

Progress on 2016/17 Stroud District Council's Governance Improvement Actions

AGS 2016/17 review reference	Governance matters identified/actions taken	Position as at January 2018
Chief Financial Officer Assurance Statement	<p>Future Financial Sustainability</p> <p>The 2017/18 Medium Term Financial Plan (MTFP) identified core deficit of £3.4m by 2020/21.</p> <p>Actions: Work is currently underway with Strategic Heads and key members of the administration to produce a balanced savings plan that addresses the funding shortfall.</p> <p>Lead Officer: Chief Financial Officer (S151)</p>	<p>The latest January 2018 MTFP up to 2021/22 includes a cumulative core deficit of £3.456m in the latter years of the plan. It is a core deficit which is currently projected to increase further in future years.</p> <p>Progress has been made with the savings plan to date (as set out in the General Fund Budget 2018/19, Capital Programme, and Medium Term Financial Plan report to Strategy and Resources Committee 18/01/18 and Council 25/01/18), but that progress in implementing the savings will need to be maintained and reviewed regularly.</p>

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		Also, where planned savings cannot be realised, senior managers will need to have identified alternatives that can be brought forward for consideration and implementation.
Corporate Team Review	<p>ICT Strategy / Infrastructure Investment Plan 2017/18 to 2019/20</p> <p>The Council has allocated up to £600k between 2017/18 and 2019/20 to upgrade the ICT infrastructure and has developed an investment plan summarising how these funds are to be utilised to ensure that the ICT infrastructure continues to meet the business needs of the Council and is able to protect itself against key risks such as cyber threats.</p> <p>Actions: The delivery of the plan will be monitored by Corporate Team and key outcomes reported to Strategy and Resources Committee.</p> <p>Lead Officer: Investment Manager (ICT)</p>	<p>ICT Investment</p> <p>A strategic review of our ICT is currently being undertaken by SOCITM (the society of IT managers). They are reviewing our current systems, infrastructure, service needs and the likely future use and demands on our ICT service by the wider council service areas, including associated risks. This report will be available by the end of January, although key recommendations will be available before this time.</p>

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		<p>This review is being undertaken alongside a wider review which seeks to identify, assess and design even more efficient ways of working including: office provision, systems processes and structures and to address issues related to organisational culture. The outcome from which will be to identify how we can work in a more efficient, flexible and outcome focussed manner; for example: by using ICT to support greater mobile working, automation of processes and customer self-service.</p>

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		<p>As a result of this and the possibility that investment priorities may change, we have reduced the predicted capital spending for 2017/18, to a level which will support only essential investment, with the remainder carried forward into 2018/19, whereupon, we will be ready to implement the findings of the review and will have a focussed investment plan to meet future priorities, challenges and risks.</p> <p>We anticipate that the current capital programme will change, possibly significantly, as a result of this wide ranging review and that implementation of it.</p>

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		<p>It is also anticipated that the budget currently set for ICT investment (£600K over three years (2017-2020) will need to increase; however, this is expected to partly support an element of invest to save spending. There is an identified need to develop a continuous ICT capital investment programme linked to projected ICT product life cycles.</p> <p>We should also note that in order to ensure the implementation of our revised ICT investment strategy that we draw upon the best sector based learning and experience. We have worked with the LGA on a project to share information supporting councils to lever the highest levels of productivity from their use of ICT.</p>

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		Through this we have been awarded funding from the LGA to support the employment of an ICT productivity expert, with previous experience in other Local Authorities, who can support us in planning and implementing the delivery of the right ICT infrastructure and systems, drawing on past lessons and the SOCITM review. These projects will be managed so that one leads straight into the other through quarter 4 of the financial year.
Strategic Head's Composite Assurance Statement	<p>Multi Service Contract</p> <p>The multi services contract provides for the provision of waste and recycling, street cleaning, grounds maintenance, fleet management and maintenance services.</p>	The scheduled Service Management Review has commenced focussing on initially implementing immediate cost savings.

