

# AUDIT COMMITTEE SUPPLEMENTARY AGENDA

30 January 2019

The following report is attached for consideration and is submitted with the agreement of the Chairman as an urgent matter pursuant to Section 100B (4) of the Local Government Act 1972

**10 GOVERNANCE UPDATE** (Pages 1 - 8)

Report including appendix now attached.

**11 HEAD OF ASSURANCE - PROGRESS REPORT QUARTER THREE 2018/19** (Pages 9 - 22)

Report including appendix now attached.

**Andrew Beesley**  
**Head of Democratic Services**

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**AUDIT COMMITTEE**  
**30 January 2019**

<b>Subject Heading:</b>	Governance Update
<b>SLT Lead:</b>	Jane West Managing Director oneSource
<b>Report Author and contact details:</b>	Jeremy Welburn Head of Assurance. Tel: 01708 432610 / 07976539248 E-mail: jeremy.welburn@onesource.co.uk
<b>Policy context:</b>	To inform the Committee of progress against significant governance issues as reported in the 2017/18 Annual Governance Statement
<b>Financial summary:</b>	There are none arising directly from this report which is for noting and/or providing an opportunity for questions to be raised.

**The subject matter of this report deals with the following Council Objectives**

Communities making Havering	[X]
Places making Havering	[X]
Opportunities making Havering	[X]
Connections making Havering	[X]

**SUMMARY**

This report advises the Committee on the progress against significant governance issues as reported in the 2017/18 Annual Governance Statement (AGS).

**RECOMMENDATIONS**

1. To note the contents of the report.

2. To raise any issues of concern and ask specific questions of officers where required.

## REPORT DETAIL

### 1. Introduction

- 1.1 Regulation 6(1b) of the Accounts and Audit Regulations 2015 requires all relevant bodies to prepare an Annual Governance Statement (AGS). The purpose of the AGS is to communicate to stakeholders the standards of corporate governance the organisation demonstrates and identify any significant issues that have arisen in year, and what is planned to address these issues.
- 1.2 The Council has an officer Governance and Assurance Board which meets at least quarterly and is made up of the following standing members:
  - Chief Operating Officer (S151 and Chair)
  - Head of Assurance, oneSource
  - Monitoring Officer (Deputy Director of Legal & Governance oneSource)
  - Director of Finance (oneSource)
  - Head of Finance (Strategic)
  - Head of Procurement (oneSource)
  - Head of the Programme Office
  - Assistant Director Transformation
  - Technical Services Director
  - Head of the Joint Commissioning Unit
  - Director of Human Resources / Organisational Development (oneSource)
- 1.3 This group oversees the process to produce the AGS annually and as a standing meeting item monitors and updates the action plan to address significant governance issues raised. The group maintains a record of new issues raised during the year and a detailed action plan to capture outcomes and achievements. Actions are allocated to responsible officers for progression between meetings.
- 1.4 The Governance Group is non-decision making and escalates issues to Senior Leadership Team. The output informs the Annual Governance Statement, Corporate Risk Register and other policies and procedures etc. as appropriate.

### 2 2017/18 AGS – action taken in relation to significant governance issues

- 2.1 The 2017/18 AGS was reported to the July 2018 Audit Committee, accompanying the Annual Statement of Accounts signed off on 31<sup>st</sup> July 2018.

2.2 The significant issues raised in the 2017/18 Annual Governance Statement are set out in detail in Appendix A and progress against each of these is reported there. For members' ease of reference the four areas identified are:

- **Corporate Project Management Office (PMO) and Economic Development Programme** – A 'one Council' approach is not yet in place and the governance framework around the Corporate PMO has been identified as needing strengthening;
- **Financial Regulations:** During the course of the year, inconsistencies between the financial regulations, scheme of delegation and wider constitution were identified. This particularly related to the write off of bad debts and who had approval to authorise these;
- **Delivery of a balanced budget:** The Council was able to set a balanced budget for the 2018/19 financial year. As set out in the report to Council there continues to be continued pressures over the medium term to the Council due to increased service demand and pressures while available resources are reducing. The report specifically highlights pressures for both Children Services and Homelessness services, which amount to £3.304m. The continued financial landscape for the Council isn't set to change over the medium term and will continue to present challenges to the Council in setting balanced budgets for 2019/20 and beyond; and
- **Information Governance:** GDPR.

