

REPORT TITLE: GOVERNANCE QUARTERLY UPDATE QUARTER 4 2018/19

13 JUNE 2019

REPORT OF PORTFOLIO HOLDER: CLLR CUTLER – PORTFOLIO HOLDER FOR FINANCE AND RISK

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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 and final quarter of the 2018/19 financial year.

RECOMMENDATION:

1. That the Audit and Governance Committee notes the content of the report and the progress against the Annual Governance Statement as set out in Appendix 1.

IMPLICATIONS:

- 1 COUNCIL STRATEGY OUTCOME
  - 1.1 This summary document supports the Council's approach to providing efficient public services by managing and highlighting the latest key governance issues requiring action.
- 2 FINANCIAL IMPLICATIONS
  - 2.1 None identified.
- 3 LEGAL AND PROCUREMENT IMPLICATIONS
  - 3.1 None identified.
- 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 Portfolio Holder for Finance and Risk and the Chairman of the Audit and Governance Committee.
- 7 ENVIRONMENTAL CONSIDERATIONS
  - 7.1 None.
- 8 EQUALITY IMPACT ASSESSEMENT
  - 8.1 None.
- 9 DATA PROTECTION IMPACT ASSESSMENT
  - 9.1 None required
- 10 RISK MANAGEMENT

<b>Risk</b>	<b>Mitigation</b>	<b>Opportunities</b>
<i>Reputation – ensuring that an effective governance framework is in place and followed</i>	This report is a summary of the arrangements in place to ensure the Council's governance processes and procedures	By pulling together the latest issues from across governance information this gives the committee more of an opportunity to

	are robust and fit for purpose.	identify any cross-cutting themes that might occur.
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## 11 SUPPORTING INFORMATION:

11.1 This report sets out the summary information in respect of the fourth quarter of the 2018/19 financial year concerning governance.

### ***Annual Governance Statement***

11.2 Progress against the actions included in the 2017/18 Annual Governance Statement is included in Appendix 1 to this report.

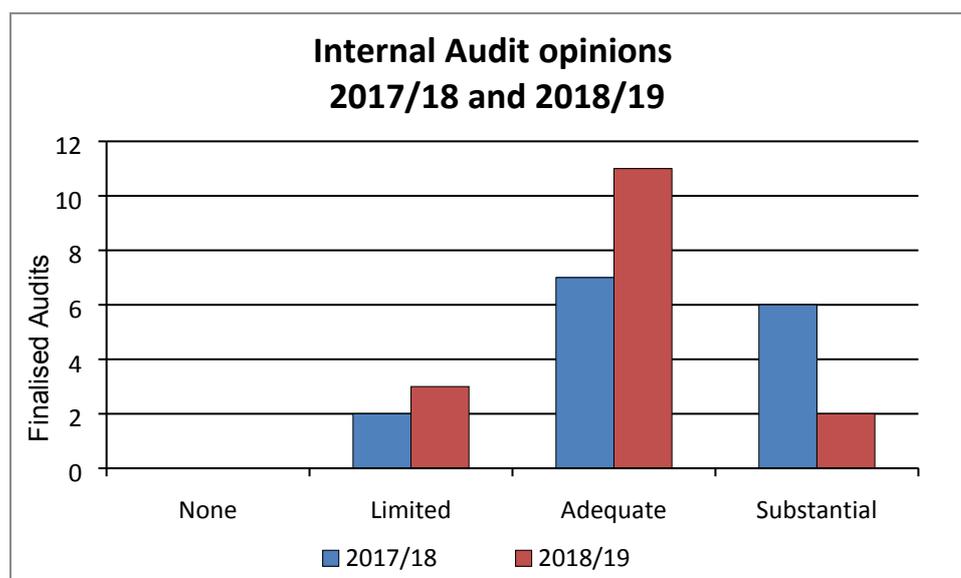
11.3 The Annual Governance Statement for 2018/19 is appended to the draft Annual Financial Report and will be brought back to the next meeting of this Committee for consideration and approval.

### ***Gifts and Hospitality***

11.4 During the period January to March 2019, there was one declaration by members or officers having received gifts or hospitality.

### ***Internal Audit Assurance reports***

11.5 The chart below shows the assurance levels of internal audits that were included in the 2017/18 and 2018/19 Audit Plans.



