

A meeting of the **CORPORATE GOVERNANCE PANEL** will be held in **THE COUNCIL CHAMBER, PATHFINDER HOUSE, ST MARYS STREET, HUNTINGDON** on **WEDNESDAY, 29TH MARCH 2006** at **6:00 PM** and you are requested to attend for the transaction of the following business:-

**Contact  
(01480)**

## **APOLOGIES**

**1. MINUTES** (Pages 1 - 6)

To approve as a correct record the Minutes of the meeting held on 14th December 2005.

**A Roberts  
388009**

**2. MEMBERS' INTERESTS**

To receive from Members declarations as to personal and/or prejudicial interests and the nature of those interests in relation to any Agenda item. Please see Notes 1 and 2 below.

**3. INTERNAL AUDIT SERVICE INTERNAL ADUIT PLAN 2006-07**  
(Pages 7 - 16)

To consider the interim Internal Audit Plan 2006-07.

**D Harwood  
388115**

**4. COMPREHENSIVE PERFORMANCE ASSESSMENT: USE OF  
RESOURCES AND DIRECTION OF TRAVEL** (Pages 17 - 18)

To consider a report by the Head of Policy.

**I Leatherbarrow  
388005  
S Couper  
388103**

**5. EXCLUSION OF THE PUBLIC**

To resolve:-

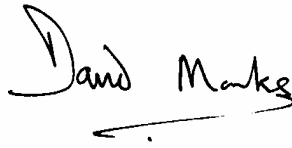
that the public be excluded from the meeting because the business to be transacted contains exempt information relating to an individual.

**6. LOCAL GOVERNMENT OMBUDSMAN** (Pages 19 - 20)

To note action taken by the Director of Central Services in response to a complaint referred to the Council by the Local Government Ombudsman.

**L Jablonska  
388004**

Dated this 17th day of March 2006



Chief Executive

### Notes

1. *A personal interest exists where a decision on a matter would affect to a greater extent than other people in the District –*
  - (a) *the well-being, financial position, employment or business of the Councillor, a partner, relatives or close friends;*
  - (b) *a body employing those persons, any firm in which they are a partner and any company of which they are directors;*
  - (c) *any corporate body in which those persons have a beneficial interest in a class of securities exceeding the nominal value of £5,000; or*
  - (d) *the Councillor's registerable financial and other interests.*
2. *A personal interest becomes a prejudicial interest where a member of the public (who has knowledge of the circumstances) would reasonably regard the Member's personal interest as being so significant that it is likely to prejudice the Councillor's judgement of the public interest.*

**Please contact A Roberts, Democratic Services Officer, Tel No 01480 388009/e-mail: Anthony.Roberts@huntsdc.gov.uk if you have a general query on any Agenda Item, wish to tender your apologies for absence from the meeting, or would like information on any decision taken by the Panel.**

**Specific enquiries with regard to items on the Agenda should be directed towards the Contact Officer.**

**Members of the public are welcome to attend this meeting as observers except during consideration of confidential or exempt items of business.**

Agenda and enclosures can be viewed on the District Council's website – [www.huntingdonshire.gov.uk](http://www.huntingdonshire.gov.uk) (under Councils and Democracy).

If you would like a translation of Agenda/Minutes/Reports or would like a large text version or an audio version please contact the Democratic Services Manager and we will try to accommodate your needs.

### ***Emergency Procedure***

*In the event of the fire alarm being sounded and on the instruction of the Meeting Administrator, all attendees are requested to vacate the building via the closest emergency exit and to make their way to the base of the flagpole in the car park at the front of Pathfinder House.*

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# Agenda Item 1

## HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CORPORATE GOVERNANCE PANEL held in THE COUNCIL CHAMBER, PATHFINDER HOUSE, ST MARYS STREET, HUNTINGDON on Wednesday, 14th December 2005.

PRESENT: Councillors I C Bates, P J Downes,  
T V Rogers and L M Simpson.

APOLOGIES: Apologies for absence from the meeting were submitted on behalf of Councillors C J Stephens, I P Taylor and R G Tuplin.

