

**SIGNIFICANT GOVERNANCE ISSUES PROGRESS REPORT - FROM ANNUAL GOVERNANCE STATEMENT 2016-17**
**Issues to address in 2017/18**

Issue No.	Issue identified	Responsible Officer?	Summary of action proposed	Update Sept 2017	Update December 2017	Update March 2018	Notes
<b>No significant governance issues were identified for 2016/17, however, measures to improve Governance arrangements have been proposed and implementation of these measures should be monitored.</b>							
1	Implementation of a performance management framework.	B Luxton	A new performance management framework is currently being developed. The new framework will be presented to SMB once the new appointments to SMB have joined the Council but is hoped that the system will be implemented by October 2017 at the latest.	No further update	The Director with responsibility for Performance Management will be working with the Executive Support team to undertake further work to clarify strategic priorities and set SMART outcomes, indicators and measures that connect frontline performance with strategic outcomes.	Executive members and SMB met on 29 January 2018 to consider a new city vision and priorities for the council. These will be captured in a new corporate plan and comprehensive performance framework, which will be submitted to members in July 2018.	
2	Medium term financial plan is not clearly linked to the Council's corporate priorities and work program.	CFO	Medium Term Financial Plan to be reviewed and updated to link to both corporate priorities and the corporate work programme and to include the Council's Value for Money Strategy	No update	During an away day new capital bids have been identified and linked to priorities. Revenue bids - a way forward has been identified which involves directors reviewing services to identify savings over the next 12 months	As timetable is being drawn up to address the issues and savings required for 2019-20 onwards. It will be necessary to demonstrate links to the Council's Corporate priorities.	
3	Services are currently struggling to deliver the capital programme predominantly due to either a lack of resources in some service areas or a skills gap in respect of procurement processes and procedures in other areas.	CFO	Lack of resources issues – Members need to make a decision whether to modify the capital programme to fit with resources available or to increase resources in order to meet expectations. Procurement training issues - once the new Procurement Team is in place, a series of training programmes will be embarked upon to support those staff with procurement responsibilities. The BID process in respect of the capital programme will be updated for 2017/18.	No update	The Council's 3 largest projects are on hold and the rest of spend for quarter 1 was low.	No further update.	
4	The Council needs to continue its work to implement processes and procedures to ensure proper governance and management of its information assets.	Information Governance Forum	To date, work has been undertaken to draft the Information Governance Framework and a report is due to be considered by SMB which will give approval for the Council to compile an Information Asset Register to enable improved management of risks and security of the Council's information assets.	Information Governance Forum has now been set up and is meeting monthly in the first instance to oversee the implementation of the Information Governance Framework and supporting policies to meet the requirements of General Data Protection Regulation (GDPR). The Council must be compliance by 28 May 2018.  Executive Support Unit to work with Housing service to trial the process to identify and record information assets in order to compile and information asset register.	Executive support unit working with Housing service to trial the process, once the process had been proven this will be rolled out to all services.	The Information Governance Framework and all related policies are currently being reviewed and collated into one document, which will be completed by mid March 2018. All services submitted entries to a new Information Asset Register in January 2018. This is being reviewed as part of the GDPR action plan, which includes a range of measures to ensure compliance by 25 May 2018.	

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**Issues outstanding to continue to be reviewed by Audit & Governance**

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2	Separation of Duties - with considerable changes to the structure of the Council as it transforms the way in which services are delivered, separation of duties continues to be an area of concern. There is a risk that inadequate separation of duties could weaken the system of internal control, resulting in an increased risk of irregularities, errors and fraud.	Managers	Managers will continue to review the arrangements for separation of duties as a matter of course. No fundamental weaknesses have yet been identified.		A breakdown in separation of duties has been identified within one service as part of the Internal Audit work undertaken. Audit are in the process of agreeing remedial action with management to rectify this weakness.		
3	Reduction in resources – general reductions in staffing numbers increase the impact of staff absences and other service interruptions. Absences may also increase owing to greater pressure of work and loss of motivation. As reported above, Internal Audit are aware of instances where long term sickness is impacting on service delivery.		Ongoing review		No further update. Management and Internal Audit continue to monitor the situation.		
4	Contract Regulations – current contract regulations conflict with the legislative requirements of the Public Contract Regulations 2015, therefore the Council is at risk of breaching legislation.	CFO	A major review is planned to report shortly with a recommended way forward regarding procurement.	New contract regulations have been drafted.	No further update.		
5	Procurement – the Council currently does not have a procurement function in place that is fit for purpose. A recent audit of procurement identified a number of shortcuts in the procurement process e.g. extending contracts rather than retendering, a lack of effective contract management. The Interim Procurement Officer left the authority at the end of March and has not been replaced. However, the Council has engaged a consultant to review the current procurement process to help meet the requirements of the Public Contract Regulations 2015 but this review has yet to be finalised.	CFO	A major review is planned to report shortly with a recommended way forward regarding procurement.	No update	Still attempting to identify suitable candidates to fill posts. Housing have an interim in place to deal with important Housing contracts.	A number of options to address the problems with recruitment are ongoing. It is intended to readvertise the posts shortly.	