2.3 An action plan and progress towards each of the four 2017/18 significant issues has been updated at each Governance and Assurance Board meeting during 2018/19 (see Appendix A). As at the last meeting in November 2018 all four actions were considered to be on target for completion by the deadlines.

**Appendices:** Provide supporting detail for Members' information

**Appendix A:** Governance and Assurance Board AGS 2017/18 Significant Issues Action Plan updated November 2018.

## IMPLICATIONS AND RISKS

### **Financial implications and risks:**

There are none arising directly from this report which is for noting and/or providing an opportunity for questions to be raised.

However, it should be noted that failure to appropriately manage the areas identified in 2.2 could result in significant financial loss for the Council. As such setting and regular review and monitoring of the significant issues action plan will help to mitigate these risks. The risks of our arrangements not complying with

best practice may lead to the Council not being viewed as open and transparent by stakeholders.

**Legal implications and risks:**

The Council is responsible for ensuring that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives, ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk (Regulation 3 of the Accounts and Audit Regulations 2015).

The Council must carry out an annual review of the effectiveness of its system of internal control which must be considered by the relevant committee. In the light of that review, the Council must produce an annual governance statement which must be approved by the relevant committee in advance of the Authority approving the statement of accounts (Regulations 6 (1), (2) and (4) of the Accounts and Audit Regulations 2015).

There are no apparent risks in noting the content of this report.

**Human Resources implications and risks:**

None arising directly from this report.

**Equalities implications and risks:**

None arising directly from this report. Equality and social inclusion are key factors to consider in the Council's governance arrangements and any changes to the Code of Governance or other related policies and procedures are assessed in order to ensure the impact is appropriately identified.

<p><b>1. Corporate Project Management Office (PMO) and Economic Development Programme:</b> A ‘one Council’ approach is not yet in place and the governance framework around the Corporate PMO has been identified as needing strengthening.</p>	
<p><b>Action Already Taken</b></p>	<p><b>Planned Actions for 2018/19 and Progress as at 21<sup>st</sup> November 2018 Governance and Assurance Board meeting</b></p>
<ul style="list-style-type: none"> <li>• Corporate Project Management Office (PMO) has been in place since June 2017.</li> <li>• Implementation of Council’s programme management software (Execview) which provides visibility of key projects and programmes that are reviewed at LBH Directorate level and then at Senior Management level at the Transformation Management Board (TMB).</li> <li>• Issues around red ragged projects and programmes are discussed at the TMB.</li> <li>• SLT has determined and regularly reviews the projects and programmes they have uplifted into the programme dashboard so that leadership focus is directed at high impact programmes.</li> <li>• Resource and governance responsibility rests with the relevant SROs. SLT received SRO training in 2017 and understands their responsibilities.</li> <li>• Capacity to deliver the wide range of activity determined by the MTFP and strategic priorities is under constant review by SLT and new business cases for launch of projects and programmes has to include costed resource plans.</li> <li>• Internal Audit review undertaken in 2017/18.</li> </ul>	<ul style="list-style-type: none"> <li>• Planned audit work built into 2018/19 Internal Audit plan – meeting on 10/09/18 with Julia Blow and Internal Audit to discuss the audits in the plan and how to progress these, timing etc.</li> <li>• Recommendations from Project and Programme Governance Review have been followed up. The majority are underway and all are on target to be implemented by the assigned deadlines.</li> </ul> <p>Currently on target for completion by March 2019.</p>
<p><b>Lead Officer</b></p>	<p><b>Target Date for Completion</b></p>
<p>Jane West, Chief Operating Officer</p>	<p>March 2019</p>