### **21. MINUTES**

The Minutes of the meeting of the Panel held on 29th September 2005 were approved as a correct record and signed by the Chairman.

### **22. MEMBERS' INTERESTS**

Councillor I C Bates declared a personal and prejudicial interest in Minute Nos.24 and 25 by virtue of his dealings with the complainant in the case under consideration and left the meeting for the duration of the discussion and voting thereon.

### **23. ELECTION OF CHAIRMAN**

RESOLVED

that Councillor T V Rogers be elected Chairman of the Panel for the ensuing two items of business.

**Councillor Rogers in the Chair.**

### **24. EXCLUSION OF PUBLIC**

RESOLVED

that the public be excluded from the meeting because the business to be transacted contains exempt information relating to a recipient of a service provided by the Council and the financial or business affairs of a particular person.

### **25. LOCAL GOVERNMENT OMBUDSMAN - LOCAL SETTLEMENT OF COMPLAINT**

The Panel received and noted a report by the Director of Central Services (a copy of which is appended in the Minute Book) on a complaint against the Council by a member of the public and the terms of a local settlement by way of a compensatory payment as recommended by the Local Government Ombudsman.

**Councillor Bates in the Chair.**

**26. READMITTANCE OF THE PRESS AND PUBLIC**

RESOLVED

that the press and public be readmitted to the meeting.

**27. CALCULATION OF COUNCIL TAX BASE 2006/07**

In accordance with Section 34 of the Local Government Finance Act 1992 and the Local Authorities (Calculation of Tax Base) Regulations 1992 (as amended) and after consideration of a report by the Head of Revenue Services (a copy of which is appended in the Minute Book) setting out the general principles for the calculations of the tax base for the District, it was

RESOLVED

- (a) that the report by the Head of Revenue Services regarding the calculations of the District Councils tax base for the year 2006/07 be approved; and
- (b) that in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992 (as amended), the amount calculated by the Huntingdonshire District Council as their tax base for the whole District for the year 2006/07 be 56,939 and shall be as listed below for each parish of the District:

Abbotsley	188
Abbots Ripton	133
Alconbury	552
Alconbury Weston	275
Alwalton	125
Barham & Woolley	28
Bluntisham	718
Brampton	1782
Brington & Molesworth	112
Broughton	86
Buckden	1150
Buckworth	49
Bury	588
Bythorn & Keyston	139
Catworth	134
Chesterton	59
Colne	323
Conington	73
Covington	39
Denton & Caldecote	24
Diddington	31
Earith	577
Easton	76
Ellington	243
Elton	277
Eynesbury Hardwicke	728
Farcet	542
Fenstanton	1190

Folksworth & Washingley	350
Glatton	130
Godmanchester	2241
Grafham	233
Great & Little Gidding	127
Great Gransden	447
Great Paxton	371
Great Staughton	309
Haddon	19
Hail Weston	239
Hamerton	40
Hemingford Abbots	322
Hemingford Grey	1159
Hilton	426
Holme	239
Holywell-cum-Needingworth	970
Houghton & Wyton	1154
Huntingdon	6661
Kings Ripton	73
Kimbolton & Stonely	588
Leighton Bromswold	81
Little Paxton	1120
Morborne	12
Offord Cluny	195
Offord d'Arcy	296
Old Hurst	97
Old Weston	87
Perry	267
Pidley-cum-Fenton	148
Ramsey	2855
St Ives	5587
St Neots	9008
St Neots Rural	29
Sawtry	1738
Sibson-cum-Stibbington	202
Somersham	1353
Southoe & Midloe	152
Spaldwick	223
Steeple Gidding	11
Stilton	782
Stow Longa	60
Tetworth	19
The Stukeleys	658
Tilbrook	107
Toseland	37
Upton & Coppingford	89
Upwood & The Raveleys	406
Warboys	1365
Waresley	129
Water Newton	42
Winwick	41
Wistow	216
Woodhurst	155
Woodwalton	83
Yaxley	2809
Yelling	<u>141</u>
	<u>56939</u>

**28. CORPORATE POLICY ON DOCUMENT RETENTION AND RECORDS MANAGEMENT**

With the aid of a report by the Head of Information Management (a copy of which is appended in the Minute Book) the Panel considered the terms of a Corporate Policy on Document Retention and Records Management. Members were informed that Section 2.2 would be amended to include reference to background documents, which would be retained for 4 years.