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	<p>There has been a significant increase in costs of the new waste and recycling service which has resulted in additional resources allocated in the 2017/2018 Medium Term Financial Plan.</p> <p>Actions: A full service management review is being undertaken in early 2017/2018 which includes detailed resource analysis. In addition, Internal Audit will provide support to the development of a control framework to effectively manage and monitor the contract.</p> <p>Lead Officer: Director of Customer Services.</p>	<p>The first phase of the efficiency programme has been completed; phase two is due to be completed in March 2018.</p> <p>The Review by Internal Audit on the Control Framework has nine recommendations, including the need to review the Multi Services Contract; all recommendations should be completed by 31st March 2018.</p>
Strategic Head's Composite Assurance Statement	<p>Council Tax and Business Rates Direct Debit issues</p> <p>In December 2016 an error occurred in two Direct Debit payment runs and payments were taken from customers' bank accounts a few days earlier than the due date. A full review was immediately undertaken that examined what had happened and how it can be prevented from happening again. A Members Information sheet was produced which was published on the Council's website which included an improvement action plan.</p>	<p>Completed.</p> <p>Final outcomes reported to the Audit and Standards Committee 4th July 2017.</p>

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	<p>In consultation with Internal Audit, six key recommendations were agreed around the following areas: (1) Procedure guidance notes and procedures documented and process defined, (2) additional staff training, (3) Internal User Group meetings, (4) Business Continuity Plan, (5) Automate Process, and (6) Internal Audit Review.</p> <p>Actions: An Internal Audit review is undertaken to provide the relevant assurances that the Improvement Action Plan has been addressed and implemented.</p> <p>Target Date: 31st May 2017</p> <p>Lead Officer: Chief Internal Auditor</p>	<p>Internal Audit to include a further follow up review in the 2018/2019 Internal Audit Plan to ensure the outstanding recommendation relating to Business Continuity arrangements has been implemented.</p>
Brought Forward from 2015/16	<p>HRA balances investigation: The investigation of HRA balances reported to Members between 2014/15 and 2015/16 (requested by the Chief Executive and reported to Strategy and Resources Committee on 15th June 2016) confirmed that reported HRA balances in committee reports considered by Members had been overstated by £909,000. The overstatement has impacted on the HRA budget and business plan for 2016/17 (and subsequent years).</p>	<p>Completed.</p> <p>Final outcomes reported to the Audit and Standards Committee 12th September 2017.</p>

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	<p>The investigation report raised eight recommendations to improve controls surrounding budget and outturn reporting to Members. Responsibility for control implementation and governance improvement has been allocated to the S151 Officer.</p> <p>Action(s): Internal Audit to complete follow up reviews on the implementation of the HRA balances investigation recommended controls. Review to be completed in two stages within quarters 2 and 3 2016/17 (completed) and a final full follow up of all recommendations raised within the original HRA balances investigation report within quarter 2 of 2017/2018. The follow up review findings will be reported to Audit and Standards Committee.</p> <p>Target Date: Audit and Standards Committee 12th September 2017</p> <p>Lead Officer: Chief Internal Auditor</p>	

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Brought forward from 2015/16	<p>Procurement Action Plan: Weakness in the use and management of procurement and contract management increases the risk of legal challenge from suppliers and contractors of not complying with relevant regulations and internal Council Contract and Procurement Rules. It also increases the risk that the Council cannot demonstrate that it is securing value for money when procuring.</p> <p>The Council drafted the Procurement Action Plan 2015/16 to mitigate against the above risks. Implementation in 2015/16 was delivered through the Procurement Board and progress reported to the Audit and Standards Committee. At 2015/16 year end, governance of procurement and contract management was transferred from the Procurement Board to the Corporate Team. To continue development of the area, Audit and Standards Committee approved the proposed 2016/17 Action Plan on 5th April 2016.</p> <p>Action: Corporate Team to lead on delivery and implementation of the approved Procurement Action Plan 2016/17. Progress against the 2016/17 Plan will continue to be reported to Audit and Standards Committee during 2017/18.</p>	<p>In response to the Action:</p> <ol style="list-style-type: none"> 1. Corporate Team has received regular updates (i.e. on a quarterly basis) on work undertaken by the Principal Procurement Officer in accordance with the 2016/17 Action Plan. Two updates on progress have also been provided to Audit and Standards Committee. 2. The main areas of work in the Action Plan (all of which have been completed by the Procurement Team) include: <ol style="list-style-type: none"> a. Continuation with South West Procurement Portal;