<p><b>2. Financial Regulations:</b> During the course of the year, inconsistencies between the financial regulations, scheme of delegation and wider constitution were identified. This particularly related to the write off of bad debts and who had approval to authorise these.</p>	
<p><b>Action Already Taken</b></p>	<p><b>Planned Actions for 2018/19 and Progress as at 21<sup>st</sup> November 2018 Governance and Assurance Board meeting</b></p>
<ul style="list-style-type: none"> <li>• The constitution was updated by the Legal Services team which clarified the roles and responsibilities at a portfolio level.</li> <li>• The authorisation of the write off of debts and approval of income and expenditure was clarified based on the current financial regulations.</li> <li>• It was confirmed that the financial regulations and scheme of delegation needed to be updated in 2018/19 to ensure they were more streamlined and easier for Officers to navigate.</li> </ul>	<ul style="list-style-type: none"> <li>• The financial regulations and associated scheme of delegation will be reviewed and amendments identified and pursued through full Council. Julie Oldale and Kathryn Robinson to meet in Jan' 2019 to go through remaining outstanding items on financial regulations.</li> <li>• Once updated to go to SLT for review and then to Governance Committee for approval.</li> </ul> <p>Currently on target for completion by March 2019.</p>
<p><b>Lead Officer</b></p>	<p><b>Target Date for Completion</b></p>
<p>Julie Oldale, Head of Finance, Finance and Strategy, oneSource Kathryn Robinson, Deputy Director Legal Services, Legal &amp; Governance</p>	<p>March 2019</p>



**3. Delivery of a balanced budget:** The Council was able to set a balanced budget for the 2018/19 financial year. As set out in the report to Council there continues to be continued pressures over the medium term to the Council due to increased service demand and pressures while available resources are reducing. The report specifically highlights pressures for both Children Services and Homelessness services, which amount to £3.304m. The continued financial landscape for the Council isn't set to change over the medium term and will continue to present challenges to the Council in setting balanced budgets for 2019/20 and beyond.

Action Already Taken	Planned Actions for 2018/19 and Progress as at 21 <sup>st</sup> November 2018 Governance and Assurance Board meeting
<ul style="list-style-type: none"> <li>• At the end of 2017/18 the Council was able to achieve a balance budget for 2018/19.</li> <li>• Service mitigation plans were put in place where services were not able to operate within their delegated budgets and for both Children Services and Homelessness these are in place and being monitored by the Council's senior leadership team.</li> </ul> <p>The Medium Term Financial Strategy, sets out the Council's financial forecast for the coming five years, aligned to the Corporate Plan, and will continue to monitor the anticipated levels of expenditure and income to the Council and the requirement for officers to identify efficiency opportunities.</p>	<ul style="list-style-type: none"> <li>• Officers will continue to report to the Senior Leadership Team on a monthly basis from period 2 – 12 the anticipated outturn for the financial year, which will identified medium term financial pressures and opportunities. This will subsequently be reported to Cabinet Members.</li> <li>• The Medium Term Financial Strategy will continue to be updated and Cabinet will receive in September 2018 its mid year review.</li> <li>• The Council is embarking on a wider transformation and modernisation programme which will support the delivery of efficiencies whilst improving outcomes to residents and delivering the Council's corporate plan. Officers will work with the new administration to ensure that the financial challenge is clearly understood and they work collaboratively to support officers in identifying new opportunities to reduce the financial pressures facing the Council.</li> <li>• Funding for a benefits realisation post for 6 months has been requested. This post will sit between finance and the PMO.</li> <li>• Report to cabinet due in December 2018 outlining current budget gaps. Further update due in February.</li> </ul> <p>Currently on target for completion by March 2019.</p>
<p><b>Lead Officer</b></p>	<p><b>Target Date for Completion</b></p>
<p>Jane West, Chief Operating Officer</p>	<p>March 2019</p>

<b>4. Information Governance – GDPR</b>	
<b>Action Already Taken</b>	<b>Planned Actions for 2018/19 and Progress as at 21<sup>st</sup> November 2018 Governance and Assurance Board meeting</b>
<ul style="list-style-type: none"> <li>• Continuous implementation of GDPR and review of information flow.</li> </ul>	<ul style="list-style-type: none"> <li>• Review all data processes to agree information flow.</li> <li>• Internal Audit in process of being scoped. To take place in quarter four.</li> <li>• There is a risk register in place for GDPR with a target to clear all red risks by the end of March 2019.</li> </ul> <p>Currently on target for completion by March 2019.</p>
<b>Lead Officer</b>	<b>Target Date for Completion</b>
Ian Gibbs, Head of ICT Governance, Technology & Innovation (oneSource)	March 2019