In response to a question, Members were informed that the amount of documentation held in various formats currently was being assessed. A further report was requested for the submission to a future meeting of the Panel on the management of this information.

Members discussed access to their own emails under the policy. Having being assured that political emails would be treated as confidential to the originators and recipients, it was

RESOLVED

- (a) that the Corporate Policy on Document Retention and Records Management be approved;
- (b) that a further report be submitted to a future meeting on how different formats of information are to be retained; and
- (c) that information on how emails are to be treated under the Policy be circulated to all Members.

**29. INTERNAL AUDIT SERVICE - INTERIM REPORT 2005/06**

The Panel received and noted a report by the Audit Manager (a copy of which is appended in the Minute Book) summarising progress against the Annual Audit Plan 2005/06. As a result of the work carried out the Audit Manager was of the view that the Council's systems continued to provide a limited level of assurance. Having discussed Executive Councillors' involvement in ensuring agreed actions were implemented, it was

RESOLVED

that Directors and Heads of Service be reminded of the importance of introducing agreed actions on audit reports within the relevant timescales.

**30. WHISTLEBLOWING: ANNUAL REVIEW OF POLICY & PROCEDURE**

The Panel received and noted a report by the Audit Manager (a copy of which is appended in the Minute Book) on the outcome of the annual review of the Whistle blowing Policy.

**31. REVIEW OF THE ANTI-FRAUD AND CORRUPTION STRATEGY**

The Panel received a report by the Audit Manager (a copy of which is



appended in the Minute Book) on the outcome of a review of the Anti-Fraud and Corruption Strategy, as a consequence of which it was suggested that appropriate amendments relating to the Members' Planning and Licensing Codes of Good Practice and the Money Laundering Avoidance Policy should be incorporated into the Strategy.

**RESOLVED**

that the amended Anti-Fraud and Corruption Strategy reproduced at Appendix A to the report now submitted, be approved.

Chairman

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**INTERNAL AUDIT SERVICE  
INTERNAL AUDIT PLAN 2006-07  
(Report by the Internal Audit Manager)**

**1. PURPOSE**

- 1.1 To consider the interim internal audit plan for 2006-07, attached at Annex A and invite the Panel to comment upon the plan prior to it being formally agreed by the Head of Financial Services.

**2. STRATEGIC & ANNUAL PLANNING**

- 2.1 The Internal Audit Manager is required to provide an opinion on the whole of the Council's internal control environment each year. This opinion also assists the Chief Executive and this Panel when they are preparing the Council's annual assurance statement. The work that is undertaken to allow this opinion is governed in the main by the annual audit plan.
- 2.2 The Internal Audit Service maintains a four year strategic audit plan, listing all the risk and system areas that are considered likely to affect the Council's internal control environment. The strategic plan shows the relative importance of each risk and system area and the frequency with which it should be audited. There are currently some 150 areas listed in this plan.
- 2.3 To prepare the annual audit plan, the strategic plan is reviewed and audits placed in priority order. The highest priority schemes which can be delivered within the resources available are then included. Audit days are assigned to each area in the plan and then compared to the available resources available. The total days required to complete the four year strategic plan exceed current audit resources.
- 2.4 If it is considered that the area is being audited too frequently or not frequently enough then the level of audit resources will need to be reviewed. Some of the current uncertainties, referred to in the paragraphs below are only temporary but once the risk register has been re-aligned it will be possible to reassess the strategic plan and consider this issue. Current expectations are that it is more likely to result in the need to consider an increase than a reduction. Any such review would need to take account of the full implications for corporate governance and the views of the external auditors and the S151 officer.

**3. RISK REGISTER**

- 3.1 As outlined in the Internal Audit Strategy approved by the Panel in August 2004, it was anticipated that the risk register would be robust enough to allow the 2006-07 strategic audit plan to be based upon it. This has not been possible.
- 3.2 The risk register currently identifies both strategic and operational risks. Work is currently being undertaken to review the risk register against both the Corporate Plan and Service Outcomes listed in the corporate scorecard.

