

A meeting of the **CORPORATE GOVERNANCE PANEL** will be held in the **AQUARIUS ROOM, ST IVO LEISURE CENTRE, WESTWOOD ROAD, ST IVES, CAMBRIDGESHIRE, PE27 6WU** on **WEDNESDAY, 25 MARCH 2009** at **6:00 PM** and you are requested to attend for the transaction of the following business:-

MEMBERS ARE REMINDED OF THE INFORMAL SESSION THAT WILL TAKE PLACE AT 5:00 PM FOR PANEL MEMBERS ON THE 2009 USE OF RESOURCES ASSESSMENT. THE SESSION WILL TAKE PLACE PRIOR TO THIS MEETING.

**Contact
(01480)**

APOLOGIES

1. MINUTES (Pages 1 - 4)

To approve as a correct record the Minutes of the meeting of the Panel held on 10th December 2008.

**Miss H Ali
388006**

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 overleaf.

3. EXTERNAL AUDITOR'S REPORT: USE OF RESOURCES 2008
(Pages 5 - 24)

To consider the Huntingdonshire District Council Use of Resources Report for 2008.

4. INTERNAL AUDIT SERVICE: INTERIM PROGRESS REPORT
(Pages 25 - 34)

To consider a report by the Audit and Risk Manager reviewing progress towards the achievement of the annual audit plan and associated performance issues.

**D Harwood
388115**

5. ANNUAL REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT (Pages 35 - 42)

To receive a report by the Audit and Risk Manager detailing the outcome of the annual review of the effectiveness of the system of internal audit.

**D Harwood
388115**

6. RISK REGISTER (Pages 43 - 48)

To receive a report by the Audit and Risk Manager providing an update on the risk register.

**D Harwood
388115**

7. **CORPORATE GOVERNANCE: ASSURANCE FRAMEWORK**
(Pages 49 - 94)

To consider a report by the acting Head of People, Performance and Partnerships providing an update on progress of the implementation of the Assurance Framework.

H Thackray
388035

8. **REVIEW OF COUNCIL CONSTITUTION** (Pages 95 - 144)

To consider a report by the Head of Democratic and Central Services "**TO FOLLOW**" detailing the outcome of a review of the Council's Constitution.

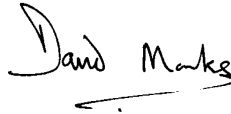
Ms C Deller
388007

9. **SPECIAL MEETING OF THE CORPORATE GOVERNANCE PANEL**

To note that a special meeting of the Panel is scheduled to be held on **Thursday, 16th April 2009 at 6:00pm** in the **I-Zone Room, Huntingdon Leisure Centre.**

The purpose of this meeting would be to consider the outcome of the Structure Review Working Group's findings, following their review of the Council's democratic structure.

Dated this 17 day of March 2009



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, their family or any person with whom they had a close association;*
 - (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 £25,000; 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 Miss H Ali, Democratic Services Officer, Tel No 01480 388006 / e-mail: Habbiba.Ali@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 (*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.

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HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CORPORATE GOVERNANCE PANEL held in the Council Chamber, Pathfinder House, St Mary's Street, Huntingdon, PE29 3TN on Wednesday, 10 December 2008.

PRESENT: Councillor C J Stephens – Chairman.

Councillors M G Baker, P J Downes,
P M D Godfrey, J A Gray, T V Rogers and
L M Simpson.

27. MINUTES

The Minutes of the meeting of the Panel held on 23rd September 2008 were approved as a correct record and signed by the Chairman.

28. MEMBERS' INTERESTS

No declarations were received.

29. CALCULATION OF COUNCIL TAX BASE 2009/10

In accordance with 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 Customer Services (a copy of which is appended in the Minute Book) setting out the general principles for the calculation of the tax base for the District, it was

RESOLVED

- (a) that the report by the Head of Customer Services regarding the calculation of the District Council's tax base for the year 2009/10 be approved; and
- (b) that in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992 (as amended), the amount calculated by Huntingdonshire District Council as the tax base for the whole District for the year 2009/10 be 57,960 and shall be as listed below for each parish of the District:

Abbotsley	188
Abbots Ripton	127
Alconbury	553
Alconbury Weston	282
Alwalton	123
Barham & Woolley	27
Bluntisham	729
Brampton	1795
Brington & Molesworth	109
Broughton	83
Buckden	1148

Buckworth	50
Bury	603
Bythorn & Keyston	142
Catworth	142
Chesterton	58
Colne	339
Conington	73
Covington	42
Denton & Caldecote	24
Diddington	29
Earith	573
Easton	75
Ellington	237
Elton	294
Eynesbury Hardwicke	786
Farcet	580
Fenstanton	1205
Folksworth & Washingley	347
Glatton	129
Godmanchester	2280
Grafham	241
Great & Little Gidding	122
Great Gransden	454
Great Paxton	368
Great Staughton	317
Haddon	21
Hail Weston	236
Hamerton	40
Hemingford Abbots	327
Hemingford Grey	1150
Hilton	445
Holme	238
Holywell-cum-Needingworth	971
Houghton & Wyton	1178
Huntingdon	6790
Kimbolton & Stonely	592
Kings Ripton	76
Leighton Bromswold	80
Little Paxton	1144
Morborne	11
Offord Cluny	203
Offord d'Arcy	300
Old Hurst	94
Old Weston	86
Perry	265
Pidley-cum-Fenton	151
Ramsey	2858
St Ives	5681
St Neots	9178
St Neots Rural	118
Sawtry	1731
Sibson-cum-Stibbington	210
Somersham	1383
Southoe & Midloe	158
Spaldwick	226
Steeple Gidding	12
Stilton	780

Stow Longa	59
Tetworth	20
The Stukeleys	794
Tilbrook	108
Toseland	37
Upton & Coppingford	85
Upwood & The Raveleys	411
Warboys	1357
Waresley	125
Water Newton	42
Winwick	39
Wistow	215
Woodhurst	156
Woodwalton	84
Yaxley	2885
Yelling	<u>136</u>
	<u>57960</u>

30. REVIEW OF THE RISK MANAGEMENT STRATEGY

With the aid of a report by the Audit and Risk Manager (a copy of which is appended in the Minute Book) the Panel gave consideration to an updated Risk Management Strategy. Following questions raised by a Member, the Panel were assured that appropriate mechanisms were in place to consider both the performance and governance arrangements of partnerships. In so doing, Members were advised that an exercise was currently being undertaken to ensure that associated risks would be flagged up by the Council's performance management system. In noting that the Strategy had been reviewed by the Risk Management Group at their November meeting, it was

RESOLVED

that the revised Risk Management Strategy be approved.

31. REVIEW OF THE ANTI-FRAUD AND CORRUPTION STRATEGY

By means of a report by the Audit and Risk Manager (a copy of which is appended in the Minute Book), the Panel was acquainted with the outcome of a review of the Council's Anti-Fraud and Corruption Strategy. In noting that the review had identified a number of recommended changes which had arisen as a result of the External Auditor's Use of Resources assessment and best practice guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and Association of Local Authority Risk Managers (ALARM), it was

RESOLVED

- (a) that the revised Anti-Fraud and Corruption Strategy be adopted; and
- (b) that the process for the Anti-Fraud and Corruption Framework be endorsed.

32. WHISTLEBLOWING: ANNUAL REVIEW OF THE POLICY AND PROCEDURE

The Panel received and noted a report by the Audit and Risk Manager (a copy of which is appended in the Minute Book) on the outcome of the annual review of the Whistleblowing Policy and Procedure. Following discussions on the future treatment of cases dealt with by the Benefits Fraud Investigation Team, the Panel

RESOLVED

- (a) that in future, the annual review of the Whistleblowing Policy and Procedure and activities in respect of Housing Benefit Fraud be considered at the same time;
- (b) that the outcome of the review of the policy and procedure on Whistleblowing be noted; and
- (c) that the changes to the guidance notes on Whistleblowing be approved.

33. FEEDBACK PROCEDURE

With the assistance of a report by the Head of Administration (a copy of which is appended in the Minute Book) the Panel was acquainted with the outcome of a review of the Council's complaints procedure. In noting that the review proposed a new general feedback procedure to be established under the current system, it was

RESOLVED

that the revised procedure for handling customer feedback be adopted.

Chairman



Huntingdonshire District Council

Use of Resources 2008

February 2009

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1 Executive Summary

Background and purpose of the report

- 1.1 Under the Audit Commission's Code of Audit Practice we are required to reach a conclusion on whether Huntingdonshire District Council (the Council) has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('VFM conclusion').
- 1.2 We described in our Annual Report to the Corporate Governance Panel (September 2008) the areas of audit work that provide us with the assurance that contributes to our annual VFM conclusion. This report sets out our findings from one of these pieces of work:
- our assessment of the Council's Use of Resources, using the Audit Commission's five themes and key lines of enquiry ('KLoE') criteria.

Key messages

- 1.3 The Council has made improvements in its Use of Resources arrangements and performance during 2007/08 to demonstrate an improved assessment rating in the internal control theme. However, there has been a decrease in the score for financial reporting from level three to level two. The theme scores for 2007 and 2008 are summarised in the table below.

Use of Resources theme	2007 score	2008 score
Financial reporting	3	2
Financial management	3	3
Financial standing	3	3
Internal control	2	3
Value for money	3	3

- 1.4 Further details of the work undertaken to support our 2008 Use of Resources assessment are given in section two.

Way forward

- 1.5 There have been significant changes to the Use of Resources assessment criteria for 2009 as part of the new Comprehensive Area Assessment. The new assessment framework is more demanding than the current one, is broader in scope and

embraces wider resources issues such as people and workforce planning, and the use of natural resources. It also places more emphasis on outcomes for local people. The KLoEs are more strategic and focus explicitly on value for money achievements rather than processes. The Council has a strong track record on process, demonstrating outcomes will be a significantly greater challenge. The role of Members and the quality of their scrutiny in affecting outcomes will be the subject of detailed review in the new framework.

- 1.6 Therefore, in reporting areas for development identified from our 2008 assessment, we have highlighted those where it will be important for the Council to demonstrate effective arrangements in 2009.
- 1.7 We will continue to work with the Council during the year to help prepare for the 2009 Use of Resources assessment.
- 1.8 We would like to take this opportunity to remind the Corporate Governance Panel of the need to monitor implementation of the recommendations (see Appendix A).

Use of this report

- 1.9 This report has been prepared solely for use by the Council to discharge our responsibilities under the Audit Commission Code of Audit Practice and relevant auditing standards and should not be used for any other purpose. No responsibility is assumed by us to any other person.
- 1.10 This report includes only those matters that have come to our attention as a result of performance of the audit. An audit of Use of Resources is not designed to identify all matters that may be relevant to those charged with governance. Accordingly the audit does not ordinarily identify all such matters.

