

**Appendices:**

1. Governance Action Plan
2. Corporate Board Structure
3. Internal Control Review Plan
4. Outstanding Internal Audit Recommendations



**NORTHAMPTON**  
BOROUGH COUNCIL

## AUDIT COMMITTEE REPORT

<b>Report Title</b>	<b>Progress Update on Implementing the Governance Action Plan</b>
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**AGENDA STATUS: PUBLIC**

**Audit Committee Meeting Date: 18<sup>th</sup> June 2018**

**Policy Document: The Governance Action Plan**

**Directorate: Borough Secretary**

**Accountable Cabinet Member: Jonathan Nunn - Leader**

### 1. Purpose

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- 1.1.1 This report outlines the progress made to date on implementing the Council's Governance Action Plan.

### 2. Recommendations

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- 2.1 That the Committee review and comment and where appropriate constructively challenge the Governance Action Plan to inform further work on its content, development and implementation.
- 2.2 That the Committee agrees to required work that has been identified in light of the Governance Action Plan implementation.
- 2.3 That the Committee receive update reports on the implementation of the Governance Action Plan from the Borough Secretary at every future meeting until it determines otherwise.

### 3. Issues and Choices

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#### 3.1 Report Background

The Governance Action Plan is a fundamental document for the Council. The purpose of the plan is to ensure training and support is available for officers to strengthen and ensure effective governance arrangements and processes are in place within the Council.

### 3.2 Plan update:

3.2.1 Of the 48 actions originally listed for implementation, six remain open. Following the update reviews, 42 actions have been closed based on evidence received. Since the last Committee meeting in January, 2018, six actions have been completed.

GOVERNANCE AREA	Number of Actions	Fully Implemented	Partly Implemented	Not Implemented	To Be Confirmed
Risk Management	6	5	1	0	0
Project Processes	3	3	0	0	0
Programme & Project Support	5	5	0	0	0
Due Diligence	1	0	1	0	0
IA Recommendations	4	4	0	0	0
Exec. Decisions – Cabinet Processes	13	10	2	0	1
Governance	4	3	1	0	0
Financial Governance	11	11	0	0	0
Other	1	1	0	0	0
Total	48	42	5	0	1
Percentage	100%	88%	10%	0%	2%

The Governance Action Plan as at 31.05.18 can be found at **Appendix 1**.

3.2.2 Implementation of this Governance Action Plan is owned and overseen by this Committee, by the Leader of the Council, the Chief Executive and the Statutory Officers, by Corporate Management Board and the Corporate Improvement Board led by the Borough Secretary.

### 3.3 Improvement areas

The following are the key improvement areas in the Governance Action Plan since the last Audit Committee. The Plan itself is a precursor to further detailed work that is required to enable the control environment within the Council to be effective and robust.

#### 3.3.1 Risk Management

3.3.2 Risk management is a key priority in the Governance Action Plan and has three linked tasks which are firstly to review the risk management framework, policy, procedures and processes of the Council, secondly to embed risk management throughout the organisation and lastly to ensure there is effective risk reporting through the governance process.

3.3.3 Work has been completed in the Borough Secretary and Regeneration, Planning and Enterprise Directorates to complete service area risk registers. Customers and Communities and Housing and Wellbeing have maintained their own risk registers at Directorate level and these will be presented to the Corporate Improvement Board for review in June 2018.

3.3.4 **One area of the Council that has not been addressed is a risk register relating to Members. This piece of work will be completed over the next few months and will involve interviewing key Members of the Council.**

3.3.4 The Corporate Risk register was last updated in December 2017. Although the register would normally be updated on a quarterly basis, the work carried out within the service areas in relation to risk will feed into the Corporate Register which will be updated for any risks thought to affect the Council at a corporate level. There will be a review of the register during July to take into account new risks emerging as part of the Local Government Reorganisation.

3.3.5 If required, the risk register(s) may be presented to the next Audit Committee.

### **3.4 Governance – Board Structure**

3.4.1 As part of the review of governance within NBC, a restructure of the boards was implemented and has been in place as of the 4th January 2018. The boards are:

Corporate Delivery Board (monthly) – Still to be inaugurated.

Corporate Performance Board (bi-monthly) - active

Corporate Improvement Board (bi-monthly) - active

Corporate Management Board (bi-monthly) - active

The Corporate Delivery Board is responsible for reviewing all projects and performing gateway reviews before recommendations are made to Corporate Management Board. The delay in the start of this Board is due to the change in staff within the Regeneration Directorate and the need to consolidate knowledge of relevant projects. However, this is an area of management focus and any developments on the projects are required to be presented to Corporate Management Board for approval.

3.4.5 As per the last Audit Committee, attached at **Appendix 2** is the new structure of boards, their responsibilities and members. Please note that these boards may be subject to change by George Candler, Chief Executive who will be reviewing them over the next few weeks. In the meantime they will progress as planned.

### **3.5 Internal Control Review Plan**

3.5.1 **Appendix 3** presents the internal control review plan that will be started imminently. The first reviews to be conducted will be on interims and all service areas where an income stream has been identified.

3.5.2 Although the use of interims can be a short term effective solution, interim numbers and the length of service is reported at each Audit Committee the Council needs to have clear plans in place to ensure that these resources are properly managed.

3.5.3 We have historic and new income streams within all directorates and the limited reviews previously identify this as a high risk area with respect to

having effective controls in place to ensure all income is accounted for and reported correctly.

- 3.5.4 Although a formal report will not be prepared and issued as with an audit, there will be a report of findings and agreed actions with management that will be presented to Audit Committee quarterly. The Governance team will assist the service areas in implementing any improvements required and work with the teams to ensure policies and procedures are documented and up to date.

### **3.6 Outstanding Internal Audit recommendations**

- 3.6.1 In agreement with PWC, the Governance team are responsible for following up on internal audit recommendations.
- 3.6.2 **Appendix 4** details the current recommendations that remain outstanding and shows the progress update from the service areas as at 31<sup>st</sup> May, 2018.
- 3.6.3 We will continue to work with the management team to ensure recommendations are actioned. The internal control review will eventually cover all areas of the business and any previous audit recommendations will be taken into consideration when they are conducted.

## **4. Implications (including financial implications)**

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### **4.1 Policy**

- 4.1.1 There will be various impacts and indeed transformation of current policies. The governance action plan will ensure that all policies are tightened and individually and in aggregate contribute to embedding effective arrangements for risk management and to building a strong control environment at the Council.
- 4.1.2 Compliance with these policies will be monitored through the Internal Control reviews and reported upon through the governance structure and to the Audit Committee starting in the new financial year.

### **4.2 Resources and Risk**

- 4.2.1 The additional capacity required to implement the governance action plan previously reported to the Audit Committee has now been put in place through normal decision-making processes. Financial implications will be reported through the budget process.

### **4.3 Legal**

- 4.3.1 None to report at present.

### **4.4 Equality**

4.4.1 Whilst there are no specific equality implications at this stage, various HR policies will be reviewed through the governance action plan. All these reviews will be supported by equality and community impact assessments using Stonewall LGBT rights charity.

#### **4.5 Consultees (Internal and External)**

4.5.1 Internal consultation has taken place with Corporate Management Board and other senior officers, LGSS finance, and Internal Audit and External Audit on the matters in the governance action plan and external expert advice has been taken where required.

#### **4.6 Other Implications**

4.6.1 None specifically

### **5. Background Papers**

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5.1 Various internal working documents

**Francis Fernandes, Borough Secretary**