Once the review has been completed the focus of the register will change. It will include risks that are considered to be key barriers to the delivery of the Council's outcomes and affect the corporate governance assurance framework. This will then become the prime document on which the strategic audit plan will be based.

- 3.3** As this work is not yet complete the attached audit plan reflects by and large the 'traditional' planning process that has been in use for a number of years. It is anticipated that the review of the risk register will have been completed before the June meeting of the Panel and will lead to changes in the content of the plan and priorities.

#### **4 RESOURCING THE AUDIT PLAN**

- 4.1** Two issues relating to staffing matters (maternity leave and the appointment of a computer audit partner) will affect the overall breadth of coverage in the 2006-07 plan and consequently the level of assurance that Panel will be able to take from the Audit Manager's annual opinion statement.
- 4.2** It is probable that one auditor will be absent for the whole of 2006-07 on maternity leave. Whilst action is being taken to provide temporary cover, as far as funding allows once maternity pay has been allowed for, it is also likely that anyone appointed will be less skilled and/or productive. Thus there will inevitably be a loss of audit days.
- 4.3** The current computer audit contract ends on 31 March 2006. There had been plans to jointly tender for this service with the Cambridgeshire Police Authority in order to gain efficiency savings. Due to the proposed Police reorganisation this initiative has had to be shelved resulting in a delayed re-tendering process. Tenders are due to be opened on 31 March.
- 4.4** The delay to the tendering process has allowed the computer audit contract to be amended to provide a further option for covering the maternity leave. Suppliers have been asked to provide prices for both computer audit and general audit work. Obviously a private firm will charge more per day than the cost of an employed auditor and so this option would only be used for specialist work or as a last resort.
- 4.5** As there is such uncertainty over the number of audit days that will be available and whether the computer audit price will be affordable the interim audit plan for 2006-07 is currently cautious in its coverage.

#### **5 REVISED AUDIT PLAN**

- 5.1** Once these issues have been clarified or resolved a revised plan will be prepared and submitted to the Panel's June meeting. The revised plan will take into account available days, the amended risk register and changes to the strategic audit plan.

## **6. RECOMMENDATION**

**6.1** It is recommended that the Panel:

- consider the interim Annual Audit Plan and determine whether they wish to make any comments to the Head of Financial Services
- note the approach to be taken to revising the Plan during the year.

**ACCESS TO INFORMATION ACT 1985**  
Strategic Audit Plan

**Contact Officer:** David Harwood, Audit Manager 📞 **01480 388115**



Internal Audit Service  
Interim Internal Audit  
&  
Assurance Plan  
2006-07

## **2006-07 Interim Internal Audit & Assurance Plan**

The 2006-07 Interim Internal Audit & Assurance Plan has been prepared in accordance with best practice as contained in the CIPFA Code of Practice for Internal Audit.

The Code requires that Internal Audit provide an opinion on the overall adequacy and effectiveness of the Council's internal control environment and that the opinion should support the Statement on Internal Control. The plan has therefore been developed to take account of this requirement and provides the opportunity for reviews of corporate governance, risk management and operational controls to be undertaken as well as the more traditional financial areas.

Uncertainty as to the number of audit days that will be available during the year, due to both maternity leave and the current computer audit tendering exercise, means that the plan currently provides significantly less coverage than previous years. I anticipate that the revised plan which will be presented to the June meeting of the Corporate Governance Panel will increase the coverage.

The external auditors have provided information regarding the areas that they wish to see internal audit cover when undertaking reviews of the main financial systems. It is anticipated that good relations with the external auditors will continue during the year.

A summary of the audits is contained in the following pages together with the name of the Liaison Officer responsible for dealing with any audit report or other issue that arises from an audit review. Apart from undertaking the audits detailed in the plan, internal audit are also likely to be involved in providing advice and assistance with regard to the annual assurance opinion, dealing with whistleblowing allegations received and the national fraud initiative. Internal audit will also provide a more integrated approach to Risk management and have a budget for the additional provision of external audits to allow this to happen.