Acknowledgements

- 1.11 We would like to record our appreciation for the co-operation and assistance provided to us by the Council's management, officers and members during the course of our audit.

Grant Thornton UK LLP
February 2009

2 Use of Resources

Introduction

- 2.1 We summarise in this section matters arising from our Use of Resources key lines of enquiry ('KLoE') assessment for 2008.
- 2.2 In carrying out our audit work we comply with the statutory requirements governing our duties, set out in the Audit Commission Act 1998, in accordance with the Code of Audit Practice (the Code).
- 2.3 The Code requires us to issue a conclusion on whether the Council has proper arrangements in place for securing economy, efficiency and effectiveness in the use of its resources.

Approach to the audit

- 2.4 The assessment was carried out between July and October 2008. We reviewed the Council's arrangements against eleven KLoEs within the five themes prescribed by the Audit Commission.
- 2.5 Our work was based on review of the Council's self assessment and supporting evidence, meetings with senior management and other key officers. We also considered and updated the findings from our local risk based use of resources work carried out during the year and from our September 2008 value for money conclusion.

Key audit findings

- 2.6 The overall conclusion that we issued in September 2008 was that the Council has at least adequate arrangements for ensuring value for money in its use of resources. This was derived from the conclusions that we reached on the Council's management arrangements in a number of areas. We described the components of the use of resources conclusion and reported key messages in our Annual report to the Corporate Governance Panel.
- 2.7 We have now concluded our 2008 KLoE assessment and have submitted the scores to the Audit Commission for national quality control. These scores were formally released by the Audit Commission on 8 December.
- 2.8 The 2008 KLoE scores, with comparative 2007 scores, are shown in the table overleaf.

Theme and KIoE	Score 2007	Score 2008
Financial reporting		
Annual accounts	3	2
External accountability	3	3
	3	2
Financial management		
Medium term financial planning	3	3
Managing performance against budgets	2	3
Managing assets	3	2
	3	3
Financial standing	3	3
Internal control		
Managing significant business risks	2	3
Maintaining a sound system of internal control	2	2
Ensuring probity	3	3
	2	3
Value for money (VFM)		
Current achievement of VFM	3	3
Managing and improving VFM	3	3
	3	3

Explanation of scores for 2008	
1	Inadequate - below minimum standards
2	Performing adequately - meeting minimum requirements
3	Performing well - above minimum requirements
4	Performing strongly - standard setting performance

- 2.9 The key findings in each of the themes, and areas for improvement, are set out below.

Financial reporting

- 2.10 The Council has moved from a level 3 to level 2 for this theme. This is as a result of a decrease in the score for KLOE 1.1 which assesses the adequacy of the Council's financial and accounting arrangements. One of the areas assessed is the completeness of the accounts submitted for audit. At the start of the audit of the accounts, a new requirement to make full financial instruments disclosures had not been fully met. Also, as a result of the audit a number of non-trivial adjustments were made to the accounts. These issues prevented the Council from achieving level 3.
- 2.11 The Council has continued to publish good quality summary financial information in District Wide, the decision to not publish an annual report prevents the Council from achieving a level 4 for this KLOE.
- 2.12 'Preparation of accounts' and 'publishing reports' remain as key components in the 2009 Use of Resources assessment (KLoE 1.3). It will remain important for the Council to:
- ensure its accounts comply with accounting standards and SORP requirements and are free from significant errors;
 - prepare good quality working papers to support the annual accounts, and
 - ensure that the annual report or similar document includes information and analysis about the council's environmental footprint.

Financial management

- 2.13 The Council has continued to have good business planning arrangements this year despite changes to financial regulations. Therefore there is no change from level 3.
- 2.14 The business plans inform the Medium Term Plan ('MTP') which is aligned to the overall Council budget. Business planning is integrated with financial planning and service plans show clear links to the Council's corporate priorities. Requests for additional funding have to demonstrate alignment with the Council's priorities.
- 2.15 The Council has improved on its budget monitoring during 2007/8 and has achieved level 3 in this area. Monthly budget monitoring reports now include sections on risks and opportunities. Quarterly reports to Chief Officer's Management Team include both financial and non-financial performance information.
- 2.16 The Council achieved level 2, a decrease from the prior year, for its asset management arrangements with the use of auditor discretion. The Council's Asset Management Plan was not subject to review in the year and was not, therefore, considered to be up-to-date. However, there is evidence to support that, in the absence of the Plan being updated, the Council is still responding to, and planning action in response to government guidance. Further, we consider that sufficient

asset management reporting arrangements were in place during 2007/8 to achieve level 2.

- 2.17 'Integrated financial planning,' 'medium to long term financial planning,' 'financial governance and leadership' and 'financial monitoring and forecasting' remain as key components in the 2009 Use of Resources assessment (KLoE 1.1 and 1.3).
- 2.18 It is important for the Council to further develop its financial management arrangements and to ensure that these are integrated with other corporate processes, to consider the service and financial plans of key partners and stakeholders and to demonstrate improved outcomes as a result of these processes.

Financial standing

- 2.19 The Council continues to have sound financial standing. There was an underspend against the 2007/8 budget and the Council did not need to fund revenue expenditure from its reserves as initially planned, adding £833k to its general fund and earmarked reserves. There is no evidence that the underspend resulted in services not being delivered as planned. The Council recognises that significant challenges remain in protecting its financial standing into the future with a clear need to continue to identify further efficiencies.
- 2.20 Treasury management arrangements remain largely sound and the Council was not affected by the recent collapse of Icelandic banks.
- 2.21 'Managing spending' forms part of KLoE 1.1 in the 2009 assessment. We will continue to assess the Council on its financial standing but with an increased forward looking focus on management of financial balance along with the delivery of strategic priorities.

Internal control

- 2.22 The key area of improvement in the year for arrangements to manage business risks has been the embedding of training on managing business risks to members and specifically officers. All Heads of Service have received training on risk management and have quarterly meetings with the Council's Insurance and Risk Officer to discuss their risks. All staff receive introductory risk management training as part of the Council's induction programme.
- 2.23 The level of improvement, and the embedding of training arrangements for officers with responsibility for managing business risks, has led to the Council being assessed at level 3. This is an improvement on the prior year assessment.
- 2.24 We have assessed the Council's arrangements for maintaining a sound system of internal control as adequate (level 2). Although a framework and process were agreed in February this was too late in the assessment year to demonstrate that it was operating effectively and did not need further development.

- 2.25 Arrangements for anti-fraud and corruption and promotion of good conduct continue to be developed at the Council and there is a relatively strong anti-fraud culture apparent throughout the organisation. There have been no significant instances of fraud reported and the Standards Committee has not reported any significant breaches of codes of conduct.
- 2.26 The preventative arrangements at the Council, such as the whistle-blowing policy and anti-fraud and corruption policy are given prominence on the Council's intranet site.
- 2.27 Arrangements continue to be strong in relation to benefit fraud prevention and the National Fraud Initiative.
- 2.28 The Council continues to be assessed at level 3 for KLOE4.3.
- 2.29 'Principles of good governance,' 'ethical framework and culture,' 'partnership governance,' 'risk management,' 'counter fraud and corruption' and 'system of internal control' remain as key components in the 2009 Use of Resources assessment (KLoEs 2.3 and 2.4).
- 2.30 We will continue to assess the Council on these and other aspects of internal control but with an increased focus on the effectiveness and outcomes of arrangements, including the demonstration of a strong and improving culture of governance, conduct, risk management and internal control. The role of members and the effectiveness of Scrutiny Committees, the Standards Committee and the Corporate Governance Panel will be a key part of the new process.

Value for money

- 2.31 We assessed the Council as retaining level 3 in the achievement of value for money ('VFM'). Benchmarking data indicates an overall positive relationship between the cost of the Council's services and the quality provided to local residents.
- 2.32 Overall, in the Council's priority areas, comparative performance matches or is better than expected for the level of comparative spend. The Council has a good track record of improvement for priority services and has maintained its council tax charge within the lowest 10% of district councils.
- 2.33 Satisfaction with the Council is high for most key services. Where the Council has high levels of spend it has been able to adequately demonstrate that these are linked to its priorities and there are high levels of customer satisfaction with the services being provided, for instance, with leisure services.
- 2.34 The Council has good arrangements in place for managing and improving VFM and has achieved level 3.
- 2.35 The Council has improved its arrangements for ensuring that good quality data is produced through the implementation of its Data Quality Strategy during 2007/8.

- 2.36 The Council also introduced a Partnership Framework during 2007/8 against which all Partnerships are assessed to ensure that they are not duplicating activities and are providing value for money.
- 2.37 The Council has demonstrated how developments in IT have impacted on service delivery including the successful introduction of the Council's Call Centre. This has received a Charter Mark rating and receives high levels of customer satisfaction. Investment in the Council's website has helped to double the number of forms submitted to the Council via this method over the last twelve months.
- 2.38 There is no distinct VFM KLoE in the 2009 Use of Resources assessment, as arrangements for, and achievement of, VFM will be measured across all of the KLoEs. The Council will, therefore, need to continue to demonstrate that it is improving VFM for the local community.

Use of resources 2009

- 2.39 From 2009, the use of resources assessment considers how well organisations are managing and using their resources to deliver better value for money and better and sustainable outcomes for local people. The assessment is structured into three themes that focus on the importance of sound and strategic financial management, strategic commissioning and good governance, and the effective management of natural resources, assets and people.
- 2.40 The assessment will use the Audit Commission's current four point scale and there will be clear expectations around the demonstration of improved outcomes in order to perform well.
- 2.41 Further details of the 2009 framework can be found at Appendix B.

Appendix A Action Plan

This action plan includes recommendations intended to assist the Council in achieving compliance with the requirements of performing well within the Use of Resources framework in 2009. Our priority system grades the most significant recommendations as priority 1. This action plan should be considered alongside the changes to the 2009 assessment described in Appendix B. Furthermore, we have completed a separate review of IT that has an associated action plan. Officers have agreed to this action, and therefore these actions have not been repeated here.

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Ref	Recommendation	Priority	Management response	Responsibility	Timetable
1	Outcomes arising from the Council's processes, especially where these have been revised, should be evidenced. A key feature of the revised assessment will be to demonstrate outcomes.	1	Agreed, Policy & Strategic Services will request information from relevant Heads of Service and collate evidence.	P&SS Heads of Service	Request information Feb 2009. Collate evidence by May 2009.