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	<p>Lead Officer: Principal Procurement Officer</p>	<ul style="list-style-type: none"> b. Project oversight by the relevant service manager to consolidate Council contracts for agency staff and consultants, which has resulted in a new process for the procurement and appointment of agency staff being implemented by Human Resources Manager using a framework agreement; c. Update of Council's Contract Procedure Rules (CPPR);

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		<ul style="list-style-type: none"> d. Production of guides for officers on contract management as well as regular officer updates on changes in relevant requirements e.g. procurement thresholds; and e. Completion of a comprehensive programme of procurement training in 2017 to improve the skills and knowledge of all staff who undertake procurement activities within the Council (see below).

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		<p>3. The corporate training included all staff from Corporate Team through to relatively junior staff who act under instruction from delegated officers (i.e. Directors and certain Heads of Services). Following the training an assessment of the value and the improvement in procurement activity was undertaken, with most staff commenting that the training was informative, their knowledge had increased, which should in turn improve the Council's future procurement activities, minimising risks of challenge and increasing value for money of goods, services and works received.</p>

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		<p>4. Additional work has also been undertaken by the Procurement Officer including:</p> <ul style="list-style-type: none"> a. Commencement of review of template contracts for use in any procurement activity; b. Development of an induction checklist with Human Resources Team for new members of staff, whereby new staff are informed of their obligations under the Council's Constitution including CPPRs (this is adapted for each new member of staff, depending on the amount of procurement activity they are likely to undertake); and

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		<p>c. Leading projects to consolidate Council expenditure on postage, printing and marketing services.</p> <p>5. The importance of compliance with relevant legislation and the Council's CPPRs is recognised by the Council continuing to allocate responsibility for such to Corporate Team and relevant Heads of Service.</p> <p>6. Following a reorganisation of Tenant Services and in recognition of fact that a significant amount of large value contracts are the responsibility of that team, a new role of Head of Contract Services was created to</p>

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		oversee contracts and contract management across the Council.
Brought forward from 2015/16	<p>Business Continuity and Disaster Recovery: The Council's Excelsis risk register includes the risk 'if the Council does not regularly review it's business continuity/disaster recovery plans to ensure they are fit for purpose, the delivery of frontline and back office services will be disrupted in the event of an incident'.</p> <p>To support mitigation of this risk the s151 Officer and the previous ICT Delivery Manager raised the area for inclusion within the Risk Based Internal Audit Plan 2016/17. A Business Continuity and Disaster Recovery consultancy review was therefore completed by Internal Audit in liaison with the ICT Delivery Manager, to support control improvement. An action plan was subsequently developed which highlighted improvement areas.</p> <p>Action: During 2017/2018 Internal Audit will review progress with the recommendations made and report the outcomes to the Audit and Standards Committee.</p>	<p>Draft reports have been issued within January 2018, with the final outcomes to be reported to the 10th April 2018 Audit and Standards Committee.</p> <p>The reason for the delay on ICT audit delivery within 2017/18 was the reduced ICT resources within the SDC team and the delay on appointment and start date of the Infrastructure Manager. The client (through the ICT Investment Manager and with agreement of the relevant Director) requested delay of the audits until November 2017. This request has impacted the AGS target date.</p>

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	<p>Target Date: Audit and Standards Committee 28th November 2017</p> <p>Lead Officer: Chief Internal Auditor</p>	