Unlike previous years, a separate list showing audits in priority order has not been prepared at this stage. The June review will include this.

**David Harwood**  
**Audit Manager**  
**6 March 2006**



## Corporate Systems

**Corporate Governance Arrangements: P Watkins** 10  
The audit will review the robustness and completeness of procedures and processes etc against the Code of Corporate Governance.

**Service Plan Delivery: I Leatherbarrow** 30  
This review will examine the linkage between the achievement of the service plan, budget provision and MTP bids.

**Disposal of Electronic & Paper Information: C Hall** 10  
In view of the recent Information Tribunal Ruling this audit will examine the 'deletion/elimination' of electronic data and how paper based information is stored and disposed of.

Total Allocation 50

## Financial Systems

**National Non Domestic Rates: J Barber** 10  
To review on an annual basis a particular aspect of the NNDR system. This year's review will examine the valuation list, incl. liaison with the Valuation Office and notifications, amendments and reconciliations.

**Housing Benefits: J Barber** 15  
To review on an annual basis the administration of the Housing Benefit systems. This year's review will examine overpayments and recovery, subsidy claim, training and performance management. Areas considered to be key operational and financial controls identified within Housing Benefit & Council Tax Performance Standards appropriate to this area will also be considered.

**Creditors: S Couper** 15  
To review on a cyclical basis specific areas of the creditors system. This years review will examine the purchase ledger (including batch payments, urgent payments, the use of manual order books/obtaining goods without an order, receipting of goods) and review the controls introduced to address key fraud related areas.

**Main Accounting System: S Couper** 10  
To review the procedures that accompany the Cfax financial management system. This will include the control of journals, accounting codes, feeder system reconciliation's, and the transfer of opening and closing balances between financial years. This area was last reviewed in January 2004 and received a limited opinion.

**Integrated Payroll & Personnel System: P Duerden** 20  
This system is reviewed on an annual basis. The review will examine the procedures followed to manage statutory and voluntary deductions from payroll.

Total Allocation 70

## Commerce & Technology

### **Concessionary Public Transport Fares: J Barber** 8

A new concessionary fare scheme is to be introduced from April 2006. The MTP has allocated £232k for the scheme in the 2006-07 and future years. This review will examine the management of the scheme.

### **Loans & Investments: S Couper** 8

This audit will review the management of loans and investments against the Treasury Management Strategy. The implementation of previously agreed audit actions will also be reviewed. The area was last reviewed in December 2003.

Total Allocation 16

## Central Services

### **Gifts, Hospitality & Register of Interests: R Reeves** 5

To examine the procedures in place for the recording of gifts or hospitality received or given by both Members and Officers in accordance with the Local Government Act 2000. This area was last reviewed in December 2001 and received an adequate opinion

### **Leisure Centres: R Reeves** 35

To continually review across the 5 Leisure Centres specific areas of their operation. This year's review will examine the financial management of the Centres including cash income controls and the provision of management information.

### **Leisure Centres – Bars & Catering: R Reeves** 15

To continually review across the 5 Leisure Centres specific areas of their operation. This year's review will examine purchasing procedures, commitment/budget management and cash imprests.

### **Licensing: R Reeves** 12

The Licensing Act 2003 required the Council to undertake duties previously performed by the Magistrates Courts. This review will examine the administrative procedures introduced to manage the receipt, review and granting of licence applications. Work will also be undertaken to review the taxi and private hire vehicle applications. This area was last reviewed in September 2000 and received an adequate opinion.

### **Land Charges: R Reeves** 10

A review of the systems and procedures for the administration and collection of Land Charge income. This area was last reviewed in October 2001 and was considered to have a high level of control.

Total Allocation 77

**ICT Audit**

**Post Implementation Review: C Hall** 10  
 A series of PIR's is to be undertaken to examine the success or otherwise of ICT enabled projects. The timing of, and selection of the project to be reviewed, will be determined during the year as projects 'go-live'.

Total Allocation 10

**Operational Services**

**Homelessness: S Plant** 10  
 To examine the systems and procedures for the management of homeless families. This area was last reviewed in August 2001 and received an adequate level of assurance.