**AUDIT COMMITTEE**  
**30 January 2019**

<b>Subject Heading:</b>	Head of Assurance – Progress Report Quarter Three 2018/19
<b>SLT Lead:</b>	Sean Harriss Interim Chief Executive, oneSource
<b>Report Author and contact details:</b>	Jeremy Welburn, Head of Assurance Tel: 01708 433307 / 07976539248 Email: <a href="mailto:Jeremy.welburn@onesource.co.uk">Jeremy.welburn@onesource.co.uk</a>
<b>Policy context:</b>	To inform the Committee of progress on the assurance work from October to December 2018.
<b>Financial summary:</b>	There are none arising directly from this report which is for noting and/or providing an opportunity for questions to be raised.

**The subject matter of this report deals with the following Council Objectives**

Communities making Havering	[X]
Places making Havering	[X]
Opportunities making Havering	[X]
Connections making Havering	[X]

**SUMMARY**

This report advises the Committee on the work undertaken by the Assurance Service (internal audit & counter fraud) between October and December 2018. The report is presented in three sections:

Section 1: Introduction, Issues and Assurance Opinion

Section 2: Executive Summary - A summary of the key messages.

Section 3: Appendices: Provide supporting detail for Members' information  
 Appendix A: Detail of Internal Audit work to date  
 Appendix B: Current Status - High Risk Recommendations  
 Appendix C: Detail of Counter Fraud work  
 Appendix D: Current status of 2018/19 audit plan

## RECOMMENDATIONS

1. To note the contents of the report.
2. To raise any issues of concern and ask specific questions of officers where required.

## REPORT DETAIL

### Section 1: Introduction, Issues and Assurance Opinion

#### 1.1 Introduction

1.1.1 The Accounts and Audit Regulations require the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the Public Sector Internal Auditing Standards (PSIAS) and other guidance.

1.1.2 Internal audit is a key component of corporate governance within the Council. The three lines of defence model, as detailed below, provides a framework for understanding the role of internal audit in the overall risk management and internal control processes of an organisation:

- First line – operational management controls
- Second line – monitoring controls, e.g. the policy or system owner/sponsor
- Third line – independent assurance.

The Council's third line of defence includes internal audit, which should provide independent assurance to senior management and the Audit Committee on how effectively the first and second lines of defence have been operating.

1.1.3 An independent internal audit function will, through its risk-based approach to work, provide assurance to the Council's Audit Committee and senior management on the higher risk and more complex areas of the Council's business, allowing management to focus on providing coverage of routine operations.

1.1.4 The work of internal audit is critical to the evaluation of the Council's overall assessment of its governance, risk management and internal control systems, and forms the basis of the annual opinion provided by the Head of Assurance which contributes to the Annual Governance Statement. It can also perform a consultancy role to assist in identifying improvements to the organisation's practices.

- 1.1.5 This report brings together all aspects of internal audit and counter fraud work undertaken to the end of December 2018, in support of the Audit Committee's role.
- 1.1.6 The report supports the Head of Assurance's ongoing assurance opinion on the internal control environment and highlights key outcomes from internal audit and counter fraud work and provides information on wider issues of interest to the Council's Audit Committee. The Appendices provide specific detail of outputs for the Committee's information.

## **Section 2. Executive Summary of work undertaken to date in 2018/19**

### **2.1 Internal Audit**

- 2.1.1 There have been six final reports issued in Quarter 3, two of which were follow-up audits. Of these reports, two were given an audit opinion of substantial assurance, two moderate assurance and one, a follow-up review, remained as limited assurance. The other was not assigned an assurance rating as this was a grant sign off. Appendix D shows the current position of the 2018/19 audit plan.
- 2.1.2 5 high risk recommendations were raised in these reports, all of which were in respect of the follow-up audits. Further detail is provided in Appendices A and B.

