

Regulatory and Audit Committee 10 June 2014

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Regulatory and Audit Committee

Title:	Transport for Buckinghamshire Service Reviews – Update on progress
Committee date:	10 th June 2014
Author:	Interim Service Director, Place
Contact Officer:	Gill Harding / Mike Freestone
Electoral wards affected:	All

1. Introduction

This paper provides an update on the improvement work which is underway on the Transport for Buckinghamshire (TfB) Service. There are two main streams of review and improvement work currently in progress on the Highways and Transportation service provided by TfB. These are:

- A review of the overall TfB service commissioned by the Cabinet Member for Transportation which is currently being undertaken by external consultants, Gate One.
- The TfB Improvement Plan which is implementing improvement actions already identified by the Transport and Locality Services (ETL) Select Committee review and the internal audit on the TfB Capital Maintenance Programme.

Gate One Review

This review was designed to build upon earlier reviews (e.g. Internal Audit, ETL Select Committee, Improvement Plan), to take an independent look at the service and to make recommendations for further improvements going forward. Work began on 23rd April with an initial three-week 'discovery' phase. Key themes in the review are: Governance, Strategic Partnering, and Value for Money. Findings from this were presented to a joint Cabinet-COMT session on 19th May, and further lines of enquiry were agreed for a second phase of work. This and allied action planning will continue until end-June.

It was agreed at the meeting on 19th May to commission an independent, detailed Value for Money review of TfB, to go into the issue in more depth. This will run to a similar timescale, with findings and recommendations to be included in a single report by Gate One.

TfB Improvement Plan Progress

Whilst the Gate One review has been underway work has been continuing on the TfB Improvement Plan. Overall, the plan is about 75% complete with the focus recently being on reviewing and developing policies and completing the specific actions arising from the audit report on the Capital Maintenance Programme. With respect to the latter, the

improvement actions identified by Place Management to address the audit findings are now substantially complete. Ringway Jacobs has carried out its own internal audit of a further sample of Capital Maintenance Schemes and has completed further improvement actions identified as a result of this audit. The effectiveness of these actions will be kept under review.

A further more detailed report on the improvement actions arising from all the current reviews will be reported to the Committee in September.

Regulatory and Audit Committee

Title:	Draft Annual Governance Statement Action Plan
Date:	10 June 2014
Author:	Chief Internal Auditor
Contact officer:	Ian Dyson 01296 383070
Local members affected:	N/A

For press enquiries concerning this report, please contact the media office on 01296 382444

Summary

The Annual Governance Statement is subject to review and approval by the Regulatory and Audit Committee at the meeting on 25 June 2014. The statement has to be published by 30 June and presented in support of the Statement of Accounts. This reports sets out the key governance issues identified through the assurance framework, and a draft action plan for the Committee to consider and comment upon.

Recommendation

The Committee is recommended to identify any additions or amendments to the draft action plan for inclusion in the 2013/14 Annual Governance Statement action plan.

Supporting information to include the following if a decision is being requested:

Resource implications

None

Legal implications

There are no new legal implications. The Audit and Accounts Regulations 2011 makes Reference to the requirement for an Annual Governance Statement.

Other implications/issues



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None

Feedback from consultation, Local Area Forums and Local Member views (if relevant)

n/a

Background Papers

[This section should include unpublished documents on which the report has been based and documents which have been relied upon to a material extent in preparing the report. Exempt or confidential information should not be listed, as any background papers must be made available for public inspection if requested.]

It is good practice also to include published papers. However if you do so, please indicate where they can be obtained, e.g. Internet, Library.]

The following is a draft section of the Annual Governance Statement, highlighting the significant governance issues identified and draft action plan, to be updated in the final version following comments from the Regulatory and Audit Committee.

Significant governance issues

- 5.1 It should be noted that governance issues facing the organisation are not necessarily always a result of weaknesses within the internal control framework. The following areas for improvement have been identified:
- 5.2 The 2012/13 annual governance statement identified four key actions to improve the governance framework, the outcome of the action plan is as follows:

Data Protection e-learning

- All staff to have completed the training by December 2013, with routine reports to the Information Governance Group on performance to ensure levels of compliance including new staff remains high.

The action was implemented; however the governance audits completed by Internal Audit, and the recently completed controls self-assessment by Service Directors has identified that the action taken has not fully embedded, as not all staff have completed the training. This action will be restated in the 2013/14 AGS

Self-Assessment against the Public Sector Internal Audit Standards

- The Chief Internal Auditor to complete the assessment and to prepare an action plan for addressing any gaps identified. Audit Charter to be updated

The assessment was completed and reported to the Regulatory and Audit Committee. The Annual Report of the Chief Internal Auditor sets out the areas of non-conformance with the standards and the action to be taken. An action has been included in the 13/14 AGS to monitor this.

Local Code of Corporate Governance

- Local Code to be refreshed and submitted to the Regulatory and Audit Committee for approval. Process to be established for regularly reviewing the code.

This action pre-dated the decision to transform the Council's operating framework under the Future Shape Programme. Under this programme, the Council's Constitution, organisational structure and operating framework are being reviewed including a work stream for governance. The review of the Local Code is now being picked up as part of the Future Shape Programme.

