

AT A MEETING of the HFRA Standards and Governance Committee of
HAMPSHIRE COUNTY COUNCIL held at the castle, Winchester on
Wednesday, 31st January, 2018

Chairman:

* Councillor Luke Stubbs

* Councillor Roz Chadd
* Councillor Jonathan Glen

Councillor Roger Price
* Councillor Sharon Mintoff
* Councillor Rhydian Vaughan

*Present

19. **APOLOGIES FOR ABSENCE**

Apologies were received from Councillor Roger Price

20. **DECLARATIONS OF INTEREST**

Members were mindful that where they believed they had a Disclosable Pecuniary Interest in any matter considered at the meeting they must declare that interest at the time of the relevant debate and, having regard to the circumstances described in Part 3, Paragraph 1.5 of the County Council's Members' Code of Conduct, leave the meeting while the matter was discussed, save for exercising any right to speak in accordance with Paragraph 1.6 of the Code. Furthermore Members were mindful that where they believed they had a Non-Pecuniary interest in a matter being considered at the meeting they considered whether such interest should be declared, and having regard to Part 5, Paragraph 2 of the Code, considered whether it was appropriate to leave the meeting whilst the matter was discussed, save for exercising any right to speak in accordance with the Code.

21. **MINUTES OF PREVIOUS MEETING**

The minutes of the last meeting were reviewed and agreed

22. **DEPUTATIONS**

There were no deputations for this meeting.

23. **CHAIRMAN'S ANNOUNCEMENTS**

There were no Chairman's announcements.

24. **HFRS ICT IMPLEMENTATION PROJECT (GOVERNANCE & FINANCIAL CONTROL) AND HFRS BUDGETARY CONTROL AUDIT**

The Committee considered a report from the Treasurer (Item 6 in the Minute Book) regarding an overspend on the HFRS Information and Communication Technology project.

Members had already been briefed on the project at a previous meeting, and so the recommendations and discussions were centred around the results of two internal audit reviews and the resulting management actions, ensuring that governance and financial management arrangements were more robust to prevent any similar thing from happening in the future.

It was acknowledged that communication between board level and strategic level on this project had not been consistent, and that it should have been established at the outset as a higher risk project due to the complexities and type of project spend involved.

In response to Member questions, officers confirmed that whilst processes were in place to monitor the finances at a project level, in this instance these were not adhered to and there was no escalation of any financial problems during the project. A delayed go live for the project had resulted in a specific focus first for implementing the changes and then on fixing issues that had arisen after go live. This may have led to the financial aspects being overlooked, with any concerns neglecting to be escalated to management. The new technology was now in place, and apart from a few issues that are currently being addressed, it was doing what it was expected to do. No further invoices were expected regarding the installation of the system, but the spend was still being analysed and monitored.

Risk analysis was still being done on the project with the risk log being investigated. Other ongoing projects have been analysed to ensure that robust measures were in place and that there were no similar issues, and arrangements will be put in place to properly risk assess and govern future projects. The point was made that this was the first incident of this type and that HFRS has always had a good track record of financial management. Whilst financial risk was relatively low across the service it relies on senior managers taking appropriate action to escalate and address problems as they arise and there had been a failure to do this in this instance.

Whilst it was not standard practice to employ external consultants, the arrangements and day rates were being looked into by management and part of the management actions are to ensure that Officers have an appropriate understanding of procurement regulations. It was common for HFRS to work alongside partners like Hampshire County Council Property Services on projects, but for this project there were no relevant technical experts that could have been consulted in a similar way and therefore external consultants were a necessity.

In Appendix C at point 'h') it was agreed that in the early stages of a project monitoring should be done more frequently than quarterly. At 'i)' it was highlighted that the financial management focus was on appropriate escalation going forwards, both within the management hierarchy and to the Finance Team itself and this would be embedded in all training for future projects. Whilst discussing point 'q)' it was also suggested by Committee that someone independent to a project should oversee it to offer an outside perspective and to

ensure that accurate and honest onward reporting was being completed by the Board.

Officers confirmed that External Audit had been made aware of the issue, and they will need to satisfy themselves that appropriate action had been taken to rectify what had happened, but this was not expected to feature heavily as part of the year end audit.

Committee agreed that regular updates should go to the Authority regarding current projects and financial reporting and this would be incorporated as part of the Performance report that went to Full Authority meetings.

RESOLVED:

The Standards and Governance Committee:

1. Requested that the Chief Fire Officer provides an assurance report on the project governance arrangements across the service.
2. Requested a report from the Director of Professional Services that outlines the forecast of savings arising from the ICT Transformation Project and provides an assessment of the ICT systems that have been implemented.
3. Approved the management actions contained in Appendix C as an appropriate response to the issues highlighted by the audit review set out in Appendix B as amended by the recommendations from the Committee in respect of reporting timescales and procurement issues.
4. Requested the Chief Fire Officer and Chief Financial Officer to report on progress on the management actions to this Committee.
5. Noted that active financial management of the budgets for the remainder of the year is being undertaken by Heads of Service and reported to Directors monthly and current projections are that the overall budget will be £252,000 underspent, after absorbing the increased ICT project costs.
6. Agreed that project updates be included as part of the Performance Update report that goes to Full Authority meetings for information.

Chairman,