

**PUBLIC QUESTIONS AND ANSWERS TO
AUDIT AND GOVERNANCE COMMITTEE
25 SEPTEMBER 2020**

Ms J Morris, Hereford

Question:

The recommendations of the Blueschool House are being followed in relation to all the major transport projects. Major transport projects are managed using the councils' project management system 'Verto' and overseen by a Major Infrastructure Delivery Board." In view of the answer provided just 12 months ago, which capital projects and contracts have failed to follow the Blueschool House recommendations and will those be subject to further internal audit?

Answer:

There are no specific projects that do not follow the recommendations however the major contract review has highlighted improvements that can be made in managing the contract. A plan on implementing these improvements will be considered by Cabinet.

Ms K Sharp, Hereford

Question:

Grant Thornton makes reference to their growth report 'Unleashing counties' role in levelling up England. This measures Growth by Gross Added Value (GVA). Herefordshire on a GVA basis is assumed to perform at a low level of growth compared to the rest of the Country. Do the committee think GVA this is the best measure of the performance of a Council, or when considering the costs of the impacts of climate change, should this be balanced with measuring a county's contribution to minimising carbon emissions; protecting the environment; providing good quality of life, and good health outcomes (physical/mental) of its residents?

Answer

GVA is a generally accepted benchmark for comparison purposes. The Council however has adopted a corporate plan and would measure success against the performance indicators derived from this plan. These performance indicators are reported quarterly to Cabinet and include the suggested points identified in your question.

Ms J Richards, Hereford

Question:

Page 5 of the internal Audit report 2020/21 states "there has again been findings where governance processes or guidance are not always followed to ensure compliance with

existing procedures in place across the Council. A number of findings relate to capital projects and contracts and particular to Record of Officer Decisions and whether value for money can be demonstrated. Management is responsible for ensuring compliance to policies and procedures and should have oversight to address non-compliance". This Committee was previously reassured that the lessons on Blueschool House had been learnt, yet this report indicates otherwise. What is senior management doing to address the failure of officers to follow policies and procedures?

Answer:

The internal audit report relates to 2019/20. The role of internal audit is to identify issues such as non-compliance and then for actions to address these failures to be agreed and implemented. The sentence referred to in your question starts with the explanation "no areas of significant corporate risk have been identified" however the organisation revised its policies and procedures and expects all officers to comply with these therefore any deviation is dealt with promptly and a remedial action plan agreed swiftly to address any failings discovered.

Mrs E Morawiecka, Breinton

Question:

The Internal audit work on the South Wye Transport Package gives an Advisory report on the Phase 1 audit in respect of governance, where 7 recommendations have been made. A Partial report issued on the Operational audit of the SWTP gives a further 7 recommendations. These are the highest number of recommendations for any of the internal audit work items. In view of the massive overspends of public money on the SWTP, including the use of a £5million pothole grant from central Government, what are the issues identified by the Internal Auditor that gave rise to these 14 recommendations on just one capital project, as this information does not appear in the public domain?

Answer:

The agenda includes a summary of the audit reports that have been presented to the Audit & Governance committee.

The South Wye Transport Package Phase 1 – Governance reviewed the governance processes in relation to the decision to continue to tender and issue the Invitation to Tender in August 2018. The key findings from the report were reported to the Audit and Governance Committee on 24 September 2019 as part of the Internal Audit Progress Report.

Due to the COVID 19 Pandemic there were delays in finalising the report for the South Wye Transport Package Phase 2. A position statement was provided to the Audit and Governance Committee members on 3 August 2020 reporting on the findings from the audit as below.

The South Wye Transport Package (SWTP) Phase 1 Final Report was issued on 24 September 2019, it is recognised that work has been completed to outline appropriate controls to previous recommendations and work has commenced to implement these controls.

Partial assurance has been identified for the SWTP Phase 2 audit due to:

- the proposed controls in response to the Phase 1 recommendations have been developed and are in the process of being implemented but are not complete, and

- additional control weaknesses being identified.

Evidence from the current review and an update from the Acting Assistant Director for Highways and Transport and Infrastructure Manager indicates that three of the four recommendations from the previous audit, SWTP Phase 1 are not complete and a revised implementation date is required. It is noted that full completion of the recommendations requires alterations to the Councils Financial Management System to allow for escalation and recording of comments and allowing a period of time for the control frameworks to embed.

This phase 2 review of project governance for the SWTP was for the period May 2018 to October 2019 and the following control weaknesses were identified.

There is a lack of utilisation and management of the SWTP through the Council's project management software Verto. Although it is recognised discussions have taken place and are still ongoing between the Councils Corporate Project Team and Infrastructure Delivery Team to consider how the existing control framework of Early Warning Notices (EWN's) via the Councils financial management system will synchronise/link with Verto.

There is also a lack of information or there are issues with accuracy and consistency of information across the following areas:

- Project Sponsors information
- Assumptions details
- Issue and action logs
- Minutes and agendas

Control frameworks to minimise the possibility of operational decisions not being recorded and risks not being identified are in place via the existing early warning notice (EWN) process. It is however noted that the system process requires development to ensure sign off and escalation are part of this framework.

Procurement processes regarding the use of three consultants to the total value of £62,286 have not been followed appropriately, it is noted one of these was procured outside of the scope of the audit however further payments were made to the supplier within the scope timeframe.