



Purpose: For Noting

# Committee report

Committee **AUDIT COMMITTEE**

Date **23 NOVEMBER 2020**

Title **PROGRESS ON ACTION PLAN FROM THE ANNUAL GOVERNANCE STATEMENT 2019-20**

Report of **ASSISTANT CHIEF EXECUTIVE AND CHIEF STRATEGY OFFICER**

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## EXECUTIVE SUMMARY

1. This report provides members with an update in the action plan from the Annual Governance Statement 2019/20.

## 2. BACKGROUND

There were two specific actions identified in the 2019/20 Annual Governance Statement. These are expressed below with an update on the activity undertaken to date and the further actions planned to provide evidence that improvements have been made.

The two issues raised can only be assessed and improvement or otherwise evidenced as the audits, refreshes and required action dates occur therefore a summary of the current position is provided below.

### Action 1:

<b>Governance issue</b>	<b>Actions to address the issue</b>	<b>Measure of success</b>
Compliance with financial framework. Audits completed throughout the year identified gaps in process that whilst are not significant show a pattern that there	Follow up audits will revisit the areas to be actioned and will be reported through the Audit Committee and CMT.	Improvement in the compliance with the financial framework will be evidenced in the audit refreshes.

<b>Governance issue</b>	<b>Actions to address the issue</b>	<b>Measure of success</b>
are some operational areas that require addressing.		

Key audit refreshes to evidence improvement for this are the financial audits, specifically arrangements for managing cash at all sites. The audit team are undertaking visits to review a sample of sites between November and Christmas 2020 where this evidence will be gathered and reported.

All the 2019/20 audits are being followed this year, the financial audits are scheduled to be complete by Christmas which will provide the evidence required to confirm if improvement has been made, this will be reported through to the Corporate Management Team as part of the formal audit reporting.

Most of the wider audits will also have at least some reference to their compliance with the financial framework to provide further evidence of compliance across the council's activities.

CMT receive follow-up reports periodically from the audit team and will receive a summary report before Christmas, further updates will therefore be available for the March audit committee.

**Action 2:**

<b>Governance issue</b>	<b>Actions to address the issue</b>	<b>Measure of success</b>
The required action identified in audits undertaken remedy issues raised within the audit are not undertaken in a timely manner within the agreed timescales.	Directors will monitor compliance with audit report timescales to ensure deadlines are not exceeded.	Action timescales agreed in reports will be met.

The impact of the COVID 19 Pandemic will have affected the service areas ability to meet the pre-agreed timescales and it is important that these delays and the reasons for them are documented to evidence the formal reasons for delays.

Overall there were 15 follow-up audits planned this year and the information from these audits will be used to evidence compliance of agreed actions within agreed timescales.

8 of the 15 audits have been completed and those 8 now have full assurance, they have also evidenced required actions within the required timescales. This is an improvement overall and specific areas that can evidence that actions have been completed to agreed timescales are Children's Services, Adult Social Care and the GDPR action plan.

However; this is not yet consistent across all service areas, from the information provided in the refresh audits to date, the following service areas are not yet in the position to be able to evidence the timeliness of actions are being taken in line with the agreed plan:

### **3) Information Technology (IT): IT General Controls, IT Disaster Recovery, IT Transfer Processing:**

The required actions to remedy issues highlighted in the audit reports are evidenced as making progress however, most of the actions are not yet complete. Three that are still pending are:

- a) **Training Completion:** This relates to the completion of essential security and related on-line training. Take up across service areas remains lower than expected, Directors are now provided with the ability to view reports of non-compliance in their areas and staff are being directed to undertake the on-line training. CMT is monitoring progress of the take up of training across all areas.
- b) **Consulting on, updating and testing of the IT Disaster Recovery Plan:** This area of work has been significantly impacted by COVID. Essential work with the NHS Trust and Adult Social Care has been unable to progress to the intended timescales during the response phase. Actions to review the timescales and restart the activity needed are now in place.
- c) **IT Transfer Processing:** This area of work is being addressed through the refreshed HR Process Reengineering Project which aims to develop new processes to meet service and corporate requirements for recruitment – from identification of role required to passing of probation. This was put on hold during the response phase and is now back up and running.

### **4) Property Services:**

- a. **Corporate Property Services Assets:** All actions are currently reported as "still in progress". This is the same for the building regulatory compliance actions. Both areas were followed up by the audit team in February/ March 2020 before the lockdown and the next formal follow-up will be December. Again, the impact of COVID 19 has affected the service areas ability to work with key partners to progress some elements of the required activity. It is important therefore that at the review in December there is evidence that

everything is now up to date and in place or specific delays related to the impact of COVID are recorded and evidenced as the reason for non-compliance.

- b. **Contracts** – again, the service area is making progress, but all actions are not yet complete.
- c. **Water Safety and Beach Huts:** This service has already provided the audit team with justifiable reasons for the unavoidable COVID delays in enabling actions to be completed within the pre-agreed timescales.

## STRATEGIC CONTEXT

- 5) Corporate governance has far reaching implications for the effectiveness of the council and as such underpins the effective delivery of all the council's stated priorities. Good governance means the following;
  - Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
  - Ensuring openness and comprehensive stakeholder engagement.
  - Defining outcomes in terms of sustainable economic, social and environmental benefits.
  - Determining the interventions necessary to optimise the achievement of intended outcomes.
  - Developing the council's capacity, including the capability of its leadership and the individuals within it.
  - Managing risk and performance through robust internal control and strong public financial management.
  - Implementing good practices in transparency, reporting and audit to deliver effective accountability.

## FINANCIAL / BUDGET IMPLICATIONS

- 6) There are no direct financial implications of the council reviewing its progress against the action plan in the annual governance statement. However, service actions to address any weaknesses identified could involve extra cost and may in some circumstances be significant. Conversely action plans could also lead to financial savings being secured. It is considered that all the activities set out in the action plan contained within the annual governance statement can be achieved from within existing resources.

## LEGAL IMPLICATIONS

- 7) The council is required by the Accounts and Audit Regulations 2015 to:
  - carry out a review of the effectiveness of its system of internal control.
  - have the findings of the review considered by a committee or by members of the authority as a whole.
  - approve an annual governance statement on the results of the review in advance of the approval of the statement of accounts.

- ensure that the statement accompanies the council's statement of accounts (when published).

## EQUALITY AND DIVERSITY

- 8) The council has a legal duty under the Equality Act 2010 to seek to eliminate discrimination, victimisation and harassment in relation to age, disability, gender re-assignment, pregnancy and maternity, race, religion, sex, sexual orientation and marriage and civil partnership.

The annual governance update has no impact on any of the protected characteristics.

## RISK MANAGEMENT

- 9) It is a legal requirement under the Accounts and Audit Regulations 2015 to undertake a review of the effectiveness of the council's corporate governance arrangements and to seek approval of the resulting statement from a committee to enable its publication alongside the council's statement of accounts. Failure to approve the statement, with or without any proposed amendments will mean the council is in breach of its statutory duty.
- 10) The key risk associated with the Council's proposed governance statement is that it does not accurately reflect the corporate governance arrangements are consistent with the national code of practice and that full consideration has been given to afford the assurance to the committee. This could result in significant weaknesses going unreported and, critically, unaddressed. However, a significant amount of work has been undertaken to assess and review evidence available and which has been subject to senior management review and the process of assurance declarations and oversight by members (especially from the Audit Committee) helps to counter this risk.

## RECOMMENDATION

- 11) To note the content of the report

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