agenda *	Defer the review at the request of the Council to relieve pressure on officers / pending further progress with the Carbon Neutrality plan.
Asset Management (Corporate Estate) *	Defer the review at the request of the Council to relieve pressure on officers / pending further progress with the Carbon Neutrality plan.
Information Governance *	Defer the review at the request of the Council to relieve pressure on officers / pending implementation of actions to address the issues identified in the 2020-21 Information Governance – Records Management (Limited Assurance) review. 2019-20 Information Governance – FOI concluded with an ‘Adequate Assurance’ Opinion with all management actions completed.
User Lifecycle & Access Management or Asset Management*	Defer one review (TBC) at the request of the Council to relieve pressure on officers. 2017-18 review of IT Software Licensing and IT Asset Management concluded with an ‘Adequate Assurance’ Opinion with all management actions completed.
Open spaces *	Defer the review at the request of the Council to relieve pressure on officers.

* Proposed December 2021

Annex 2 - Assurance opinions and definitions used by SIAP prior to adoption of the CIPFA standard definitions

As from April 2020 CIPFA guidance recommends a standard set of assurance opinions and supporting definitions for internal audit service providers across the public sector.

To ensure SIAP continue to conform to the best practice principles, the standard definitions were adopted for our 2020-21 work and moving forwards.

There remain some residual reviews detailed within Section 4 of this report that refer to SIAPs former assurance ratings which are detail below.

Substantial	A sound framework of internal control is in place and operating effectively. No risks to the achievement of system objectives have been identified
Adequate	Basically a sound framework of internal control with opportunities to improve controls and / or compliance with the control framework. No significant risks to the achievement of system objectives have been identified
Limited	Significant weakness identified in the framework of internal control and / or compliance with the control framework which could place the achievement of system objectives at risk
No	Fundamental weaknesses identified in the framework of internal control or the framework is ineffective or absent with significant risk to the achievement of system objectives.

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 **30 September 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 sufficient information to progress 11 November 2020. Standards hearing being arranged.
5 October 2020	Parish Councillors	Previous complaint submitted 8 September 2020 and then withdrawn and resubmitted 5 October 2020. Investigation report under final data protection review.
5 November 2020	District Councillors	Under investigation by Monitoring Officer.
11 February 2021	District Councillors	Investigation being finalised by Monitoring Officer
25 March 2021	Parish Councillor	Under assessment by Independent Person
10 August 2021	District Councillor	Under assessment by Monitoring Officer
8 September 2021	Parish Councillor	Under assessment by Monitoring Officer
8 November 2021	Parish Council	Under assessment by Independent Person
13 November 2021	Parish Councillor	Under assessment by Monitoring Officer

Date contact first made with Monitoring Officer	Complaint against district or parish/town councillor	Details
26 November 2021	City Council	Under assessment by Independent Person

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

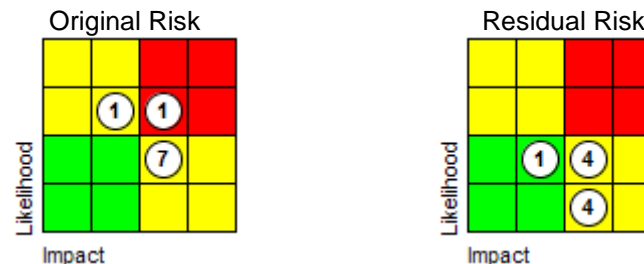
B. Issues raised and discussed with the office of the Monitoring Officer since the previous meeting of Audit & Governance Committee - as at **30 September 2021**

	Number of issues raised	Comments
District Councillors	1 issues raised by email or phone	None have led to receipt of complaint to date.
Parish/Town Councillors	8 issues raised by email or phone	None have led to receipt of complaint to date.