Ref	Recommendation	Priority	Management response	Responsibility	Timetable
2	The Council should ensure that it is regularly reviewing its Asset Management Plan and that this is reported on to Members.	1	<p>A report on the AMP was submitted to Cabinet on the 29 January 2009, containing information on the performance indicators for the last two years.</p> <p>Monthly meetings are held with the Cabinet member responsible for property and asset management.</p> <p>The Asset Management sub group will be meeting during the year to review related issues and to prepare information for the performance indicators.</p> <p>The Estates and Property Manager will organise any further reports and co-ordinate meetings.</p>	Estates and Property Manager	Ongoing

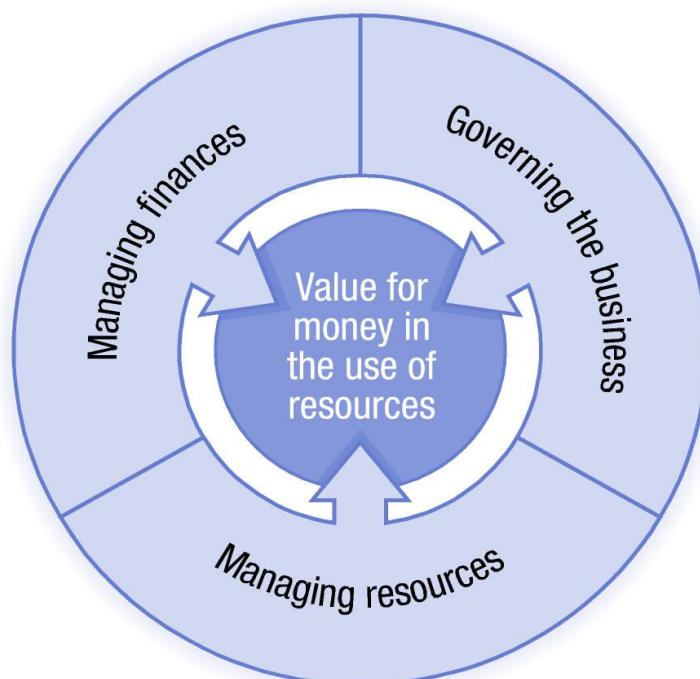
Ref	Recommendation	Priority	Management response	Responsibility	Timetable
3	The Council should develop its risk management, governance, procurement and ethical framework processes to cover significant partnerships.	1	<p>Risk Management Strategy already reflects this.</p> <p>Code of Procurement will be amended to include references to Partnerships</p> <p>The Council's Partnership Guidance Handbook and Healthcheck Questionnaire will be amended to reflect these aspects.</p>	<p>Procurement Manager</p> <p>P&SS</p>	<p>March 2009</p> <p>March 2009</p>

Ref	Recommendation	Priority	Management response	Responsibility	Timetable
5	The Council should develop and formalise an assurance framework which documents how the Council is ensuring the achievement of its priorities. Sources of assurance informing the Framework should be subject to regular review.	1	<p>The Corporate Governance Panel approved an Assurance Framework in March 2008. The sources of assurance include:</p> <ul style="list-style-type: none"> • Risk register • Compliance with the code of Governance - 6 core principles • Progress report on the actions identified in the AGS • Quarterly performance reports to COMT/O & S and Cabinet. <p>Progress/assurance will be reported to the Governance Panel for monitoring</p>	P & SS & Financial Services	March 2009 and half yearly thereafter to CGP.
6	The Council should ensure that information and analysis about its environmental footprint is made publicly available.	2	Already planned	Head of Environment	First annual report September 2009

Appendix B Use of Resources from 2009

The use of resources assessment forms part of the joint inspectorates' framework for Comprehensive Area Assessment (CAA), which takes effect from 2009. The inspectorates, including the Audit Commission, propose that CAA will consist of two assessments - of the area and of the organisations in an area. The area assessment will look at how well local public services are delivering better results for local people against local priorities and how likely they are to improve in future.

From 2009, the use of resources assessment considers how well organisations are managing and using their resources to deliver better value for money and better and sustainable outcomes for local people. The assessment is structured into three themes that focus on the importance of sound and strategic financial management, strategic commissioning and good governance, and the effective management of natural resources, assets and people. The three themes are illustrated below.



The new use of resources assessment framework is more demanding than the previous assessment. It is broader in scope and embraces wider resources issues such as people and workforce planning and the use of natural resources. It also places more emphasis on outcomes of local people. The KLoE are more strategic and focus much more explicitly on value for money achievements rather than processes. The KLoEs in each of the three themes are set out in the table overleaf.

Managing finances	Governing the business	Managing resources
1.1 Financial planning and financial health	2.1 Commissioning and procurement	3.1 Natural resources
1.2 Understanding costs and performance	2.2 Data Quality and use of information	3.2 Asset management
1.3 Financial monitoring and reporting	2.3 Good governance and ethical behaviour	3.3 Workforce planning
	2.4 Risk management and internal control	

Each theme comprises of a number of underlying KLoE which are common to all organisations subject to a use of resources assessment under the CAA. This promotes consistency and demonstrates that all organisations within and CAA area are assessed in the same way and to the same standards.

The use of resources assessment will use the Audit Commission's current four point scale with 4 representing the highest level of performance, as follows:

Level	Performance and principles implicit in the KLoEs
1	<p>Inadequate</p> <p>Below minimum acceptable levels of performance. Consistent with an "except for / qualified" use of resources conclusion.</p>
2	<p>Performs adequately</p> <p>Consistent with established professional practice, meeting statutory requirements, operating effectively.</p> <p>Sufficient to address the KLoE demonstrating, for example: organisational leadership and commitment, partnership working, appropriate capacity and skills, informed by priorities with supporting action plans as appropriate.</p> <p>Arrangements that achieve minimum accepted levels of performance.</p>
3	<p>Performs well</p> <p>Implemented effective arrangements that are forward looking and proactive in developing improvement opportunities and include more sophisticated measuring and assessment techniques.</p> <p>Outputs and outcomes demonstrate effective arrangements that have the intended impact, and where appropriate show evidence of effective partnership working.</p> <p>Evidence of performing consistently above minimum acceptable levels and achieving value for money.</p>

Level	Performance and principles implicit in the KLoEs
4	<p>Performs excellently</p> <p>Demonstrating innovation or best practice.</p> <p>Demonstrating strong outcomes for the community including through partnership working.</p> <p>Evidence of performing well above minimum acceptable levels and achieving excellent value for money.</p>



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**INTERNAL AUDIT SERVICE:
INTERIM PROGRESS REPORT
(Report by the Audit & Risk Manager)**

1. Purpose

1.1 To receive an interim report covering the period August 2008 to January 2009, on the progress made to deliver the annual audit plan for the period ending July 2009 and associated performance issues.

2. Delivery of 2008/09 Audit Plan

2.1 Members will recall that in December 2007 they approved changes to the internal audit plan and reporting year, moving the planning cycle away from the financial year to more closely fit with the governance reporting timetable. The internal audit plan for 2008/09 was reported to the Panel in June 2008.

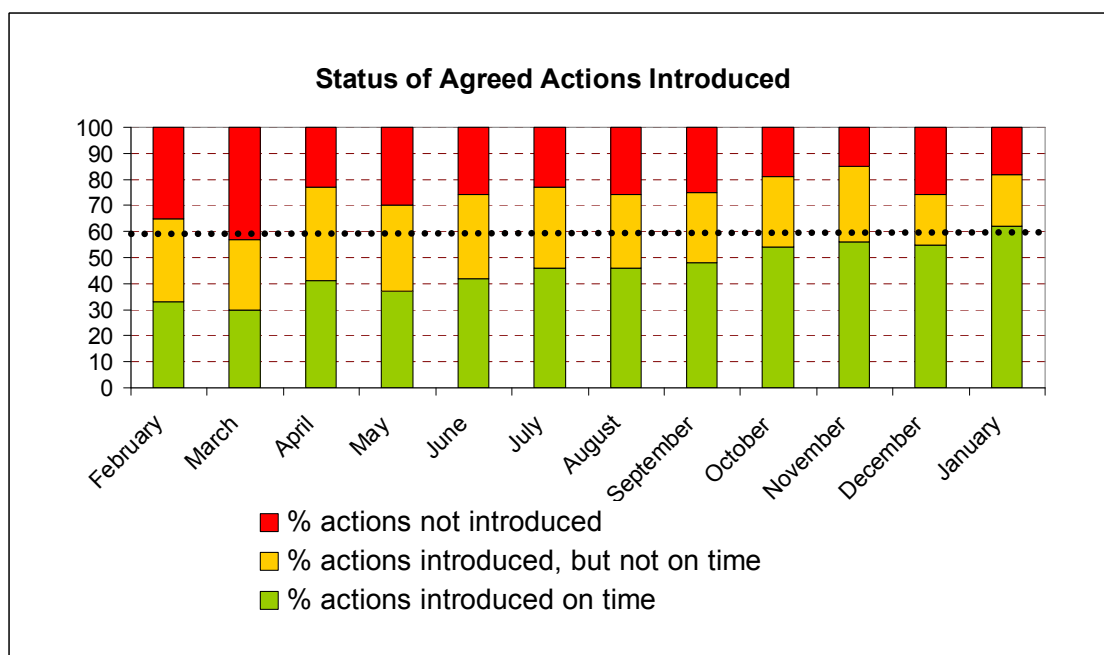
2.2 Whilst there have been staffing changes during the six month period it is expected that the agreed audit plan will be delivered as approved. 3 IT audits have been delayed due to the involvement of ITC staff with the office move, but these have been re-arranged and will be completed before the end of July.

2.3 In addition to the audit plan the following fraud based reviews have been undertaken - preparing and reviewing information submitted to the national fraud data matching initiative, an establishment 'ghost' employee review, fraud/ethical awareness survey and fraud risk assessment. Guidance has also been provided on an ad-hoc basis on a wide variety of issues.

2.4 Details of all the audits that have been issued in the reporting period are shown in Annex A. All completed audit reports are available via the internal audit intranet pages.

3. Implementation of Agreed Actions

3.1 The performance indicator included in the internal audit service plan, that 60% of agreed actions should be implemented on time has been achieved. The target is assessed on a rolling 12 month basis and the graph below illustrates performance from February 2008 to January 2009.



- 3.2 The improved performance – 62% introduced on time and 20% introduced late - in introducing audit actions will be reflected in my annual assurance opinion, and if continued to be achieved will allow this issue to be removed from the corporate governance statement. The table at Annex B shows the split between red and amber actions and by Directorate. (The figures as at 28 February show 63% of actions introduced on time and 20% introduced late).
- 3.3 Of the actions not yet implemented the three detailed in Annex C are red actions that must be implemented to solve major control weaknesses.
- 3.4 The 60% performance indicator will remain on the Head of Service's balanced scorecard measures which are reported to COMT quarterly. It is my intention to review the performance measure if the same level of performance is achieved over the next 12 months.

4. Internal Audit's Performance

- 4.1 Information in respect of the performance of the internal audit service is attached at Annex D.

5. Recommendation

- 5.1 It is recommended that the Panel note the report.