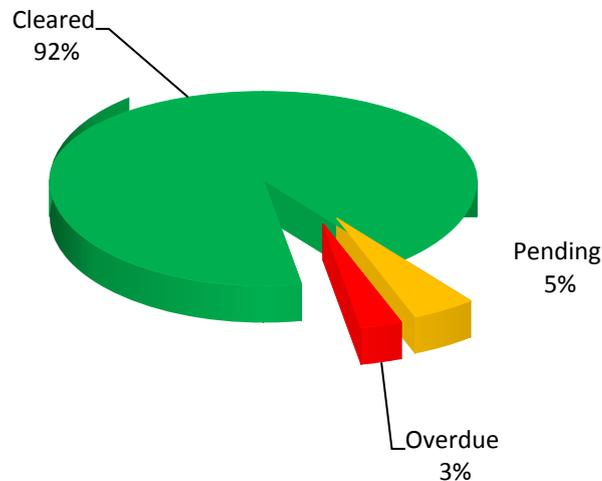
*Note: For 2018/19 and included in the above chart, there are three audits at draft report stage; one with adequate opinion and two with limited opinions.*

11.6 During 2018/19, there have been no published audit reports that concluded with a “no” assurance opinion.

### ***Internal Audit Management Action Tracking***

- 11.7 The chart below shows the current position (since 1 April 2015) of the progress of the management actions arising from internal audit reports.

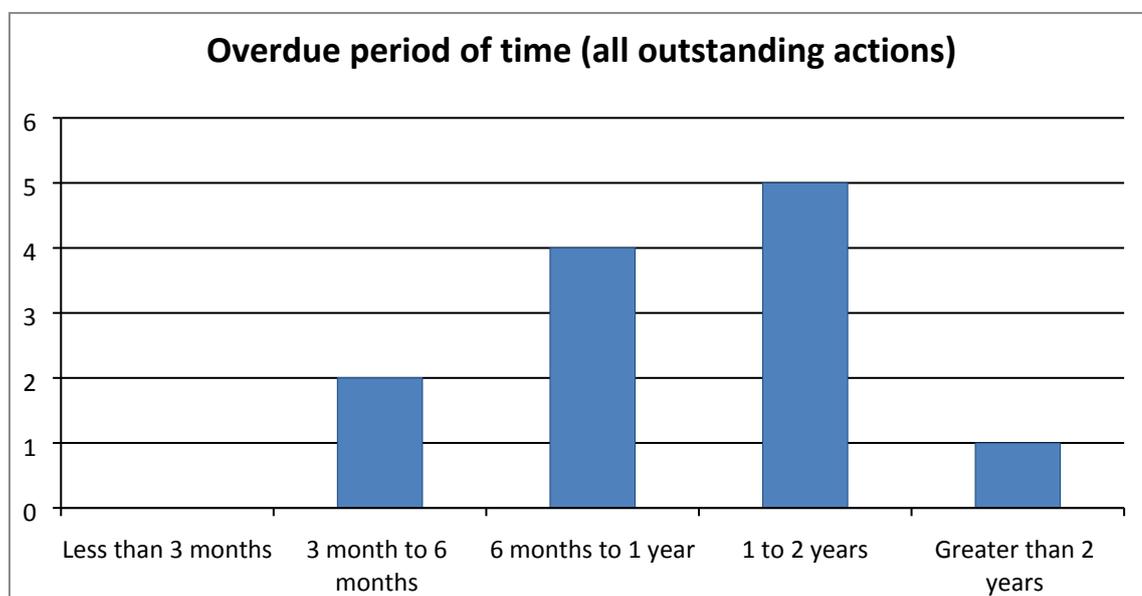
#### **Summary of audit recommendation responses**



- 11.8 Progress against the management actions that are included in the Internal Audit reports are reviewed regularly and a summary table showing the status of these actions is reported on a quarterly basis. These recommendations and actions are kept under regular review to assess where some are superseded by external or internal factors.
- 11.9 To support the Committee to quickly identify where there are overdue actions, the progress table on the next page includes only the audits where there are overdue actions. It remains a priority for officers to focus on completing their actions within the agreed timescales and progress continues to be made to reduce the total number of overdue actions.
- 11.10 There are currently 12 overdue audit actions with no high priority overdue actions.
- 11.11 There are a number of recently completed internal audits that have pending but not yet overdue actions, and as such are not included in the table. An update on these actions will be included in the Q1 report to the next meeting of this Committee.
- 11.12 The Internal Audit Annual Report and Opinion is included in report AG002 elsewhere on the Committee's agenda.
- 11.13 The report concludes with the auditor's opinion that the Council's framework of governance, risk management and control is adequate and audit testing has demonstrated controls to be working in practice

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Management Actions ('High Priority')				
				Reported	Not Accepted	Pending	Cleared	Overdue
Hampshire Cultural Trust	24/05/16	SDR	Limited	3 (0)	0 (0)	0 (0)	2 (0)	1 (0)
Information Governance	28/03/17	SDR	Adequate	11 (1)	0 (0)	1 (0)	8 (1)	2 (0)
Development Management	17/05/17	SDS	Substantial	1 (0)	0 (0)	0 (0)	0 (0)	1 (0)
Recruitment	18/05/17	SDR	Limited	6 (0)	0 (0)	0 (0)	4 (0)	2 (0)
Cyber Security	27/09/17	SDR	Limited	5 (1)	0 (0)	0 (0)	4 (1)	1 (0)
IT Software Licensing and IT Asset Management	12/03/18	SDR	Adequate	3 (0)	0 (0)	0 (0)	2 (0)	1 (0)
Housing Planned Maintenance	01/05/18	SDS	Adequate	2 (0)	0 (0)	0 (0)	1 (0)	1 (0)
Income Generation and Collection	11/06/18	SDR	Adequate	8 (0)	0 (0)	0 (0)	6 (0)	2 (0)
Procurement	12/07/18	SDR	Adequate	3 (0)	0 (0)	0 (0)	2 (0)	1 (0)

- 11.14 Committee members previously requested a chart be included in future quarterly governance monitoring reports that show the period of time that the outstanding audit management actions have been overdue.
- 11.15 There are currently 12 overdue actions and the chart below provides details of amount of time that has lapsed since the target date for these actions.