Corporate Risk Register 2021/22

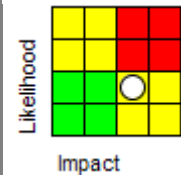
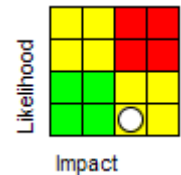
As at 4 November 2021

Summary Heat maps for all corporate risks:



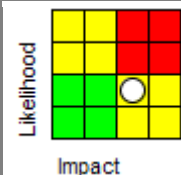
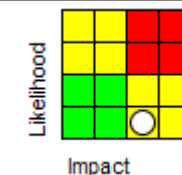
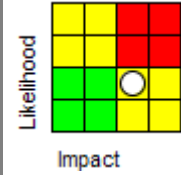
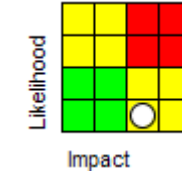
*Original risk is the risk without any controls (i.e. initial risk)

**Residual risk is the risk remaining with the current controls (risk controls) in place

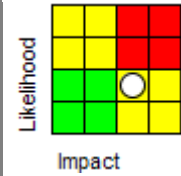
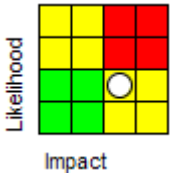
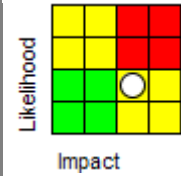
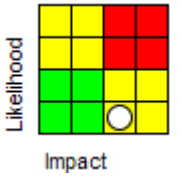
Code	Risk Description	Risk Owner	What might go wrong?	What will happen?	*Original Risk Rating	Current Controls	**Residual Risk
CR001	Given competing demands and multiple complex priorities, the risk is that the council does not maintain capacity to deliver services	Chief Executive	<p>Ambitious council plan with multiple strands of activity</p> <p>Staff resources are lean and teams are working at capacity to deliver services at current levels of demand</p> <p>Outbreak of a pandemic that increases the pressure to continue to provide critical services as well as respond to the needs of residents and businesses affected by the pandemic</p>	<p>If decision making is slow, delays occur and potentially available resources are redeployed or become unavailable if they are externally sourced</p> <p>Implementation of business continuity plan to target work in critical areas in cases of staff shortage</p> <p>If staff lack political awareness, middle managers will be slow to redeploy resource to current priorities</p>		<p>Council Plan is distilled into key priorities by service. If capacity becomes an issue, prioritisation of activity is in place</p> <p>Checks in place to ensure proactive approach to communications internal and external</p> <p>Flexible working arrangements to enable staff to balance home/work commitments</p> <p>Annual Service Planning</p>	

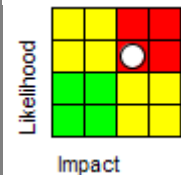
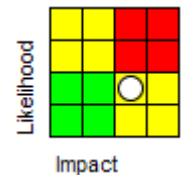
Code	Risk Description	Risk Owner	What might go wrong?	What will happen?	*Original Risk Rating	Current Controls	**Residual Risk
			<p>Cultural desire to 'go the extra mile' leading to additional strain on resources and potential errors</p> <p>Competition from the private sector for key staff roles e.g. planning, project management</p> <p>Officers not sensitive to the political reality and perhaps focus on 'old' priorities</p> <p>Decision making can be slow</p> <p>Middle management too rule driven and need to be more responsive</p> <p>Reluctance to "just do it"</p> <p>Tension between day-to-day and strategic priorities</p> <p>Key skills not in the right place</p>	<p>If staff are diverted then they can't deliver on other lower-level priorities or day-to-day things</p> <p>Reputation is damaged as the council is not seen to be able to complete projects</p> <p>Local members are not always kept informed of activity in their area</p> <p>Unable to deliver key council services</p>		<p>Regular meetings with relevant cabinet members</p> <p>Positive use of fixed term contracts to aid flexible resourcing</p> <p>Targeted use of external resource</p> <p>Reallocation of human and financial resources across and within the organisation as required</p> <p>GOLD command review resources on a regular basis</p>	
CR003	Decisions made by the council are challenged due to lack of a strong evidence base, customer insight and engagement with	Strategic Director and Monitoring Officer (LK)	<p>Lack of skill to identify evidence to support decision making</p> <p>Lack of consultation with ward members and/ or</p>	<p>Lack of a robust and evidence based approach to customer engagement can lead to:</p> <ul style="list-style-type: none"> • Reputational 		<p>Consultation with ward and parish councillors (on matters within their ward or parish)</p> <p>Risks with regard to</p>	