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Internal Audit Reports

Internal Audit Performance Management Information

Contact Officer: David Harwood, Audit & Risk Manager ☎ **01480 388115**

**Summary of Internal Audit Reports issued during the period
1 August 2008 to 31 January 2009**

Audit area	Level of assurance				Agreed action status		
	Substantial	Adequate	Limited	Little	Red	Amber	The risk identified has been accepted by the Manager ¹
Key Financial Systems							
National Non Domestic Rates	✓				---	---	
Debtors		✓			0	6	
Other systems reviews							
Commercial Rents & Estate Management	✓				0	4	
Choice Based Lettings	✓				0	6	
Event Management		✓			---	---	
Discretionary Service Charges		✓			0	3	
Equipment Servicing		✓			0	3	
IT Application Review – IDOX		✓			0	3	
Sharepoint – Content Management		✓			0	3	1
Leisure Centres		✓			0	10	
Risk Management Arrangements		✓			1	2	
Grounds Maintenance		✓			1	5	
Income Generation			✗		1	5	
Business Continuity & Disaster Recovery			✗		4	2	
Monitoring of Recruitment to 'High Risk' Posts			✗		4	18	
Computer Audit							
Email Controls		✓			0	1	
Helpdesk		✓			0	1	
IT Security		✓			14	14	
Project Management			✗		1	3	
ICT Strategy			✗		2	4	

There are occasions when a risk identified during an audit is acknowledged and accepted by a Manager and they decide that no further action is required. The right hand column of this table records all those instances.

All audit reports can be accessed by Members via the Internal Audit intranet site.

REMINDER

Substantial Assurance	✓✓	<i>There are no weaknesses in the level of internal control for managing the material inherent risks within the system. Testing shows that controls are being applied consistently and system objectives are being achieved efficiently, effectively and economically apart from any excessive controls which are identified in the report.</i>
Adequate Assurance	✓	<i>There are minor weaknesses in the level of control for managing the material inherent risks within the system. Some control failings have been identified from the systems evaluation and testing which need to be corrected. The control failings do not put at risk achievement of the system's objectives.</i>
Limited Assurance	✗	<i>There are weaknesses in the level of internal control for managing the material inherent risks within the system. Too many control failings have been identified from the systems evaluation and testing. These failings show that the system is clearly at risk of not being able to meet its objectives and significant improvements are required to improve the adequacy and effectiveness of control.</i>
Little Assurance	✗✗	<i>There are major, fundamental weaknesses in the level of control for managing the material inherent risks within the system. The weaknesses identified from the systems evaluation and testing are such that the system is open to substantial and significant error or abuse and is not capable of meeting its objectives.</i>

**Implementation of Agreed Actions
Summary of the Actions Database as at 31 January 2009**

	Status of Action						TOTAL
	Introduced on time		Introduced Late		Not introduced		
Red Action	8		0		3		11
Amber Action	50		19		13		82
Total	58		19		16		93
% age	62%		20%		18%		
	<i>Red</i>	<i>Amber</i>	<i>Red</i>	<i>Amber</i>	<i>Red</i>	<i>Amber</i>	
Central Services	4	16	0	7	2	8	37
Commerce & Technology	3	30	0	9	1	4	47
Operational Services	1	4	0	3	0	1	9
Total	8	50	0	19	3	13	93

A sample of actions that have been reported as being completed are checked annually to see that the action introduced sufficiently addresses the risk that has been identified.

If during the review of actions introduced it is found that the action taken does not fully deal with the risk then the action that has been taken to address the risk identified is discussed with the appropriate manager and if necessary, changes to the database are made to reflect the actual position.

The next follow up review of agreed audit actions is planned for the quarter ending July 2009. The findings from this review will be taken into account when the annual assurance opinion is formulated.

'Red' Actions Outstanding

Audit	Head of Service	Action Agreed	Agreed Implementation Date	Head of Service's statement re current position ¹
Staff Recruitment	Acting Head of People, Performance & Partnerships	All employees who conduct interviews are to receive equal opportunities and other appropriate interview training.	31/03/2008	All Managers have been offered equal opportunities training. Over the last 12 months a series of courses have been undertaken ² .
IT Change Management 2007	Head of Information Management Division	We will control each access to our systems and will require suppliers to: 1) to identify why they are accessing the system; 2) to supply us with a written protocol stating how they control access & safeguard our data.	31/12/2008	Action 1) is complete – system suppliers contact the Help Desk and state details of the access requirement before being allowed controlled access. Action 2) IMD is in the process of reviewing existing protocols with suppliers to further tighten control over access and data security. We are working towards ensuring all new contracts will stipulate tighter controls over the access to Council systems for support purposes.

¹ This is the position as at 27 February.

² This action is sufficient to address the agreed action, and the action is no longer considered to be outstanding.

'Red' Actions Outstanding

Audit	Head of Service	Action Agreed	Agreed Implementation Date	Head of Service's statement re current position ¹
Business Continuity and Disaster Recovery	Head of Democratic and Central Services	Service Recovery Plan will be updated to reflect the most recent risk assessment conducted. Further work is required on prioritisation of services.	31/12/2008	Work is ongoing to update the prioritisation of services and the Service Recovery Plan itself.

Internal Audit Performance

1. External audit view of internal audit

Target: Adequate or better
Achieved: Satisfied

- 1.1 The external auditor continues to be satisfied with the work of the internal audit service.

2. Customer Satisfaction

Target: 85% or more of customers rating service quality as good or better.
Achieved: 12 months to January 2009 - 100%

- 2.1 At the conclusion of all audits, managers are requested to complete an end of audit survey form and give an opinion on the value of the audit. The options available are – excellent, very good, good, fair and poor. Target information is calculated on a rolling twelve month basis rather than by financial year.
- 2.2 The Head of Financial Services has also undertaken his annual customer satisfaction survey with senior managers. Whilst the overall percentage has fallen, it still remains high.
- April 2004 81%
 - April 2005 90%
 - April 2006 96%
 - April 2007 85%
 - April 2008 83%

3. Introduction of Agreed Actions

- 3.1 See paragraph 3 of the main report.

4. Service delivery targets

Target: 80% or more of service delivery targets achieved.
Achieved: 12 months to January 2009 – 72%

- 4.1 There are four elements to this target which all relate to the progress of individual audits and the reporting process:
- Complete audit fieldwork by the date stated on the audit brief
 - Issue draft audit reports within 15 working days of completing fieldwork
 - Meet with customer and receive response allowing draft report to progress to final within 15 working days of issuing draft report
 - Issue final audit report within 5 working days of receiving full response
- 4.2 Performance indicators are prepared monthly. The targets are also reflected in staff's key performance development targets within the annual appraisal process. Achievement of the targets requires internal audit staff to develop and maintain good working partnerships and the customer's co-operation throughout the period of the audit.

4.3 Performance at 31 January 2009 for each of the target areas is shown below.

	<u>Target</u>	<u>Overall</u>	<u>Excl. Computer Audit</u>
Complete audit fieldwork by the date stated on the audit brief	75%	↑ 77%	↑ 77%
Issue draft audit reports within 15 working days of completing fieldwork	90%	↓ 72%	↓ 83%
Meet with customer and receive response allowing draft report to progress to final within 15 working days of issuing draft report	75%	↓ 59%	↔ 75%
Issue final audit report within 5 working days of receiving full response	90%	↓ 80%	↑ 96%
Overall	80%	↓ 72%	↑ 83%

4.4 The overall service delivery targets include all audit reviews undertaken by both internal audit staff and the external computer auditors. The non achievement of the targets is disappointing. When computer audit reviews are excluded from the targets, then 3 of the 4 targets are met. The reasons why the targets have not been achieved by the computer auditors is known and steps have been taken to improve performance over the next 12 months.

5. Service Improvements

5.1 Following the self assessment and peer review of Internal Audit, reported to the Panel in June 2008, an action plan was agreed. The current position is shown overleaf.

5.2 Developments introduced in the previous six months include

- the expansion of the extranet service to authorities outside Cambridgeshire
- reviewing how individual audit opinions affect mitigating controls recorded in the risk register and controls assurance
- reviewing the fraud risk assessment

5.3 Internal audit work has continued to be provided to St Neots Town Council.

Internal Audit Self Assessment – Action Plan

Standard	Self assessment question	Response	Date to be introduced by	Current Position
3.3.4	Are audits of particular parts of the Council rotated between audit staff to ensure independence of approach?	<p>It is necessary to balance rotation with the benefits of existing experience in the allocation of audits when the audit team is few in number.</p> <p>The audit manager rotates audits where it is beneficial and personally reviews the audit brief and quality during the course of each audit. This would highlight any over-familiarity or complacency.</p>	Under constant review.	No change.
10.2.7	Does the Audit & Risk Manager have mechanisms in place to ensure that risk registers are updated following internal audit reviews?	<p>Managers are responsible for their own risk register entries, including assessing the effectiveness of internal controls.</p> <p>The process for agreeing changes to the risk register is being developed.</p>	31 August 2008	After agreeing actions, Auditors update the risk register, controls assurance records. Suggested changes to key controls will also be made to the relevant Manager.
11.1.1	Is the audit manual reviewed regularly and updated to reflect changes in working practices and standards?	<p>The audit manual contains detailed procedures explaining the whole auditing process and is regularly updated.</p> <p>The recent introduction of electronic working papers and changes to the storage of audit records needs to be reflected in the manual.</p>	30 September 2008	Updated. Further reviews now required to reflect risk management changes.
11.3.3	Does the Audit & Risk Manager compare the performance and the effectiveness of the service over time, in terms of both the achievement of targets and the quality of the service provided to the user?	<p>Internal audit were members of the CIPFA Audit Benchmarking Group from 2001. It was decided not to join the Group in 2007/08 as the output was becoming less useful due to the fall in District Council members. The decision to re-join will be reviewed each year.</p> <p>Annual and end of audit survey forms are issued to auditee's to allow them to comment upon the service they receive.</p>	Decision on joining will be taken annually.	<p>Information received from CIPFA in January 2009. Decision taken not to join for 2009/10.</p> <p>End of audit survey forms are still issued at the end of each audit.</p>

**ANNUAL REVIEW OF THE EFFECTIVENESS
OF THE SYSTEM OF INTERNAL AUDIT
(Report by the Audit & Risk Manager)**

1. Introduction

1.1 As previously reported to the Panel, the Accounts & Audit Regulations 2006 require the Council to conduct an annual review of the effectiveness of its system of internal audit. The results of the review need to be reported to the Panel prior to its approval of the Statement of Assurance on Corporate Governance.

1.2 In January, The Chartered Institute of Public Finance and Accountancy (CIPFA) issued guidance (Annex A) that defined the system of internal audit as follows:

“The framework of assurance available to satisfy a local authority that the risks to its objectives, and the risks inherent in undertaking its work, have been properly identified and are being managed by controls that are adequately designed and effective in operation”.

