

Joint Audit and Governance Committee



Report of Acting Deputy Chief Executive – Transformation and Operations

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To: Joint Audit and Governance Committee

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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 findings from the individual programme and project governance reviews which have been completed.

2. The contact officer for this report is Adrianna Partridge, Acting Deputy Chief Executive – Transformation and Operations 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 and projects governance review with the agreement of Ernst Young (councils' external auditors) and the full support of the chief executive. The terms of reference for the review are attached as **appendix 1**.
5. The acting deputy chief executive – transformation and operations is leading the review, supported by a dedicated project 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 acting deputy chief executive – transformation and operations. Progress meetings were held on the 6 December 2018 and 8 March 2019, following which the chairmen provided an updated to the external auditors as agreed.

Programme update and key findings

7. Programmes and projects register
Interviews to assess current and recent activity were 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
Eight projects were selected for examination in detail. Five individual reviews have been completed, and three individual reviews are still in progress at the time of drafting this report. The eight projects and their status are attached as **confidential appendix 2**. Each individual programme review has 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. Programme review findings

At the January joint audit and governance committee, initial findings from the reviews in progress at that time were reported. These findings can now be confirmed, and for completeness are re-stated below with some minor amendments where relevant (findings 1 – 4 and 9). In addition, four new findings have been confirmed which are documented below (findings 4 – 7). The findings indicate significant control weaknesses in a number of areas.

10. The findings are as follows:

- *Finding 1* - Evidence of an over-reliance on Cabinet Briefing, rather than Cabinet and Full Council. (3 of 5 projects)
- *Finding 2* - A lack of detail and transparency in papers documented for members/Cabinet Briefing/Cabinet/Scrutiny to support an update or decision. (4 of 5 projects)
- *Finding 3* - A lack of information provision to all members. (2 of 5 projects)
- *Finding 4* - Poor procedural compliance by officers and members in documenting decision making. (5 of 5 projects)
- *New Finding 5* - Poor procedural compliance by officers in procurement processes. (4 of 5 projects)
- *New Finding 6* - Poor control measures undertaken by officers. (4 of 5 projects)
- *New Finding 7* - Poor document management to support effective project management. (5 of 5 projects)
- *New Finding 8* – A lack of understanding by members of the role and delivery of the councils’ scrutiny function. (2 of 5 projects)
- *Finding 9* - 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, expected behaviours and the requirement for officers to service the council as a whole. (5 of 5 projects)

Actions

11. Significant action has already been taken by officers and members to address the findings from the programme and projects governance review and ensure that appropriate and ongoing changes are made to the councils’ governance framework.

12. Action completed/in progress is as follows:

- Retrospective briefing reports and formal approval has been obtained where appropriate, following control weaknesses identified in individual project reviews.
- A formal report checking process has been implemented by the councils’ strategic management team (SMT), to ensure adequate oversight and governance checks are completed by senior management.
- Briefing reports are now submitted to formal Cabinet meetings.

- A new corporate project management framework is currently being implemented, with a focus on transparency of key decisions by officers and members.
- Officers are working on a new procurement framework, which includes updated guidance on the councils' contract procedure rules.
- SMT have recently approved the next 12-18months priorities for the in-house strategic HR team which includes reviewing the councils' HR policy framework and induction and training provision for officers.
- The councils' recent organisation restructure created an information governance officer/DPO post, which will implement an information/document management framework.
- Democratic services are leading on the development of the councillor induction programme following the May elections, with a strong focus on roles, responsibilities and essential knowledge requirements for councillors. There is also a focus on ongoing member training.
- Relevant member briefings are now being undertaken at an officer and member level.

Next steps

13. The programmes and assurance team will complete the three individual programme reviews still in progress at the time of drafting this report. If the findings remain consistent with the nine findings documented in section 10 above, the acting deputy chief executive – transformation and operations will confirm this to the programme review steering group. If the three individual reviews identify any new findings, this will be reported to the July joint audit and governance committee.
14. SMT and the joint audit and governance committee chairmen will continue to oversee the implementation of the actions identified in section 12 above. Progress against the actions will be reported back to the joint audit and governance committee at appropriate timescales by the acting deputy chief executive – transformation and operations. The joint audit and governance committee chairmen will continue to update and liaise with the external auditors as appropriate.
15. The documentation, findings and actions related to this programme governance review will be shared with external legal advisors for their independent review and ongoing support in ensuring improvements are made to the councils' governance framework.

Financial implications

16. A budget figure of £30K (£15K per council) has been identified and approved as part of the 2019/20 budget build to support relevant improvements to the governance framework. The acting deputy chief executive – transformation and operations 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

17. A budget figure of £30K (£15K per council) has been identified and approved as part of the 2019/20 budget build, to support relevant improvements to the governance framework which includes external legal advice where appropriate.

Risk implications

18. This review identified a significant risk that the councils incurred expenditure that had not been adequately approved in accordance with the councils' constitutions. Immediate action was taken by officers to retrospectively obtain formal approval where relevant, and action has been taken to address and strengthen the decision-making process on individual projects. A range of actions have been identified and continue to be implemented to improve the governance framework, and mitigate any risks arising from this review.
19. The acting deputy chief executive – transformation and operations 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 on progress against the actions and any related matters when relevant.

ADRIANNA PARTRIDGE

ACTING DEPUTY CHIEF EXECUTIVE – TRANSFORMATION AND OPERATIONS



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.