### **2.2 Pro-Active and Counter Fraud**

- 2.2.1 The three referrals brought forward from the previous quarter have all been investigated. Two referrals resulted in disciplinary action and one referral is awaiting management decision.
- 2.2.2 Six referrals were received during Quarter 3: one referral has been referred to Trading Standards; there was no case to answer in respect of one referral; and four referrals are currently being investigated.

## IMPLICATIONS AND RISKS

### **Financial implications and risks:**

There are none arising directly from this report which is for noting and/or providing an opportunity for questions to be raised.

By maintaining an adequate internal audit service, management are supported in the effective identification and efficient management of risks and ultimately good governance. Failure to maximise the performance of the service may lead to losses caused by insufficient or ineffective controls or even failure to achieve objectives where risks are not mitigated. In addition recommendations may arise from any audit work undertaken and managers have the opportunity of commenting on these before they are finalised. In accepting audit recommendations, the managers are obliged to consider financial risks and costs associated with the implications of the recommendations. Managers are also required to identify implementation dates and then put in place appropriate actions to ensure these are achieved. Failure to either implement at all or meet the target date may have control implications, although these would be highlighted by any subsequent audit work. Such failures may result in financial losses for the Council.

### **Legal implications and risks:**

None arising directly from this report.

### **Human Resources implications and risks:**

None arising directly from this report.

### **Equalities implications and risks:**

None arising directly from this report.

### 3. Progress Report - Internal Audit Work

#### 3.1 Audit Progress

- 3.1.1 The Annual Audit Plan, approved by the Audit Committee in February 2018, comprised 47 audit reviews. Members will be aware that the plan is subject to revision and amendment at any time should higher priority risks or tasks be identified. Adjustments have been made since the plan was approved (see table below) and the current number of audit reviews is 43.
- 3.1.2 Current, cumulative progress toward delivery of the 2018/19 audit plan (including audits carried forward from 2017/18, but excluding School Health Checks) is summarised in the table below, with further detail provided in Appendix D. It should be noted that some of the work undertaken by internal audit does not result in an opinion being provided, such as advisory reviews and grant claims.

Audit Plan Status	Number of Audits / Tasks
Approved Audit Plan 2018/19	47
2017/18 Audit tasks brought forward to 2018/19	1
Audit tasks added to the Plan	7
Audit tasks cancelled	(6)
Audit tasks postponed/deferred to 2019/20	(6)
Total	43
<b>Audits completed</b>	<b>17</b>
Final reports issued / completed	15
Draft reports issued	2
In Progress	13
To be Completed	12

### 3.2 Risk Based Systems and School Audits

3.2.1 The table below details the results of the final reports issued in quarter three. It should be noted that there were no school audits issued during this time.

Report	Assurance	Recommendations			
		High	Med	Low	Total
<b>System Audits</b>					
Financial Monitoring of CAD Placements	Substantial	0	1	0	1
SEN Transport	Substantial	0	1	0	1
Care Packages	Moderate	0	2	0	2
Disabled Facilities Grant – Capital Grant Determination 2017/18	n/a	n/a	n/a	n/a	n/a
<b>System Audits Total</b>		<b>0</b>	<b>4</b>	<b>0</b>	<b>4</b>
<b>Follow Up Audits</b>					
No Recourse to Public Funds (NRPF) Follow Up	Moderate	1*	0	0	1*
Project and Programme Governance Follow Up	Limited	4*	0	0	4*
<b>Follow Up Audits Total</b>		<b>5*</b>	<b>0</b>	<b>0</b>	<b>5*</b>

\*The recommendations shown here relate to those raised in the original reports that remain outstanding or in the process of being implemented. See Appendix B for further information.

Key to Assurance Levels	
Substantial Assurance	There is a robust framework of controls and appropriate actions are being taken to manage risks within the areas reviewed. Controls are applied consistently or with minor lapses that do not result in significant risks to the achievement of system objectives.
Moderate Assurance	Whilst there is basically a sound system of control within the areas reviewed, weaknesses were identified and therefore there is a need to enhance controls and/or their application and to improve the arrangements for managing risks.
Limited Assurance	There are fundamental weaknesses in the internal control environment within the areas reviewed, and further action is required to manage risks to an acceptable level.