2. Framework of Assurance

2.1 In March 2008, Panel adopted an Assurance Framework to support the production of the Annual Governance Statement (AGS). The report accompanying the item, explained that risks recorded in the risk register were being mapped to the Council’s strategic objectives, and that details of internal and external sources of assurance were being identified and recorded in the risk register. (A separate report on the agenda explains the progress that has been made with obtaining assurance).

2.2 In June 2008, the Panel received a report entitled ‘Annual Review of the Internal Audit Service’. The report recognised that the system of internal audit within the Council went beyond the Internal Audit Service and linked to a number of areas already covered by the Assurance Framework (e.g. corporate governance, financial, risk and performance management, data quality, policies and procedures, third party assurances).

2.3 The CIPFA guidance states that by introducing a framework of assurance, assurance from a variety of sources will be required, not just from internal audit. The guidance continues by saying that ‘the Head of Internal Audit holds a unique role within a local authority as the only independent source of assurance on all internal controls. The Head of Internal Audit is therefore central to this framework of assurance and should acquire an understanding not only of the authority’s risks and its overall whole control environment but also all sources of assurance. This role will include responsibility both for assessing the assurance available to the authority from other sources, whether internal or external, and for implementing a plan of internal audit work to obtain the required assurance. For any body to which the regulations apply, a key input to the system should be the mapping of the framework of controls assurance deriving from the organisation’s risk management system’.

- 2.4 The approach that the Internal Audit Service has already adopted for the preparation of the annual audit plan is similar to the expectations required by the CIPFA guidance for the system of internal audit and the mapping of controls assurance from the risk management system.
- 2.5 Mapping of the risk register to the internal audit plan was carried out in 2007 and 2008, prior to the audit plan being prepared. All the risks present in the risk register as at 31 May 2008 were included within the four year strategic audit plan. Audit reviews that have clear links to risks within the risk register are specifically identified in the audit plan. When those reviews are undertaken the effectiveness of the controls that are in place to manage the risks identified are considered, together with any third party assurance that has been obtained and recorded in the register.
- 2.6 The AGS assurance framework adopted in March 2008 is similar to the system of internal audit effectiveness framework now recommended by CIPFA. It is felt that the AGS Assurance Framework is sufficiently robust and encompassing that it will deal with the review of the system of internal audit.
- 2.7 This approach also appears to meet the requirements of the Accounts and Audit Regulations 2006. They require that an annual review of the effectiveness of the system of internal audit shall be completed and the findings from that review considered as part of the consideration of the systems of governance. Following that consideration an annual governance statement shall be prepared.

3. Review of the Internal Audit Service

- 3.1 The January guidance note issued by CIPFA, makes no mention of a separate annual review of the Internal Audit Service. Self-assessment reviews of the Internal Audit Service have been carried out in the last two years and reported to the Panel.
- 3.2 The reviews of the Internal Audit Service have been completed against the 2006 Code of Practice for Internal Audit in Local Government issued by CIPFA. The Code contains 11 Standards that describe the processes that a professional internal audit service should follow and comply with.
- 3.3 Following the review presented to Panel in July 2008, which included a Peer Review by colleagues from Cambridgeshire County Council, the Panel noted the general effectiveness of the Council's Internal Audit Service in terms of the requirements of the CIPFA Code of Audit Practice. An action plan was prepared to deal with relatively minor issues (staff rotation, updating of the audit manual, benchmarking) identified from the review. Rather than undertaking a review annually, it is proposed that the next review against the Code of Audit Practice is undertaken in 2011, the same year as the next annual review of the effectiveness of the Panel.

4. Assurance Required by the Panel

- 4.1 The AGS assurance framework refers to a number of systems and processes that together, allow the Panel to sign off the AGS. Whilst changes will be required to be made to the systems and processes on a regular basis, it is

considered that the following list of items be adopted by the Panel, as the minimum issues that they require assurance upon:

- Delivery of the Council's corporate objectives
- The effectiveness of the Constitution
- The effectiveness of the Code of Corporate Governance
- Ability to identify, assess and respond to legislation, meeting statutory obligations
- Effectiveness of financial management arrangements
- Adequacy of the internal audit service
- Robustness of the performance management system
- The effectiveness of the risk management strategy
- Robust systems of internal control and the effectiveness of key controls
- Actions plan to address significant weaknesses are prepared, acted & reported on
- Partnerships are efficient and effectively delivering service objectives

5. Recommendations

5.1 It is recommended that the Panel:

- Agree that the Annual Governance Statement assurance framework will include the annual review of the effectiveness of the system of internal audit;
- Note that the next review of the Internal Audit Service against the Cipfa Code of Audit Practice will be conducted in 2011; and
- Adopt the list of systems that assurance is required upon as part of the assurance framework.

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None

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

The Review Of The Effectiveness Of The System Of Internal Audit

1. Legislative changes from 1st April 2006

Regulation 4 of the Accounts and Audit Regulations (2003) ('the Regulations') was amended in 2006 (SI564/2006) with new reporting requirements, applicable to local authorities in England, on the effectiveness of the system of internal audit. The Regulations came into force on 1 April 2006 and applied for the 2006/07 reporting year. From 2007/08, the new reporting requirements have been included in the Annual Governance Statement ('AGS').

2. Existing related guidance on the Accounts and Audit Regulations 2003

The Department for Communities and Local Government ('CLG') issued guidance on the amended Regulations in August 2006. This Guidance covers the significant changes made to the 2003 Regulations. Apart from simplifying and streamlining the 2003 regulations, the changes were intended to strengthen governance and accountability through a new requirement to carry out and consider the findings of a review of the effectiveness of the system of internal audit in Regulations 6 (3) and 6 (4) of the amended 2003 Regulations.

The Guidance on the new requirements relating to the review of the effectiveness of the system internal audit (Regulation 6) states:

"Regulation 6 of the 2003 Regulations was amended in 2006 to require relevant bodies to conduct an annual review of the effectiveness of its system of internal audit and for a committee of the body to consider the findings. This process is also part of the wider annual review of the system of internal control. As with Regulation 4 above, this does not require the establishment of an audit committee, although such a committee would provide an appropriate means through which to carry out the review of internal audit as it has a role in monitoring internal audit but is independent from it."

The Guidance cites the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom ('the Code') as proper practice in relation to internal audit in local authorities. For smaller relevant bodies, the reader is directed to other publications.

The Guidance does not provide a definition of the system of internal audit nor does it address how relevant bodies should undertake an annual review of its effectiveness. The CIPFA Audit Panel has therefore produced this document to assist local authorities in interpreting the Regulations. It would like to acknowledge the comprehensive assistance of the Finance Advisory Network's Rough Guide working group.

3. The definition of the system of internal audit

The 'system of internal audit' is a new term introduced by CLG in 2006, and not a term as yet with any commonly understood meaning. After lengthy consultation amongst practitioners, the CIPFA Audit Panel has interpreted this term as follows:

The framework of assurance available to satisfy a local authority that the risks to its objectives, and the risks inherent in undertaking its work, have been properly identified and are being managed by controls that are adequately designed and effective in operation.

The framework of assurance will comprise a variety of sources and not only the authority's internal audit service. However, the Head of Internal Audit holds a unique role within a local authority as the only independent source of assurance on all internal controls. The Head of Internal Audit is therefore central to this framework of assurance and should acquire an understanding not only of the authority's risks and its overall whole control environment but also all sources of assurance. In this way, the Head of Internal Audit will be able to indicate whether key controls are adequately designed and effectively operated, regardless of the sources of that assurance. This role will include responsibility both for assessing the assurance available to the authority from other sources, whether internal or external, and for implementing a plan of internal audit work to obtain the required assurance.

For any body to which the regulations apply, a key input to the system should be the mapping of the framework of controls assurance deriving from the organisation's risk management system. There can be no prescriptive definition of what is included in the system of internal audit in every local authority; the key principle is that the system will include more elements than just the internal audit function acting alone.

For example, in most local authorities there is likely to be a set of risks relating to health and safety. The authority may have an in-house team of health and safety advisors with responsibility for checking compliance with both legal and internal requirements and will also periodically be subject to inspection by the Health and Safety Executive. In these circumstances, the Head of Internal Audit needs to understand and assess the assurance provided by these teams that any health and safety risks are being adequately and effectively controlled. This would include a review of this assurance but, unless it is found to be inadequate, no further audit work is to be expected.

Examples of other sources of assurance may include external agencies, such as the Commission for Social Care Inspection, as well as in-house compliance teams independent of the internal audit service, for example a contracts audit team which may not be integral to the internal audit team; or staff responsible for assessing the integrity of the authority's performance information.

The Head of Internal Audit is accountable to the audit committee or equivalent body, which is responsible for assessing the quality of the assurance available to the authority and concerns itself with the adequacy and effectiveness of the authority's internal control environment as assessed.

The internal audit plan will be risk-based and reflect the audit committee or equivalent's requirement for assurance (as well as current audit knowledge and the requirement to

follow up earlier work). The internal audit plan will include work undertaken directly by the internal audit service, but will also recognise assurance work undertaken by other parts of the organisation or by external organisations, the adequacy of which will be assessed by the internal audit team on a risk basis.

The output of the system of internal audit will be the annual report by the Head of Internal Audit to the authority which will, as required by the Code, include an opinion on the overall adequacy and effectiveness of the organisation's control environment. This will now clearly include reference to the assurance made available to the authority by other providers as well as directly by the internal audit service.

4. Review of the effectiveness of the system of internal audit

The audit committee, or whosoever is charged with carrying out the review of the effectiveness of the system, should examine its key elements, which may include, but are not limited to:

- The process by which the control environment and key controls have been identified - the organisation's risk management system;
- The process by which assurance has been gained over controls – its coverage of the key controls and key assurance providers;
- The adequacy and effectiveness of the remedial action taken where there are deficits in controls, which will be led by the audit committee or its equivalent and implemented by management; and
- The operation of the audit committee and the internal audit function to current codes and standards.

The mechanism by which this review is undertaken will vary with the needs of each organisation and may encompass procedures ranging from considering reports from, or carrying out interviews with the Head of Internal Audit and their team, to detailed evidence gathering of the documentation supporting each stage of the assessments.

Any areas for improvement should be identified, together with an action plan, within the report produced by the review.

5. Who should undertake the review

The Regulations require the following: 'the findings of the review...shall be considered by a committee of the relevant body, or by the members of the relevant body meeting as a whole'. The CLG Guidance suggests that an audit committee is the appropriate group to receive and consider the results of the review as this committee already has an oversight of internal audit.

There are a number of options available to authorities, for carrying out the review which include:

- The Head of Internal Audit
- A sub-group of the audit committee
- A review group of officers
- Peer review
- External assessment, or
- A group of members and officers.

Whoever carries out the review, it is vital that all participants are appropriately skilled and have relevant technical support available to them.