**On & Off Street Parking: R Ward** 10  
 This audit will examine the management of parking charges and excess charges. This audit was last reviewed in May 2001 and received an adequate opinion.

**Markets: R Ward** 10  
 This audit will examine the management of street markets, specifically the procedures for the receipt and accounting for income. This area was last reviewed in October 2001 and was considered to have a low level of control.

**Planning, Building & Development Control Fees** 10  
 This area was last reviewed in December 1998. This review will examine the systems and procedures in place to administer all fee income. The implementation of previously agreed recommendations will also be reviewed.

Total Allocation 40

**Contract Audit**

**Service/Supply Contract:** 10  
 The annual assurance statement identifies compliance with the Code of Procurement as an area for improvement. This audit will examine individual service and supply contracts that have been entered into and review the tendering process and procedures followed during the currency of the contract.

Total Allocation 10

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## COMPREHENSIVE PERFORMANCE ASSESSMENT (CPA): USE OF RESOURCES AND DIRECTION OF TRAVEL

(Report by the Heads of Policy and Financial Resources)

### 1. INTRODUCTION

- 1.1 The purpose of this report is to provide the Panel with preliminary information on the results of two recent assessments which form part of the CPA process.
- 1.2 The Government is about to start a consultation on arrangements for revised form of CPA for District Councils. In the meantime interim arrangements involving both a "Use of Resources" and "Direction of Travel" assessments have been carried out with all District Councils.

### 2. BACKGROUND INFORMATION

- 2.1 The **Use of Resources** judgement is designed by the Audit Commission to assess how well Councils manage and use their financial resources. The assessment focuses on the importance of having resources available to support the Council's priorities and to improve services.
- 2.2 Specifically the assessment covers five themes -
- ◆ financial reporting;
  - ◆ financial management;
  - ◆ financial standing;
  - ◆ internal control; and
  - ◆ value for money
- 2.3 Each theme was scored by the Councils external Auditors – RSM Robson Rhodes – on a scale of 1-4, (1 equates to inadequate performance, 2 is adequate, 3 is good performance and 4 innovative practice).
- 2.4 Overall the Council achieved a judgement of **3** – good performance on the Audit Commissions scoring system. Compared with known results to date, the Council's performance was above average for financial management, financial standing and value for money and around the average for both financial reporting and internal control. There were no areas where the Council failed to achieve level 2 performance. The assessment suggested a small number of areas where consideration could be given to strengthening the Council's overall arrangement to build on its current good performance.
- 2.5 The **Direction of Travel Statement** is designed to assess the progress the Council has made on achieving priorities in the agreed

Improvement Plan which followed the CPA in 2004. The Direction of Travel Statement also examines the Council's performance against a range of national Best Value Performance Indicators. In this interim year the statement is not formally scored, but it recognises that the Council has developed detailed action plans for each improvement priority; established a Member Working Group to monitor progress; and comments on a number of areas where significant improvements have been achieved. Similarly the statement points to a number of areas where activity is still taking place to achieve improvements in accordance with detailed action plans.

### **3. THE NEXT STEPS**

- 3.1 Both the Use of Resources Assessment and Direction of Travel Statement will be incorporated into the Auditors management letter. Each assessment will be used to either update existing action plans or as a basis for consideration of the cost benefit of further action to maintain or improve current levels of good performance.
- 3.2 It is planned that a formal presentation of the Auditors Management Letter, including these two assessments will be made by the Auditors at the meeting of the Panel scheduled for June 2006.

### **4. RECOMMENDATION**

- 4.1 In the meantime the Panel are requested to note the receipt of these preliminary assessments and that consideration will be given to the actions necessary to address areas of improvement.

### **BACKGROUND PAPERS**

Draft Direction of Travel Statement 2005/06 issued by the Audit Commission  
Draft Use of Resources Judgement 2005/06 issued by RSM Robson Rhodes  
Available from the Policy Division.

**Contact Officers:** Ian Leatherbarrow  
(01480) 388005

Steve Couper  
(01480) 388103

By virtue of paragraph(s) 1 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

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