### 3.3 Outstanding Audit Recommendations Update

3.3.1 Internal Audit follows up all audit recommendations with management when the deadlines for implementation are due. There is a rolling programme of follow up work, with each auditor taking responsibility for tracking the implementation of recommendations made in their audit reports. The implementation of audit recommendations, in systems where limited assurance was provided, is verified through a follow up audit review.



3.3.2 This work is of high importance given that the Council's risk exposure remains unchanged if management fail to implement the recommendations raised in respect of areas of control weakness. A key element of the Audit Committee's role is to monitor the extent to which recommendations are implemented as agreed and within a reasonable timescale, with particular focus applied to any high risk recommendations.

3.3.3 Recommendations are classified into three potential categories according to the significance of the risk arising from the control weakness identified. The three categories comprise:

High:	Fundamental control requirement needing implementation as soon as possible.
Medium:	Important control that should be implemented.
Low:	Pertaining to best practice.

3.3.4 The table below summarises the recommendations raised during 2018/19 up until December 2018:

<b>System Audit recommendations</b>	<b>High</b>	<b>Med</b>	<b>Low</b>	<b>Total</b>
No. of Recs raised in Q3	0	4	0	4
Recommendations brought forward	11	26	8	45
<b>Total</b>	<b>11</b>	<b>30</b>	<b>8</b>	<b>49</b>

3.3.5 As at 30<sup>th</sup> November all high risk recommendations due had been implemented. The remaining five high risk recommendations are not due to be implemented until quarter four. The detail of these recommendations and their current status are outlined in the table in Appendix B.

### **3.4 Outstanding School Audit Recommendations Update**

3.4.1 The table below summarises the recommendations raised for school audits during 2018/19 up until the end of September. There were no school audits completed during quarter three.

<b>School Audit Recommendations</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>	<b>Total</b>
Recommendations brought forward	9	86	35	130

3.4.2 Of the 9 high risk recommendations detailed above, four were due to be implemented by 30<sup>th</sup> November 2018. All four have been implemented.

## Current status of High Risk Recommendations

Audit	Recommendation	Original management response	Implementation Dates / Current Status including most recent update
Project and Programme Governance	<p>A Programme / Project Governance Framework, that sets out the Councils requirements, dependent on the risk / financial impact of the project, from initiation through to completion should be developed and embedded across the Council. This framework should engage all relevant services to ensure it allows all aspects of projects to comply with the relevant legislative requirements.</p>	<p>The current mandate for the Programme Office was to provide advice and guidance to project managers. A project manager's handbook was developed with examples of best practice and templates, but it is just a guide. The Programme Office are working with colleagues across the council to put together a framework for project governance. This framework will outline the minimum requirements for certain types of project and mandate that all project information is stored in Execview to enable the project progress to be monitored corporately.</p>	<p>Original implementation date: Jan -19</p> <p>On target as part of the development of the PMO's "Project Initiation Process". The process involves a profiling tool which prompts engagement with the necessary governance requirements. Consultation is underway with key stakeholders and the new framework will be presented to SLT in January.</p> <p>On track to implement on time.</p>
	<p>The Programme / Project Governance Framework should set out requirements in relation to the setting up of project boards, including frequency of meetings, adequate composition of board members to ensure boards contain individuals with the required skill set and the need for meetings / decisions to be clearly minuted.</p>	<p>The Programme Office is in the process of reviewing the Governance boards across the council to ensure there is an appropriate structure of meetings to support the organisation. Part of this review has identified projects and programmes that do not currently have a formal project board. The project management framework mentioned in R1 will address the requirements for each project to have a board and will detail the composition of the board and outline terms of reference. It will take time to set up these boards and monitor them to ensure they are operating as expected.</p>	<p>Original implementation date: Feb -19</p> <p>On target as part of the development of the PMO's "Project Initiation Process". Links in with the review of "governance structure" presented to CLT.</p> <p>On track to implement on time.</p>