6. The timing of the review

Just as the preparation for the AGS needs to start early in the year to which the signed statement relates, the review of the effectiveness of the system of internal audit should not be left to the year end. The review feeds into the AGS and should, therefore, be completed first. This guidance is therefore applicable from the 2008/09 financial year.

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RISK REGISTER

(Report by the Audit & Risk Manager)

1. Purpose

- 1.1 To inform the Panel of the significant changes that have been made to the risk register in the period September 2008 – February 2009.

2. Amendments

- 2.1 The annexes attached summarise the changes that have been made to the risk register:

Annex A	1 new register entry
Annex B	3 risks deleted
Annex C	7 risks with significantly amended scores or mitigation

- 2.2 All changes to the register are reviewed by the Audit & Risk Manager on a monthly basis. This allows general over-sight and challenge of the risk entries and the inherent and residual scoring.

- 2.3 Annex D summarises all the risks that have an residual risk score of 'Very high'. The full risk register is available from the risk management intranet site.

3. Security Breach

- 3.1 A burglary took place on the evening of 11 February and 15 laptops were stolen. A review of the circumstances of the theft and the consequences for the Council in respect of data loss has been completed. A report has been prepared for the Data Protection User Group, which contains a number of recommendations for improving data, information and building security.

- 3.2 Risk register entry 15 deals with a breach of data security and the loss of data. It is included in Annex D as it has a 'very high' residual score. A new entry to the register (No. 140) has been made with regard to building security. Controls to mitigate this risk are recommended within the report into the incident.

4. Recommendation

- 4.1 It is recommended that the Panel note the changes that have been made to the risk register.

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Risk Register

Report into Security Breach

Contact Officer: David Harwood, Audit & Risk Manager ☎ 01480 388115

New Risks Identified

No	Risk	Cause & Effect	Inherent Risk	Existing Controls	Residual Risk
Risk Owner: New Accommodation Project Co-ordinator					
140	Loss of Council property including IT equipment containing sensitive personal information.	Headquarters complex buildings perceived as housing high value easily transportable property including laptops and CPUs. Property is targeted by thieves. Loss of property disrupts service delivery, property stolen may contain sensitive personal data and laptops and small digital items will be uninsured unless entry is forced.	Very High	<p>External doors used for access secured by magnetic locks operated by security staff passes. Visitors required to register with Customer Services and be accompanied by a member of staff at point of entry to non-public areas.</p> <p>External doors are physically locked and the remotely monitored intruder alarm is set when the building is unoccupied. Elevations of building not abutting public highway covered by CCTV.</p> <p>All laptops secured by Kensington locks when on desks.</p> <p>A member of Facilities Management will be on site whenever out of hours work is in progress.</p>	High

Risks Deleted

No	Risk
Risk Owner: Head of People, Performance & Partnerships	
99	New staff learning in HR and Payroll may result in delays to some services
Risk Owner: Head of Information Management	
132	New IP Telephony system for Building D may not be in place for initial occupation
133	ICT for New Accommodation not available requiring services to implement Business Continuity Plans

Risks Amended

No	Risk	Inherent Risk	Residual Risk		Reason
			From	To	
Risk Owner: Head of Democratic and Central Services					
42	Decisions that support the Council's budget are not scrutinised robustly enough leading to budgets being set that don't reflect the needs of the whole District.	High	High	Medium	Amendment to residual impact – from High to Medium – due to changes arising from risk assessment model agreed by Panel in December.
45	The procedures for the implementing of licensing activities are not robust, so endangering the safety of the public.	High	High	Medium	Amendment to residual impact – from High to Medium – due to changes arising from risk assessment model agreed by Panel in December.
Risk Owner: Head of Information Management					
25	The Council becomes over reliant upon a limited number of key Information Technology & Systems specialists leading to the loss of information or IT related services when these staff are unavailable.	Very High	High	Medium	Amendment to residual impact – from High to Medium – due to changes arising from risk assessment model agreed by Panel in December.
Risk Owner: Head of Law, Property & Governance					
50	Poor management of Council owned industrial / commercial properties leading to the loss of development opportunities and reducing financial returns.	Medium	Medium	Low	Additional control – GIS introduced.

Risks Amended

No	Risk	Inherent Risk	Residual Risk		Reason
			From	To	
Risk Owner: Leisure Services					
17	A member of the public is seriously injured or killed whilst visiting or using Leisure Centre facilities because the Council has not provided a safe environment or its staff with sufficient and adequate training.	Very High	High	High	<p>The inherent risk levels for these three risks have all been amended, following changes to risk management strategy in December.</p> <p>The new inherent and residual risk levels are shown opposite.</p>
		High		High	
22	Users of the Leisure Centres are put at risk due to the employment of staff who are unsuitable to work with vulnerable people.	Very High	High	Medium	
		Medium		Medium	
23	The procedures for the management of Special Events organised by the Leisure Centres may not be robust and result in customer complaints.	Very High	Medium	Low	
		High			

'Very High' Residual Risks

No	Risk
Risk Owner: Chief Officers' Management Team	
1	The Council is not accurate in its assessment of the Govts Council Tax/budget requirement capping level resulting in the Council being capped /setting Council Tax at a figure significantly below the capping level resulting in temp or permanent service reductions
130	Inability to identify sufficient new income or expenditure reductions to achieve spending adjustment targets included in the MTP and Financial Forecast
Risk Owner: Head of Democratic and Central Services	
124	Loss of Land Charges revenue to personal search companies
Risk Owner: Head of People, Performance & Partnerships	
16	A member of the public / Council employee is seriously injured or killed due to the Council not providing its employees with either a safe working environment or sufficient and adequate training with regard to the tasks that it requires to be carried out.
Risk Owner: Head of Information Management	
15	ICT Security is breached causing both the loss of data and a loss of trust in the reliability of the data being held.
58	Information or data is lost leading to an inability to provide an appropriate service, litigation against the Council and a failure to respond to requests for information.
Risk Owner: Head of Planning Services	
104	Delays to the construction of the new A14 may significantly reduce the amount of new development land that becomes available for housing and other developments, leading to a failure to achieve the longer term development/regeneration strategy for Huntingdon and in particular Huntingdon Town Centre, thereby potentially undermining the vitality and viability of the local economy and causing significant problems in term of the Councils ability to deliver new housing, commercial and retail developments and to resist inappropriate planning proposals.

CORPORATE GOVERNANCE: ASSURANCE FRAMEWORK
(Report by the acting Head of People, Performance & Partnerships)

1. INTRODUCTION

- 1.1 The purpose of this report is to update the Panel on progress made with implementing the Assurance Framework, agreed by the Panel at the March 2008 meeting

2. BACKGROUND

- 2.1 To ensure that the Council is complying with its Governance arrangements the Assurance Framework includes the following:

- an annual review of governance arrangements;
- preparation of an Annual Governance Statement (AGS);
- implementation of an action plan associated with the AGS;
- a half yearly review of progress against the action plan;
- reference to systems and reporting as necessary to provide assurance and support for good governance and
- the Audit Manager's annual report and comments by the external auditors and other inspections

3. REVIEW OF GOVERNANCE ACTION PLAN

- 3.1 At the September 2008 meeting the Panel considered the Annual Governance Statement which identified issues to be addressed over the next year to help improve further the Councils governance arrangements. Annex A identifies these issues and progress to date. Annex B provides progress to date on the actions identified in the Council improvement plan, reported to Cabinet quarterly.

4. RISK ASSURANCE

- 4.1 A report on progress with developing Risk Management appears separately on the Agenda.
- 4.2 To meet the requirements of the Assurance Framework details of the current internal and external sources of assurance and the assurance level for each risk and risk control are included in Annex C.

5. RECOMMENDATIONS

- 5.1 The Panel are recommended to:
- (a) Note progress to date in the achievement of the action plan supporting the Annual Governance Statement.
 - (b) Note the Assurance level of individual risks.

BACKGROUND PAPERS

Code of Governance
Annual Governance Statement
Risk register

Contact Officer:

Howard Thackray, Policy & Research Manager
 **01480 388035**

David Harwood, Internal Audit and Risk Manager
 **01480 388115**

Annex A

Issues identified in AGS Sept 2008	Progress to date
Put in place effective arrangements to identify and deal with failure in service delivery (from Direction of Travel assessment 2006/07)	The corporate complaints system has been recast as part of a wider Feedback system, which has been adopted by the Corporate Governance Panel. The changes include the introduction of formal procedures to monitor and analyse feedback and to implement any necessary changes.
Tackle areas of comparative under performance (from Direction of Travel assessment 2006/07)	The draft assessment for 2007/08 confirms overall performance as measured by performance indicators is positive, with 67 per cent of the Council's performance indicators in 2007/08 improving against the national average. This reflects its improvement over the last three years. In 2007/08, 33 per cent of the Council's performance indicators were amongst the best in the country, an improvement on 2006/07.
Maintain the high profile of delivering agreed audit actions on time by effective monitoring, and reviewing achievements when Chief Officer Management Team consider Heads of Service quarterly performance reports	Performance has been steadily improving, and for the 12 month period ending February 2009, 63% of agreed audit actions have been introduced on time against the benchmark of 60%. The overall number, including both actions introduced on time and introduced late for the same period was 83%.
Delivery of the Review of Council structure being led by Cabinet Member	The Member led review of the Council's democratic structure will be submitted to two member seminars in March and considered by the Overview and Scrutiny Panels, Cabinet, Corporate Governance Panel and Full Council in April 2009. Changes to internal systems & processes will be implemented from the new municipal year. Community engagement proposals are subject to consultation with partners for implementation later in 2009.

Biennial review of the constitution will be undertaken in spring 2009 to address any issues not dealt with in the structural review	The biennial review of the constitution is under way and will be submitted to the Corporate Governance Panel on 25 th March
Delivery of Improvement plan, (external inspection action plans incorporated into Council Improvement plan i.e. Use of Resources, Value for Money, Data Quality etc).	Progress against the Council's improvement plan is set out in Annex B
Undertake Partnership review programme	Partnership review programme is on track. A three year rolling review of strategic partnerships has is due to start following the comprehensive initial review. The Partnership review framework takes account of risk and governance arrangements. In addition the review of democratic structures has highlighted a number of issues concerning partnership arrangements which will be considered in the next municipal year

Improvement Plan

Annex B

(Note: the Council's Improvement Plan is updated and monitored frequently to reflect the development areas adopted through external inspection and compliance with statutory guidance.)