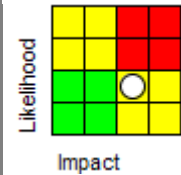
Code	Risk Description	Risk Owner	What might go wrong?	What will happen?	*Original Risk Rating	Current Controls	**Residual Risk
	change		<p>parish council's over local issues</p> <p>Procedural errors in statutory processes Inconsistent and traditional approach to customer engagement across the council</p> <p>Lack of awareness of the questions to ask</p> <p>Lack of awareness of the 'right time' to engage</p> <p>Lack of public awareness of opportunity to engage</p> <p>Council is not aware of the full range of interested stakeholders</p> <p>Council may only hear the loudest voices and not the silent majority or those that do not readily engage</p>	<p>damage</p> <ul style="list-style-type: none"> • Views that the council is too Winchester-centric • That decisions made are Inequitable • There is a perception that people's views are ignored <p>Without a robust and evidence based engagement process the council is exposed to risk of challenge on decisions</p> <p>Ward members and/or parish council's not being informed</p> <p>Legal/ judicial review or challenge against a decision made</p>		<p>significant projects are recognised and addressed separately via robust Project Management and regular reports to the Programme and Capital Strategy Board</p> <p>Legal and Monitoring Officer consultation on decisions made</p> <p>Residents' survey completed early 2019</p> <p>A we asked ... you said ... we did feedback approach</p> <p>A council wide data capture exercise completed</p> <p>Communications approach reset to simplify language and remove data jargon</p> <p>Move to proactive openness and transparency</p> <p>A more inclusive approach to engagement that also</p>	

Code	Risk Description	Risk Owner	What might go wrong?	What will happen?	*Original Risk Rating	Current Controls	**Residual Risk
						considers the restrictions in place due to the pandemic	
CR004	Failure to have plans and processes in place to recover and maintain services after a major incident (including pandemic) that has a significant impact on the ability of the Council to provide its services	Strategic Director and Monitoring Officer (LK)	<p>Not maintaining an effective corporate wide Business Continuity Plan</p> <p>No regularly testing of plan and follow-up</p> <p>Key staff unavailable</p> <p>Communication systems ineffective</p> <p>Lack of awareness</p> <p>Failure to assess business critical functions and have plans in place</p>	<p>Unacceptable delay and uncertainty in returning to normal working after an emergency</p> <p>Adverse publicity and criticism</p> <p>Reputation damage</p> <p>Adverse social impact</p>		<p>Business Continuity Plans reviewed in 2021</p> <p>Annual testing of IT Disaster Recovery Plan</p> <p>Review of business critical services in 2021 and individual business continuity plans updated</p> <p>Back up temporary office accommodation at Hyde Lodge</p> <p>All staff able to seamlessly work from home, where job allows</p> <p>Recent (2020) internal audit resulting in substantial opinion and no identified weaknesses</p>	
CR006	Effective partnership working	Strategic Director (DA)	<p>Partnerships can falter due to lack of shared vision within partnerships</p> <p>Strategic partnerships may falter due to conflicting demands</p>	<p>Significant project delivery such as the major projects and the new home building programme may fail due to failed of strategic partnerships</p>		<p>Annual review of all partnerships undertaken to identify key strategic partners</p> <p>Introduction of annual performance reporting for significant</p>	

Code	Risk Description	Risk Owner	What might go wrong?	What will happen?	*Original Risk Rating	Current Controls	**Residual Risk
			<p>within individual partners</p> <p>Failure within procurement process - Partnerships may be unsuccessfully commissioned due to lack of procurement skills and poor scoping</p> <p>Significant local, regional or national partners may close down, affecting council</p>	<p>Local delivery may fail if local strategic partners are not aligned</p> <p>Reputational damage to all partners</p>		partnerships	
CR007	Lack of sufficient funding and/or escalating costs over the medium term reducing financial viability and inability to achieve a balanced budget	Strategic Director and S151 Officer (RB)	<p>Reduced Government funding</p> <p>Reliance on strategic partners to deliver services and projects</p> <p>Macro economy, including effects of Brexit, reduces locally generated Business Rates and parking income</p> <p>Failure to achieve income targets</p> <p>Inflation rises</p> <p>Penalties are imposed on the Council due to</p>	<p>Unable to balance the budget</p> <p>Increased Council Tax</p> <p>Public's ability to pay for services</p> <p>Reduce services provided</p> <p>Demand / cost of services increased</p> <p>Increased construction costs and impact on delivery and viability of key projects</p> <p>Over borrowing and avoidable cost</p>		<p>One year funding settlement in place</p> <p>MTFS approach setting out medium and longer term options</p> <p>Quarterly finance reporting and monitoring of key income sources</p> <p>Regular policy review and monitoring</p> <p>Scenario planning and sensitivity analysis of key risks</p> <p>Transformation programme to set out cost review</p>	

