

Joint Audit and Governance Committee



Report of Head of Corporate Services

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To: Joint Audit and Governance Committee

DATE: 28 January 2019

Programme Governance Review

Recommendation

That members note the content of the report.

Purpose of report

1. The purpose of this report is:
 - to update on the programmes and projects governance review, commissioned by Cllr Ian White (SODC) and Cllr Simon Howell (VWHDC) as joint chairman of the audit and governance committee on governance matters relating to historic decision making between 2010 and 2016; and
 - to summarise the initial findings.
2. The contact officer for this report is Adrianna Partridge, Head of Corporate Services for South Oxfordshire District Council (SODC) and Vale of White Horse District Council (VWHDC), telephone 01235 422485.

Strategic objectives

3. This work is supported by all of the councils' strategic objectives.

Review framework

4. Due to a number of governance control weaknesses being brought to the attention of the joint audit and governance committee, the chairmen commissioned the programmes governance review with the agreement of EY and the full support of the chief executive. The terms of reference for the review are attached as **appendix 1**.
5. The head of corporate services is leading the review, supported by a dedicated project team which includes representation from the councils' internal audit team. Group leaders across the councils have also been fully briefed.
6. A programme review steering group has been established, which consists of the joint chairmen of the audit and governance committee, the leaders of both councils, the chief executive and the head of corporate services. A progress meeting was held on the 6 December 2018, following which the chairmen provided an updated to the external auditors as agreed.

Progress update

7. Programmes and projects register
Interviews to assess current and recent activity have now been held with all heads of service (8 in total) and all service managers and relevant project personnel (28 in total). A project register has been collated for all programmes and projects with a budgetary value of over £10K over the total life of the project, which has been verified against the project definition stated within the terms of reference and against all capital programme/major expenditure items. The register currently has 162 projects listed across both councils (joint 105, SODC 29 and VWHDC 28).
8. Individual project reviews
Key projects have been selected and are now being examined in detail. The first four and their status are attached as **confidential appendix 2**. Each individual programme review will go through five phases:

Step 1 – Timeline documented against supporting evidence by the relevant head of service.
Step 2 – Independent review of evidence by the allocated officer within the programmes and projects team.
Step 3 – Review queries verified, and summary findings documented by the allocated officer.
Step 4 – Quality assurance review of the findings by a second officer within the programmes and projects team.
Step 5 – Findings presented to the joint audit and governance committee.

9. Initial findings
Initial findings from the reviews in progress indicate significant control weakness, albeit at this time these are consistent with those previously discussed with external audit, and officers are already taking action to address them.
10. Whilst the quality assurance process has yet to be completed for any of the individual project reviews, the initial findings can be summarised as follows:
- there is evidence of an over-reliance on Cabinet Briefing, rather than Cabinet and Full Council;
 - a lack of information provision to all members;
 - a lack of detail and transparency in papers documented for Cabinet Briefing/Cabinet;
 - poor procedural compliance by officers and members, most notably in documenting decision making;
 - lack of robust induction for officers and elected members, most notably a lack of emphasis on the difference in roles and accountabilities between officers and members and the requirement for officers to service the council as a whole.

Next steps

11. The project team are aiming to complete 8 – 10 reviews by the end of March 2019, so that confirmed findings and an action plan can be reported to the March joint audit and governance committee. At that time, the head of corporate services will also provide an assessment on the programme review approach and confirm or request a revision for the review of the remaining projects on the register.

Financial implications

12. The review is likely to identify a range of financial implications on individual projects across the councils, but at this stage of the review it is difficult to quantify. There will also be financial impact caused by the need to take external legal advice to support some areas of the review and to identify and implement lessons learnt from the review. A provisional figure of £30K (£15K per council) has been identified and will be submitted as part of the 2019/20 budget build. The head of corporate services and the chief executive will monitor any financial implications arising from the review, and will report to the programme review steering group and joint audit and governance committee, involving the section 151 officer as required.