Project and Programme Governance	<p>A decision in regards to the future direction of the PMO should be made. At the same time, it would be prudent to consider the existing mandate of the PMO and the potential transition from a “light touch” support position to a source of challenge and assurance.</p>	<p>The decision has been made that the Council wants a Programme Office, but only temporary funding has been made available at this point. The permanent funding of the Programme Office will be addressed as part of the COO restructure which is planned for later this year. SLT sees the value a PMO can bring in terms of governance, compliance, escalation of risks and issues and transparency of decision making and prioritisation across the portfolio of projects and programmes. Recently there has been a shift towards a position of challenge and assurance and the Chief Executive has recently supported the Programme Office in a drive to review all projects and programmes and prioritise them based on a number of criteria as part of the Corporate Planning process. The programme office plans to assess the maturity of the organisation in terms of project management capability and agree with SLT an improvement plan to move the council more towards an organisation that values project management methodology and governance and operates within a council-wide framework.</p>	<p>Original implementation date: Feb -19</p>
			<p>The PMO is now to be considered as part of a wider review of commissioning and procurement early in 2019.</p> <p>On track to implement on time.</p>
	<p>All key business areas, such as Finance, Procurement and Democratic Services should feed into a project should be established. This process should provide a robust mechanism for ensuring proposed financial arrangements to fund the project are appropriate prior to submission to Cabinet and that the project considers requirements in relation to key areas such as the Executive Decision making process and procurement.</p>	<p>SLT and CLT have acknowledged the need for Finance, Procurement and Democratic Services to be engaged at the earliest stage of a project. Managers have been instructed to bring colleagues from these areas into discussions at project initiation stage. The Programme Office currently signpost people through the various governance processes that exist, E.g. completion of funding templates to obtain project funding, procurement checkpoint, executive decisions to obtain approval to act in certain circumstances etc. Work has already started to pull together these separate processes into a project initiation flowchart, initially identifying all the processes, with the aim of consolidating and eliminating processes where possible to streamline bureaucratic processes and cut duplication. There is a need for proportionate governance and working in an agile way to encourage innovation, this has to be balanced with risk, cost and impact to determine the level of governance required and this will be addressed within the framework referenced in R1 above.</p>	<p>Original implementation date: Feb -19</p> <p>On target as part of the development of the PMO’s “Project Initiation Process”. Consultation is underway with key stakeholders and the new framework will be presented to SLT in January.</p> <p>On track to implement on time.</p>

No Recourse to Public Funds (NRPF)	The process for assessing, recording and managing NRPF cases should be established and documented. This process should clearly define responsibilities regarding ownership and oversight of NRPF. Documented policies and procedures should be produced to support the process and staff training should be provided where necessary.	Processes and policies will be reviewed by Assistant Director – Robert South and HOS Jane Carroll. Through this a key person will be identified for children’s services to become the single point of contact for NRPF	Original implementation date: Aug - 18
			Partially Implemented.  The Transformation team are undertaking a project to review the system and to identify where NRPF should sit (Children’s Services or Housing) and from there a key person will be identified to become the single point of contact for NRPF. Policy and procedures are in place and staff training has been undertaken.  Revised Implementation Date: Mar - 19

#### 4. Quarter Three - Counter Fraud Audit Work

##### 4.1 Proactive Counter Fraud Investigations

4.1.1 Proactive work undertaken during quarter three is shown below:

Description	Risks	Quarter 3 Status
Advice to Directorates	General advice and support to Directors and Heads of Service including short ad-hoc investigations, audits and compliance. No requests for advice were received.	Ongoing
Advice to Other Local Authorities	All Data Protection Act requests via Local Authorities, Police etc. One request for advice was received.	Ongoing
Fraud Hotline	To take all telephone calls and emails relating to the 'Fraud Hotline' and refer appropriately. Four referrals were received.	Ongoing
FOI Requests	To undertake all freedom of Information Requests. No FOI requests were received.	Ongoing
National Fraud Initiative Data Upload	To co-ordinate the data upload for the 2018/19 NFI. The NFI is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud and is conducted every two years. All datasets have been uploaded in accordance with NFI Guidance.	Complete

##### 4.2 Reactive Investigation Cases

4.2.1 Three referrals were brought forward from the previous quarter.

- Two referrals resulted in disciplinary action; and
- One referral is awaiting management decision.