In progress

Completed

Subject	Area of Focus	Reference	Proposed Action	Outcome	Lead Members and Officer	Progress February 2009
Learning & Knowledge	Learning across the Council and making the most of learning opportunities to use research, consultation and knowledge to plan services.	CPA	Adopt systematic approaches to learning and sharing knowledge via the Council's intranet.	Council uses learning and knowledge and research effectively across the organisation to improve the delivery of services and achievement of priorities.	Member: Mike Simpson Officer: Dir Commerce & Technology support Head of IMD	All SharePoint sites have been set-up/migrated to latest version of SharePoint and search facility re-instated. Encouraging the use of WIKIs to aid the sharing of knowledge & experience within teams. A good example is in use at the Call Centre.
Capacity and Resources	Sustainability of spending plans, employee capacity, staff turnover.	CPA	Delivery of People Strategy	The Council has the right number of employees with the right skills to meet its priorities and objectives.	Member: Andrew Hansard Officer: Dir Central Services Support: Head of Personnel	A new People Strategy is being developed. This will go to Employment Panel in Sept 2009 and thereafter an action plan will be implemented to deliver the strategy

Subject	Area of Focus	Reference	Proposed Action	Outcome	Lead Members and Officer	Progress February 2009
Financial Management - The Council manages performance against budgets	The Council should continue to develop its budget monitoring processes to ensure that it is appropriate for the Council and it meets the requirements of the UoR criteria which include the need to ensure monitoring is informed by a risk assessment.	Use of Resources 2007/08	Significant progress has been made but a formal risk assessment will be carried out to focus further developments. (by 31 March 08)			This action has already been completed, and will be removed from the report.
Internal Control - Risk Management	Risk management training should be delivered to appropriate officers and members prior to 31 March 2008.	Use of Resources 2007/08	All Heads of Service have received training. Further Member training provided in December 2007. Any Members who missed both training sessions will be briefed individually. (by 31 March 08)	Raise awareness of risk and risk management		This action has already been completed and will be removed from the report. JDH 24/02/09
Systems of Internal Control	The Council should develop and implement an assurance framework. Once implemented, processes need to be put in place to ensure that this a fluid living	Use of Resources 2007/08	An assurance framework will be developed and agreed by the Corporate Governance Panel on 26 March 2008. (by 31 March 08)	Agreed systems/process in place to provide assurance that the council undertakes it's functions and responsibilities with		The report to Governance Panel on 25 th March 2009 will address this item. Reports dealing with Risk

Subject	Area of Focus	Reference	Proposed Action	Outcome	Lead Members and Officer	Progress February 2009
	document that is updated constantly for any changes in objectives, risks and assurances.			integrity, openness and accountability.		Assurance will be sent to the Panel on a six monthly basis
	Internal Audit Managers opinion on the internal control environment.	Governance Assurance framework	Actions identified in the internal audit action plan are implemented as per the agreed audit timetable.	Improve the overall assurance opinion on the system of Internal control.		See above. Also Monitored via Performance Management Framework and reported Quarterly to COMT
Governance	Equalities.	Governance Assurance framework	Implement and monitor Corporate Equality Action Plan.	Facilitate progress in relation to the Local Government Standard for Equalities.		Level 2 of the standard achieved. Progress to level 3 (by 2010) on target. CEP action plan, 7 out of 9 action are on target.
	Consultation.	Governance Assurance framework	Adopt and implement consultation and engagement strategy.	Developing consultation and engagement with local communities.		Strategy adopted in Spring 08 Progress being made to deliver the action plan
	Complaints System.	Governance Assurance framework	Review existing mechanisms for responding to harassment e.g. Open Out, corporate complaints procedure, grievance procedure and	A corporate complaints system that will enable transparent non-discriminatory reporting.		The corporate complaints system has been recast as part of a wider Feedback system, which has been approved by

Subject	Area of Focus	Reference	Proposed Action	Outcome	Lead Members and Officer	Progress February 2009
			Dignity at Work Policy.			Management Team and endorsed by the Corporate Governance Panel.
	Sustainable Community Strategy.	Governance Assurance framework	Working to develop a Sustainable Community Strategy (SCS).	Delivery of the outcomes identified in the SCS via the Huntingdonshire Strategic Partnership.		SCS adopted by Council in Sept 08. Work underway to develop and monitor partner actions
Data Quality	Data Quality	Use of Resources/VFM	Action identified in the Data Quality action plan are implemented as per the agreed timetable	To provide reliable, accurate and timely performance information with which to manage services, inform users and account for our performance		Data measure templates, in part updated by services to reflect changes to corporate plan.

Controls Assurance as at 12 March 2009

Risk Ref	Risk Title	Residual Risk Priority (RL x RI)	Risk Control	Assurance Source	Assurance Given	Assurance Type	Assurance Level	Assurance Date
2	COMT The Council does not invest in or develop its staff leading to motivational problems and few service developments being delivered on time or budget.	3 2 Medium	IIP Accreditation	IIP report / certificate	Yes	Independent (Audit / Adequate 3rd party)	Adequate	10/6/08
			When the Corporate Training Programme was considered in the CPA process it was considered by the assessor to be "one of the best he had seen"	CPA process	Yes	Management	Adequate	10/6/08
6	COMT Service recovery and/or business continuity plans are inadequate resulting, over both the short and medium term, in the Council's inability to provide an appropriate service.	3 4 High	New server suite at Eastfield House in addition to Pathfinder House	Both suites operational. Allows transfer of physical equipment between sites &/or from outside HDC to provide emergency facilities. Together with implementation of server virtualisation project this provides substantially improved business continuity opportunities.	Yes	Management	Substantial	17/2/09
			2 telecoms switches in new accommodation and at Eastfield House	Physical evidence	Yes	Management	Substantial	17/2/09
9	COMT A civil emergency occurs that affects more than 2000 people leading to the Council's rest centre provision and support proving inadequate.	1 5 High	Pet Plan - arrangements with shelters and vets etc	Contact details held	Yes	Management	Adequate	19/2/09

1	5	High	Venues identified and agreed St Ivo LC able to deal with a maximum of 2290 people	Emergency Plan records	Yes	Management	Substantial	19/2/09		
			Annual contact with the WRVS voluntary service to provide regarding their readiness to assist HDC.	Contact details of WRVS	Yes	Management	Adequate	19/2/09		
			Staff Training	Training records held	Yes	Management	Adequate	19/2/09		
			Liaison with voluntary organisations, local PCTs, Social services etc	Contact details held and reviewed annually	Yes	Management	Limited	19/2/09		
			Out of hours contacts maintained.	Contact details	Yes	Management	Adequate	19/2/09		
			Food Plan (exercises carried out (desk top) but not formally tested)"	Contact details of providers held and annually reviewed. Leisure Centres have (limited) food stocks available for first response. Tesco open 24 hrs per day.	Yes	Management	Adequate	19/2/09		
11	COMT The Council is unable to collect household and trade waste on a regular basis resulting in both environmental and health & safety concerns and a reduction in the quality of life of residents.	3	4	High	Contracts in place with employment agencies	Contract Documents held at Eastfield House	Yes	Management	Substantial	22/1/09

12	COMT The Council does not deliver against its Corporate Objectives or the National Performance Indicators resulting in adverse external audit and inspection reports and government intervention or restrictions of freedoms.	2	Medium	3	Regular reviews of data quality undertaken Data quality strategy in place	Yes	Independent (Audit / Adequate 3rd party)	2/6/08
130	COMT Inability to identify sufficient new income or expenditure reductions to achieve spending adjustment targets included in the MTP over the coming three years.	4	Very High	4	Progress on achievements will be reported to Cabinet during the year before they are required.	Yes	Management	19/8/08

Head of Customer Services

Risk Ref	Risk Title	Residual Risk Priority (RL x RI)	Risk Control	Assurance Source	Assurance Given	Assurance Type	Assurance Level	Assurance Date
27	An interruption in the benefit system service or inadequate numbers of trained/skilled staff may lead to benefits not being paid correctly or on time.	3 3 High	Benefit system upgraded regularly;	Anite and Northgate SX3 upgrade records are held in Benefits office to show testing and implementation of new releases.	Yes	Management	Substantial	21/1/09
			Well established & tested procedures;	Housing Benefits Audit	Yes	Independent (Audit / 3rd party)	Substantial	16/4/08
			Payments are made in advance for planned interruptions to service;	Although there is no documented procedure for this control, decisions are made at managers discretion when interruptions are expected.	Yes	Management	Substantial	21/1/09
			Performance monitoring;	Housing Benefits Audit	Yes	Independent (Audit / 3rd party)	Substantial	16/4/08
			Staff development takes into account succession planning & multi-skilling of the staff	Housing Benefits Audit	Yes	Independent (Audit / 3rd party)	Substantial	16/4/08
			Dedicated Training Officer;	Housing Benefits Audit	Yes	Independent (Audit / 3rd party)	Substantial	16/4/08
			Checks made of accuracy of work with higher levels of checking on less experienced staff;	Assessment errors identified each month are recorded by individual assessment officer. These errors are fed back to them and also copied to the training officer for her to develop training plans.	Yes	Management	Substantial	21/1/09

Head of Customer Services

64	<p>Despite receiving adequate training, employees make unintentional mistakes leading to incorrect levels of services being provided to customers.</p>	2	2	<p>Low</p>
<p>Checking of peoples work</p>				
<p>Independent (Audit / Substantial 3rd party)</p>				
<p>Yes</p>				
<p>11/6/08</p>				
<p>Established procedures</p>				
<p>Internal Audit Review</p>				
<p>Independent (Audit / Substantial 3rd party)</p>				
<p>Yes</p>				
<p>16/4/08</p>				
<p>Work is allocated to employees with sufficient experience & training</p>				
<p>Internal Audit Review</p>				
<p>Independent (Audit / Substantial 3rd party)</p>				
<p>Yes</p>				
<p>16/4/08</p>				
<p>full time training officer</p>				
<p>Internal Audit Review</p>				
<p>Independent (Audit / Substantial 3rd party)</p>				
<p>Yes</p>				
<p>16/4/08</p>				
<p>Established BACS procedures</p>				
<p>Internal Audit Review</p>				
<p>Independent (Audit / Substantial 3rd party)</p>				
<p>Yes</p>				
<p>16/4/08</p>				
<p>Contingency arrangements</p>				
<p>Management</p>				
<p>Substantial</p>				
<p>Yes</p>				
<p>11/6/08</p>				
67	<p>Council Tax direct debits are not collected on time (collected twice) leading to an increase (reduction) in the cost of borrowing and local reputation damage.</p>	1	2	<p>Low</p>
<p>62</p>				

Head of Democratic and Central Services

Risk Ref	Risk Title	Residual Risk Priority (RL x RI)	Risk Control	Assurance Source	Assurance Given	Assurance Type	Assurance Level	Assurance Date
29	Deficiencies in the administration of elections and/or the elector registration processes leads to results being challenged and the Council being unable to operate effectively.	2 3 Medium	Ongoing improvements in the guidance for candidates and staff;	Internal Audit Review	Yes	Independent (Audit / 3rd party) / Limited		23/4/08
37	Governance of the Council is weak resulting in poor and ineffective decision making.	2 4 High	A formal training programme is provided for members Minimum of 2 training sessions p.a. offered to councillors A guide has been prepared which provides information for people who may wish to stand for public office - the guide is made widely available in the community Documentation and Guidance provided to Members Register of financial and other interests is maintained and kept up to date	Document available on Members Services Page of intranet. Records retained by Democratic and Central Services Division Training programme Document available from Democratic & Central Services Division A guide to support services for Members (Signpost) available from Democratic & Central Services Division Document held in Democratic & Central Services Division	Yes Yes Yes Yes	Management Management Management Management	Substantial Substantial Substantial Substantial	16/2/09 16/2/09 16/2/09 16/2/09