Code	Risk Description	Risk Owner	What might go wrong?	What will happen?	*Original Risk Rating	Current Controls	**Residual Risk
			falling standards in services			Maintain General fund reserve of at least £2m Regular review of reserves Annual review of fees and charges	
CR008	Availability of suitable sites to meet the strategic need for building new homes	Strategic Director and S151 Officer (RB))	Increasing demand for new houses High cost of housing, including private rented sector Slow completion for building of new homes Unable to identify new sites for new houses	Increased housing waiting list numbers Difficulty accessing housing markets Outward migration of younger residents Adverse publicity Government intervention		Plans in place to deliver significant new homes Regular monitoring of projects Revised Housing Strategy	
CR009	Failure in cyber security leaving the council exposed to phishing and other attacks leading to compromised IT systems and data loss	Strategic Director and Monitoring Officer (LK)	Malicious attack by Hackers for financial gain Malicious attack by Hackers to disrupt business and ability to deliver services Viral code attack in order to data mine information and identities	Possible complete shutdown of Council IT Systems and Infrastructure Business \ service delivery disruption Significant Financial loss Credibility and confidence lost in engaging with digital services and e-payments		Mandatory Cyber Security awareness training held for all staff IT Systems and processes administered to PSN (Public Services Network) standards and protocols ITILv3 Methodology adoption for ITSM Comprehensive and regular reviews of ISP	

Code	Risk Description	Risk Owner	What might go wrong?	What will happen?	*Original Risk Rating	Current Controls	**Residual Risk
						<p>(Information Security Policies) and IT Network Access Policies</p> <p>Operational daily checks and proactive monitoring of Firewalls and pattern updates</p> <p>Staff qualified in Cyber Scheme Professional standards and within GOV UK CESG guidelines</p> <p>Regular system health checks and vulnerability scans</p> <p>System and software maintained to supported levels. Email security managed by accredited 3rd party</p> <p>Insurance for potential losses for a cyber-attack</p>	
CR010	Responding to Climate Change Emergency and reducing the council and district carbon emissions	Strategic Director (DA)	<p>Failure to take steps to achieve target for the council to be carbon neutral by 2024</p> <p>Resistance to behavioural change to reduce energy use</p>	<p>Failure to meet agreed targets</p> <p>Adverse publicity</p> <p>Reputational damage</p> <p>Increased risk of flooding</p>		<p>Winchester Carbon Neutrality Action Plan (CNAP) approved</p> <p>Cross council officer group established</p> <p>Partner group</p>	

Code	Risk Description	Risk Owner	What might go wrong?	What will happen?	*Original Risk Rating	Current Controls	**Residual Risk
			Not take advantage of new technologies to reduce energy usage Funding not made available Insufficient project capacity in house	Reduction in house prices Carbon emissions increase Protests by lobby groups House price volatility e.g. increases in value for houses in areas less likely to flood		established Climate Emergency declared Asset Management Strategy Annual report on the CNAP for first 2 years £15mil allocated from HRA	
CR011	Lack of preparedness and incapability to respond to events caused by climate change	Strategic Director (DA)	Failure to prepare for an adverse weather event, for example long period of rain, heavy snow or heatwave Failure to manage sluice gates and maintain rivers Failure to respond to an adverse weather event, e.g. making safe city footpaths and car parks after heavy snow fall	Flooding causing damage to property and assets Loss of income to the council e.g. closed car parks due to snow Adverse publicity Damage to reputation		Multiagency Emergency Response Plan in place, reviewed and updated annually Annual Emergency Planning exercise to test the Plan Completion of flood alleviation schemes Temporary flood defence barrier purchased and available to be used where there is a need	