Legal implications

13. The review may identify some legal implications on individual projects across the councils, but at this stage of the review the initial findings appear to be limited to decision making and governance. However, to ensure adequate budget provision for the review, a provisional figure of £30K (£15K per council) has been identified for external legal advice.

Risk implications

14. This review has identified a significant risk that the councils have incurred expenditure that has not been adequately approved in accordance with the councils' constitutions, which could have both financial and reputational risk. Action has already been taken to address and strengthen the decision-making process on individual projects, and it is acknowledged that a greater transparency is needed, including an increase in the number of formal papers taken to Cabinet and Full Council which the senior management team is enforcing.
15. It should be noted that this review is still in progress, which may result in further risks being identified. The head of corporate services will continue to update the programme review steering group on a regular basis and will report back formally to the joint audit and governance committee in March 2019.

ADRIANNA PARTRIDGE
HEAD OF CORPORATE SERVICES



JOINT PROGRAMMES AND PROJECTS GOVERNANCE REVIEW 2018/19

1 INTRODUCTION

- 1.1 This internal review, commissioned by Cllr Ian White (SODC) and Cllr Simon Howell (VWHDC) as joint Chairmen of the Audit and Governance Committee, will be undertaken to provide assurance to the joint audit and governance committee on governance matters relating to historic decision making between 2010 and 2016. The review will also provide a solid foundation through an assessment of current activity, to support the councils' budget setting process and implementation of a strong programme and project management framework.
- 1.2 The format of the review has been discussed with Ernst and Young (the councils' external auditors) and has the full support of the chief executive. The head of corporate services will lead the review, supported by a dedicated project team which includes representation from the councils' internal audit team.

2 SCOPE

- 2.1 For the purpose of this review, a project is defined as a specific piece of work which has a defined purpose or business outcome, a defined budget (revenue or capital) and specified allocated resource. A programme consists of a series of related projects which are linked with a common objective.
- 2.2 The review will extend to all council operations and officers, covering programme and project activities with a total spend over £10K. However, the review may extend to major expenditure items across the councils over £75K that fall outside of the programme/project definition above. The review will include interviews with all managers at service manager level and above and will include support from the councils' strategic finance team.
- 2.3 The review will incorporate external legal scrutiny and professional support to assist in the identification of best practice, with the aim of learning and improving processes for the future and to support the member induction process in May 2019 which will emphasise members' key role in setting the policy framework and strategic direction of the councils.

3 DOCUMENTATION OUTCOMES

- 3.1 The review will assist in the collation of a programmes and projects register of all current activities across the councils that fall within the definition outlined in section 2.1 above.
- 3.2 The review will document a programme and project timeline for each area reviewed and incorporate a review of all related formal democratic papers and supporting reports.
- 3.3 The head of corporate services will produce a summary of findings and relevant recommendations for each area reviewed.



Listening Learning Leading



- 3.4 The review will assist in the provision of corporate programme and project management templates to embed good governance across all council operations moving forward.
- 3.5 External legal review and professional support will assist in the provision of documentation to support member induction in May 2019.

4. REPORTING AND WIDER SCRUTINY

- 4.1 The joint audit and governance committee chairman will monitor progress on an ongoing basis and provide monthly updates to the councils' external auditors.
- 4.2 Review findings and relevant recommendations will be reported by the head of corporate services to the joint audit and governance committee as appropriate. The first report is scheduled to be presented at the January 2019 committee meeting.
- 4.3 The joint audit and governance committee chairmen support relevant reports being presented at Cabinet, Scrutiny Committee and full Council, the joint audit and governance committee to determine as appropriate.

5. REVIEW CONTACTS

Adrianna Partridge
Head of Corporate Services

Mark Stone
Chief Executive

6. REVIEW SPONSORS

Cllr Ian White (SODC) and Cllr Simon Howell (VWHDC)
Chairmen of Joint Audit and Governance Committee

Ian White
25/11/2018

Simon Howell 21-11-2018.