4.2.2 During quarter three six referrals were received:

- Four referrals are still being investigated;
- One referral has been referred to Trading Standards; and
- One referral there was no case to answer.

## Current status of 2018/19 Audit Plan

	<b>AUDIT TITLE</b>	<b>STATUS</b>	<b>OPINION</b>
<b>LBH SYSTEM AUDITS</b>	Children with Disabilities	COMPLETED	SUBSTANTIAL
	Financial Monitoring of CAD Placements	COMPLETED	SUBSTANTIAL
	SEN Transport	COMPLETED	SUBSTANTIAL
	Care Packages	COMPLETED	MODERATE
	No Recourse to Public Funds (NRPF) Follow Up (Additional Task)	COMPLETED	MODERATE
	Project and Programme Governance Follow Up (Additional Task)	COMPLETED	LIMITED
	Disabled Facilities Grant – Capital Grant Determination 2017/18 (Additional Task)	COMPLETED	N/A
	Reablement Services	DRAFT REPORT	
	Disabled Facilities Grant (Additional Task)	UNDERWAY	
	IR35	UNDERWAY	
	Direct Payments	UNDERWAY	
	Right to Buy	UNDERWAY	
	Replacement for SWIFT	UNDERWAY	
	Troubled Families (Additional Task)	UNDERWAY	
<b>ONESOURCE</b>	One Oracle Interfaces (2017/18)	COMPLETED	SUBSTANTIAL
	Financial Controls Phase 1 (forms part of the Key Financial Systems audit allocation)	COMPLETED	N/A
	Financial Controls Assurance Phase 2 (forms part of the Key Financial Systems audit allocation) (Additional Task)	UNDERWAY	
	Pension Fund Governance	UNDERWAY	
	Pension Fund Administration	UNDERWAY	
	Treasury Management	UNDERWAY	
	Cloud Computing (forms part of the ICT audit allocation)	UNDERWAY	
	Virus Protection (forms part of the ICT audit allocation) (Additional Task)	UNDERWAY	
	Procurement	UNDERWAY	
<b>SCHOOLS</b>	St Patrick's Catholic Primary	COMPLETED	MODERATE
	Brady Primary	COMPLETED	MODERATE
	Hylands Primary	COMPLETED	MODERATE
	Nelmes Primary	COMPLETED	MODERATE
	St Ursula's Catholic Primary	COMPLETED	MODERATE
	The Learning Federation (Mead & Broadford)	COMPLETED	LIMITED
	R.J. Mitchell Primary	DRAFT REPORT	
	Health Checks (21)	UNDERWAY	X3 FINAL REPORTS ISSUED

## Status of 2018/19 Audit Plan – Audits to be scheduled

	AUDIT TITLE	STATUS
LBH SYSTEM AUDITS	GDPR	Q4
	Economic Development Programme Review	Q4
	Private Sector leasing – new payments system	Q4
	Homelessness/Housing – new system	Q4
	Joint Commissioning Unit	Q4
	General Project Assurance Work	Q4
	PMO / Project Management Arrangements	Q4
	Housing – Fixed term tenancy agreements	Move to 2019/20
	Corporate Health and Safety	Move to 2019/20
	Contract Management	Move to 2019/20
	Emergency Planning and Business Continuity	Move to 2019/20
	School Expansion Programme	Move to 2019/20
	Social Care Transitions	Move to 2019/20
	Housing and Planning Act 2016	Cancelled
	Homelessness – Homelessness Reduction Act	Cancelled
	Adoption and Permanency Prescription	Cancelled
SCHOOLS	James Oglethorpe Primary	Q4
	Parsonage Farm Primary	Q4
	Suttons Primary	Q4
	Scotts Primary	Q4
	Gaynes Language College	Cancelled – Converted to Academy
	Sanders Drapers	Cancelled – Converted to Academy
	Health Checks (18)	Q4
ONESOURCE	NNDR – Debt Recovery and Write Offs - Now forms part of the Financial Controls Assurance Work	Cancelled
	Transactional Services	Q4

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