- 11.16 The chart above shows there is one management action that is over two years overdue. This action was included in audit that reviewed the transfer between the Council and the Hampshire Cultural Trust and was published in May 2016. Recent changes in personnel at the Trust has delayed completion of the action, however liaison between officers at the Council and the Trust is ongoing with the aim of getting the actions completed.

### ***External Audit***

- 11.17 The Council's external auditors; Ernst & Young LLP have recently written to the Chief Executive providing details of the indicative fee for the Annual Audit of Accounts for the 2019/20 financial year. Further details are provided in report AG004, elsewhere on this Committees agenda.

### ***Risk Management***

- 11.18 The annual review of the Council's Risk Management Policy is underway, including the Risk Appetite Statement and Corporate Risk Register.
- 11.19 The updated Policy will be brought to the next meeting of this committee on 25 July.

## **12 OTHER OPTIONS CONSIDERED AND REJECTED**

- 12.1 None

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

AUD225 Q3 Governance Quarterly Update 2018/19

Other Background Documents:-

None

APPENDICES:

Appendix 1 Annual Governance Statement (AGS) Monitoring Report

## Annual Governance Statement 2017/18

### Progress Report – May 2019

No.	Issue	Actions	Progress Update	Lead Officer	Target Date	Current Status
1	<b>Asset Management</b> – the need to ensure that the Council has the capacity and skills to deliver the approved Asset Management Plan.	Regular monitoring and reporting of the progress against the actions in the Asset Management Action Plan to be undertaken.	The updated Asset Management Plan for the period 2016-2021 was considered by The Overview and Scrutiny Committee on 25 February 2019 (Report <a href="#">OS223</a> refers)	Corporate Head of Asset Management	Ongoing	<b>Complete</b>
		Internal Audit planned for 2018/19 to review the assurance over effectiveness and delivery of Asset Management Plan including repairs and maintenance to non-housing assets (planned and reactive)	Audit report issued on fieldwork completed and final report issued on 4 January 2019 concluding with adequate opinion.	Corporate Head of Asset Management	Audit to be carried out during Q2 of 2018/19	<b>Complete</b>
2	<b>Project Governance and Reporting</b> – ensuring that each of the Council's significant projects follow the agreed project governance policy.	Refresh the progress monitoring reports for the Council's significant projects	Monthly programme and project monitoring reports updated to new style and layout.	Strategic Director: Resources	June 2018	<b>Complete</b>
		Agree the governance arrangements for managing the Council's significant projects and set out in a new Project Governance Policy	Project Gateways now established and defined alongside governance arrangements for the approval of projects to pass through the gateways.	Strategic Director: Resources	September 2018	<b>Complete</b>
		Ensure that all significant projects follow the arrangements as set out in the Project Governance Policy.	Programme Management Group (PMG) has responsibility for ensuring that all projects follow the new established governance arrangements	Strategic Director: Resources	October 2018	<b>Green</b>

No.	Issue	Actions	Progress Update	Lead Officer	Target Date	Current Status
		Internal Audit scheduled to take place in Q3 2018/19 covering Programme and Project Management. This audit was deferred from the 2017/18 Audit Plan	Audit complete and Position Statement issued on 4 February 2019.	Strategic Director: Resources	December 2018	<b>Complete</b>
<b>3</b>	<b>Contract Management</b> – ensuring that the Council maintains a comprehensive, publicly accessible contract register, following its own contract procedure rules.	Ensure that a comprehensive contract register of all contracts over £5,000 is maintained and available to the public.	Continued increase in the number of contracts added to the register. Review to be undertaken during June/July to identify improvements that can simplify or enhance the current arrangements.  Issue to be carried forward to 2018/19 Annual Governance Statement.	Strategic Director: Resources	Ongoing	<b>Green</b>
<b>4</b>	<b>Corporate Peer Review Action Plan</b>	Completion of the actions included in the 2017 <a href="#">Corporate Peer Challenge Action Plan</a> , including a review of political structures and developing a shared understanding of the financial challenges ahead	LGA Peer Challenge follow-up review took place over two days during September 2018.  A report summarising the follow-up visit was included on the agenda for the March meeting. (Report AUD224 refers).	Strategic Director: Resources	October 2017	<b>Complete</b>