Contract Management Framework

- Contract Management Application to be implemented and embedded across the council; to include all platinum and gold contracts. Routine management reporting established to provide assurance over the performance and effectiveness of contract management for all major contracts.

This action has been progressed; however, not all contracts are recorded on the system, and the routine assurance reporting as a key management control is not complete. This action is restated in the 2013/14 AGS action plan

- 5.3 In 2013/14 Internal Audit issued seven audit reports with a conclusion of 'Limited' assurance over the system of internal control. Management actions have been agreed, and positive assurance received from the Managers that actions are being taken, either through the Audit Action Tracking system, or directly through managers reporting progress to the Regulatory and Audit Committee. Follow up audits will be undertaken in 2014/15 to provide assurance the Committee that the actions are complete and the improved controls are operating effectively.
- 5.4 There have been two reviews undertaken in respect of Transport for Buckinghamshire, both highlighting governance issues within the operation and management of the contract, the reports were produced by the ETL Select Committee and Internal Audit. Actions following these reviews are being taken and will be embedded in 2014/15, but this is included in the AGS action plan for monitoring by the Regulatory and Audit Committee.
- 5.5 The Internal Audit Service monitors the implementation of management actions arising from audit reports through their action tracking system. In March 2014, the application used for the tracking could no longer be utilised, so an interim solution was commissioned. The solution is not yet operational, and as a result the action tracking cannot be monitored or reported on. This is a key assurance mechanism for the Regulatory and Audit Committee; it is therefore included as an action in the AGS.
- 5.6 The annual Certificate of Assurance procedure has overall identified that strong governance is applied across the Services. There are some service specific issues that have been identified for action, but no material weaknesses. The actions to address local issues will be monitored by Internal Audit.
- 5.7 The Council is currently running the Future Shape Programme that will result in fundamental change to the operating framework with the creation of Business Units, and a range of new delivery vehicles for our services. The governance framework under the new operating framework is a key deliverable of the Programme, as this will change, the existing assurance framework will also change. An action in the AGS is to ensure robust governance and assurance framework is designed and approved by the Regulatory and Audit Committee.

6 Declaration

- 6.1 We have been advised on the implications of the result of the review of effectiveness by the Regulatory and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Signed
Chief Executive

Signed
Leader of the Council

Appendix 1 – AGS ACTION PLAN

Governance Issue	Action to be taken	Responsible Officer	Timescale for completion
Not all staff have completed the mandatory data protection e-learning.	All staff to have completed the training by October 2014. The Regulatory and Audit Committee to receive a quarterly performance report on the level of compliance.	Data Protection Manager	October 2014 First performance report to R&A September 2014
Non-conformance with the Public Sector Internal Audit Standards (PSIAS).	Action plan implemented to address the areas of non-conformance with the PSIAS, reporting progress quarterly to the R&A Committee.	Chief Internal Auditor	December 2014
On-going development of the Contract Management Framework	Contract Management software to be implemented and embedded across the council; to include all platinum and gold contracts. Routine management reporting established to provide assurance over the performance and effectiveness of contract management for all major contracts	Service Director, Finance and Commercial Services	March 2015
Strengthening of the governance arrangements within the Transport for Buckinghamshire contract, including quality assurance and contract monitoring.	New governance arrangements and actions to address control weaknesses to be embedded and monitored to provide assurance they are operating effectively.	Service Director, Place	January 2015 for Assurance report to R&A Committee
Implementation of the Audit Action Tracking System	Implementation of new action tracking system, with all legacy and new actions recorded and updated on a regular basis.	Chief Internal Auditor	Report to R&A Committee September

			2014
Fundamental change to the governance and operating framework for the council under the future shape programme to be operational by April 2015	Design a robust governance and assurance framework to underpin the new operating framework, approved by the Regulatory and Audit Committee	Chief Executive	March 2015

Regulatory and Audit Committee

Title:	Risk Management Strategy - Update
Date:	10 th June 2014
Author:	Maggie Gibb – Risk and Insurance Manager
Contact officer:	Maggie Gibb – 01296 387327
Local members affected:	None

For press enquiries concerning this report, please contact the media office on 01296 382444

Summary

This report summarises the discussions at the Risk Management Group held on 27th June 2014 to review progress of the Council's Risk Management framework.

Recommendation

Members are asked to note the report.

Summary

- The Risk Management Group (RMG) met on 27th June 2014. The meeting was attended by:
 - Zahir Mohammed (Chairman)
 - David Martin (Member of Regulatory and Audit Committee)
 - Ian Dyson (Chief Internal Auditor)
 - Maggie Gibb (Risk and Insurance Manager)
 - Richard Schmidt (Assistant Director (Strategic Finance))
 - Amy Wadsworth (Risk and Insurance Officer)
 - Helen Wailling (Democratic Services Officer)
- Sue Breese and Steven Rawlinson from the Future Shape Programme Team attended the meeting to update the RMG on the Future Shape Programme and the management of risks within the programme. The group received a short presentation giving an overview of the programme governance and structure for the detailed design phase.



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The officers then updated the group on the management of risks within the programme and advised that risks are categorised at a programme and project level and are monitored on a regular basis:

- Programme risks are reviewed monthly in a meeting attended by the Programme Management Team and the workstrand leads, to ensure visibility across the Programme; and
- Project level risks are managed within the workstrands. Separate risk registers have been created and risks are escalated to the Programme Management Team through the highlight reports.

The group then received an update on the current Future Shape Programme risk register. The register currently details 26 risks, of which two are scored as “high”. Both of the high risks relate to staff engagement and change resistance, and whilst there are a number of mitigating actions in place, and future actions planned such as a detailed communication plan, the risks remain high at this time due to the status of the programme.

The risk registers for the Business Units and Supports Services workstrands will be presented to the next RMG for discussion.

3. Graeme Finch, Contracts Manager for AFW Commissioning and Service Improvement attended the meeting to update the RMG on the processes in place to manage risks relating to the Local Authority Trading Company (LATC), which went live as Buckinghamshire Care on 1 October 2013.

The latest risk register was presented to the group. The risks are monitored on a regular basis by the Contracts Manager and are reviewed by the Stakeholder Commissioning Group on a quarterly basis.

The high level risks were discussed in detail:

- Risks 2 and 3 relating to support services costs and the plan to achieve savings are the two biggest financial issues and are both currently “red”. There had been a big change in the scale of support cost that the LATC had been given. A meeting between BCC and Buckinghamshire Care has very recently been held to discuss this issue and it is hoped that this risk would reduce as a result of that.
- Risk 8 – as ‘provider of last resort,’ Buckinghamshire Care would need to be able to cover Domiciliary Care Services, residential care etc in the event of a major contract failure. They had not been called upon to do this to date. Scenario planning is being undertaken and a full operational test would be held in August 2014. This risk is also included in the COMT risk register as part of a wider AFW dom care risk.
- Risk 9 – relating to the capacity of the Reablement Service has a mitigating action to create a subcontracting arrangement, including a recruitment drive and review of management resource. This is expected to be in place by the end of June 2014 and the risk will reduce accordingly. It was confirmed by the Contracts Manager that the risk is not currently impacting on the service providers and that they are taking all referrals given to them. The Chief Auditor questioned whether there were any performance indicators being monitored to confirm that the right services were being provided to clients and requested that the Contracts Manager raise this with the Service Director as a potential operational risk for the AFW Risk Register.
- Risk 10 – relating to Support Services not meeting expectations/SLA targets. This is very similar to Risk 2. Buckinghamshire Care are now recruiting a full-time HR resource themselves, which is a mitigation, so the risk will reduce.
- Risk 11 – no agreed business implementation plan agreed with Stakeholders Commissioning Group. Meetings are planned with Ernst and Young and BCC to

understand the pressures on the original business plan. The Contracts Manager confirmed that Ernst and Young have been providing the additional time relating to this issue without charging for it.

The Contracts Manager will return to the Risk Management Group in November for a further update on the risk register.

4. The RMG received a brief update from the Risk and Insurance Manager on the work of the Risk Team since the last meeting.

The new Risk Management system is now operational and a training programme to roll out across services would commence on 5 June 2014, starting with the Risk Administrators within each service.

The first reports from the new system would be produced at the end of Quarter 1, and these would come back to the Risk Management Group.

The RMG received a demonstration of the new system.

The reporting from the new system would be aligned with the timetable for the wider Integrated Performance Framework.

The additional project to develop an interim solution for audit action tracking was still in progress, and reports would go to Regulatory and Audit Committee from September 2014. Any issues prior to that would be reported to the Chairman of the Committee.

The Risk Team have continued to attend team meetings and to meet with project managers to discuss new and emerging risks as well as reviewing current risks.

The Risk and Insurance Manager and Chief Auditor had met with all Strategic and Service Directors and the Chief Executive at the beginning of Quarter 1 to discuss key risks/areas of concern to feed into risk registers and the internal audit activity.

The Risk and Insurance Manager met with all members of COMT in May to update the COMT risk register.

The risk register is on the COMT forward plan in June for a group discussion, with the following key risk areas to be considered for inclusion on the risk register:

- Care Bill
- Ringway Jacobs Contract
- Health and Social Care Integration
- Safeguarding
- General Election

The Risk Team continue to review and challenge the risks for key projects, including the Care Bill which would be presented at a future meeting.

A member of the RMG said that the impact of the Care Bill could be massive and asked if there was a grip on that. The Risk and Insurance Manager advised that there was a large project being managed in Adults and Family Wellbeing, with Ernst and Young as advisors. A verbal update on this will be provided to the RMG on 13 June, and the full risk register brought to a future meeting.

Further risk management training had now been completed for Platinum and Gold Contract Managers. In total 41 contract managers had attended the workshops undertaken in November 2013 and February 2014 from across all service areas. The remaining Gold Contract Managers and Silver Contract Managers would be included on the workshops to be undertaken at the beginning of July 2014.

Background Papers

Risk Management Group Minutes