Head of Democratic and Central Services

42	Decisions that support the Council's budget are not scrutinised robustly enough leading to budgets being set that don't reflect the needs of the whole District.	2	3	Medium	Effective action by Scrutiny Panel and involvement of more Councillors in budgetary process	Yes	Management	Adequate	16/6/08
					S151 officer	Yes	Management	Adequate	16/6/08
45	Safety of the public is endangered by licensable activities.	2	3	Medium	Medical checks for all new taxi and private hire drivers, and then at reaching the age of 55,60 and65 and at annual intervals thereafter	Yes	Independent 3rd party	Independent (Audit / Limited	16/6/08
					Training is given to Members and Officers	Yes	Independent 3rd party	Independent (Audit / Adequate	16/6/08
					Testing of taximeters on application and annually thereafter for all licensed taxis	Yes	Independent 3rd party	Independent (Audit / Adequate	16/6/08
					Testing of all new vehicles and annual testing thereafter	Yes	Independent 3rd party	Independent (Audit / Adequate	16/6/08
					Adequate licensing controls are in place, including accurate and effective processing of applications, the thorough investigation of complaints and the monitoring of changes in circumstances	Yes	Independent 3rd party	Independent (Audit / Adequate	16/6/08
					CRB checks of taxi and private hire drivers and personal licence holders	Yes	Independent 3rd party	Independent (Audit / Adequate	16/6/08

Head of Democratic and Central Services

2	3	Testing of all applicants for taxi and private hire licence for driving and local knowledge	Yes	Independent (Audit / Adequate 3rd party)	16/6/08
Medium		Checking of valid insurance for all applicants for taxi and private hire vehicle licences and annually thereafter	Yes	Independent (Audit / Adequate 3rd party)	16/6/08

Head of Environmental and Community Health Services

Risk Ref	Risk Title	Residual Risk Priority (RL x RI)	Risk Control	Assurance Source	Assurance Given	Assurance Type	Assurance Level	Assurance Date
86	Orphaned contaminated sites may fall to HDC to manage long-term high revenue costs	3 High	Contaminated Land Officer interaction with operators and Env. Agency (and WLFF for Warboys)	Communications records	Yes	Management	Substantial	11/2/09

Head of Environmental Management

Risk Ref	Risk Title	Residual Risk Priority (RL x RI)	Risk Control	Assurance Source	Assurance Given	Assurance Type	Assurance Level	Assurance Date
30	The Councils lack of an 'environmental' policy, leads to un-coordinated and conflicting initiatives being developed within departments.	3 3 High	Range of events and programmes re: Home energy advice etc	Records held by Env Mgt Team: Jenny thackray and Julia Blackwell key contacts	Yes	Management	Adequate	26/1/09
			Investments in appropriate projects are made	Internal Audit Review Inclusion in budgetting round/MTP process	Yes	Management	Adequate	26/1/09
			Pro-active stance taken on sustainable developments: dependent on approval by COMT, planning and members	Internal Audit Review	Yes	Management	Limited	26/1/09
			Monitoring/review of strategy	Internal Env Mgt report (Sept 09 review of first year of strategy) External audit of NI's Internal Audit Review	Yes	Management	Adequate	26/1/09
			Further work is being planned	Sign off by cabinet on 3 April of action plan for year 1	Yes	Management	Substantial	26/1/09
44	Building control customers take their business elsewhere due to the service not being carried out effectively, resulting in the eventual loss of the service.	2 4 High	Others check decisions	Mgt process in place, work routinely checked	Yes	Management	Substantial	26/1/09
			Extensive training given to both staff and members	Training records kept by BC	Yes	Management	Substantial	26/1/09

Head of Environmental Management

2	4	High	Proactive actions taken in providing builders and developers training and information in building control issues ISO 9001 accredited	ISO 9001	Yes	Management	Adequate	26/1/09	
			Case studies are held about the decision making process		Yes	Management	Adequate	26/1/09	
			Quality control checks included in the decision making processes	External audit ISO 9001 Adhere to Quality Assurance Manual	Yes	Management	Substantial	26/1/09	
48	2	4	High	Project management arrangements are poor, leading to projects not being delivered on time and/or budget.	Project Management Audit	Yes	Management	Adequate	26/1/09
			Reports to Director	quarterly COMT reports highlight risks	Yes	Management	Substantial	26/1/09	

Head of Financial Services

Risk Ref	Risk Title	Residual Risk Priority (RL x RI)	Risk Control	Assurance Source	Assurance Given	Assurance Type	Assurance Level	Assurance Date
24	Estimates made as part of the budget setting process are incorrect, requiring service budgets to be reduced and consequently some services in an unplanned way.	2 2 Low	Accountancy staff and service managers are cautious in assuming reduced expenditure or increased income		Yes	Management	Substantial	18/6/08
34	Sufficiently late or inaccurate provision of financial advice to managers or Members may lead to significantly incorrect decisions being made.	2 3 Medium	The Council currently has significant revenue reserves allowing adequate time to carefully plan the actions arising from any unexpected reduction in resources available.		Yes	Management	Substantial	18/6/08
09			In - house function		Yes	Management	Substantial	19/8/08
			Well established and tested procedures		Yes	Management	Adequate	19/8/08
			Regular discussion between accountants and managers of emerging problems and future issues.		Yes	Management	Adequate	19/8/08
			Competent accountants		Yes	Management	Adequate	19/8/08
			Systems are backed up nightly by IMD		Yes	Management	Substantial	19/8/08

2	3	<p>Quarterly budgetary control reports to Cabinet</p> <p>Medium</p>	<p>Yes</p> <p>Management</p> <p>Substantial</p> <p>19/8/08</p>
		<p>Monthly budgetary control reports produced for managers</p>	<p>Yes</p> <p>Management</p> <p>Substantial</p> <p>19/8/08</p>
		<p>Additional training provided to staff following upgrades of the system</p>	<p>Yes</p> <p>Management</p> <p>Substantial</p> <p>19/8/08</p>
38	2	<p>Poor communication and training on risk management means that the advantages to the Council of introducing robust risk management processes are not delivered.</p> <p>Medium</p>	<p>Yes</p> <p>Management</p> <p>Substantial</p> <p>19/8/08</p>
		<p>UOR 2 score</p>	<p>Yes</p> <p>Management</p> <p>Substantial</p> <p>19/8/08</p>
		<p>Risk Management Strategy in place</p>	<p>Yes</p> <p>Management</p> <p>Substantial</p> <p>19/8/08</p>
		<p>Risk Management Group in operation</p>	<p>Yes</p> <p>Management</p> <p>Substantial</p> <p>19/8/08</p>
39	4	<p>The Code of Procurement is not followed correctly, leading to accusations of irregular practices and the challenging of award decisions.</p> <p>High</p>	<p>Yes</p> <p>Management</p> <p>Substantial</p> <p>19/8/08</p>

Head of Financial Services

2	3	Competent IT management appointed	Yes	Management	Substantial	19/8/08
		Low				
		Principles interpretable and published on the Intranet	Yes	Management	Substantial	19/8/08
75	3	Financial or other irregularities occur leading to additional financial costs, unforeseen investigation	Yes	Management	Substantial	19/8/08
		Medium				
47	4	Costs & reputation damage Council's funds not invested appropriately leading to losses or poor returns resulting in unexpected service cuts.	Yes	Independent (Audit / 3rd party)	Limited	2/6/08
		High				
		Suitably qualified and experienced staff checks of relevant staff	Yes	Management	Substantial	19/8/08
		Internal Audit Review	Yes	Independent (Audit / 3rd party)	Limited	2/6/08
71		Half yearly reports to Cabinet and Directors including a budgetary control statement	Yes	Management	Substantial	19/8/08
		External consultant appointed	Yes	Management	Substantial	19/8/08
		Treasury strategy in place	Yes	Management	Substantial	19/8/08
65	2	Council employees make poor procurement decisions resulting in increased costs of goods and services.	Yes	Management	Adequate	19/8/08
		Low				
		Code of Procurement available and regularly updated.	Yes	Management	Substantial	19/8/08

Head of Housing Services

Risk Ref	Risk Title	Residual Risk Priority (RL x RI)	Risk Control	Assurance Source	Assurance Given	Assurance Type	Assurance Level	Assurance Date
51	Deficiencies in Housing policy / strategy	2 3 Medium	Achieve 'Fit for Purpose' rating by GO-East	Confirmation from GO-East	Yes	Independent (Audit / 3rd party)	Substantial	17/4/08
			CPA process/Annual Direction of Travel Audit/Annual Audit Letter.	Ditto	Yes	Independent (Audit / 3rd party)	Adequate	24/6/08
52	Changes in the house price market	4 3 High	The Council has a good range of measures in place, including debt counselling and good relationships with mortgagors	Individual case records and statistics for homelessness prevention. Statistics from HLC	Yes	Management	Limited	19/2/09
			Council is promoting the building of affordable housing	It is a Council Objective in Growing Success. The Council's MTP has £1m per annum allocation for the provision of affordable housing. RSLs are active in securing HCA grant for schemes in the District. In the 2008-2011 (todate) £7.2 m was secured to deliver 274units.	Yes	Management	Limited	19/2/09

Head of Information Management

Risk Ref	Risk Title	Residual Risk Priority (RL x RI)	Risk Control	Assurance Source	Assurance Given	Assurance Type	Assurance Level	Assurance Date
15	ICT Security is breached causing both the loss of data and a loss of trust in the reliability of the data being held.	2 5 Very High		Internal Audit Review	Yes	Independent (Audit / Limited 3rd party)		25/7/08
	Access controls							
	Security marking of assets				Yes	Management	Substantial	29/7/08
	Locks on notebook computers			Internal Audit Review	Yes	Independent (Audit / Limited 3rd party)		25/7/08
	Email filtering greatly reducing viruses, trojan software & spam				Yes	Management	Substantial	22/8/08
	Booking procedures for use of laptops away from the office			Internal Audit Review	Yes	Independent (Audit / Limited 3rd party)		25/7/08
	Back up tapes				Yes	Management	Substantial	22/8/08
	Fire / security protection			Internal Audit Review	Yes	Independent (Audit / Limited 3rd party)		25/7/08

Head of Information Management

25	The Council becomes over reliant upon a limited number of key Information Technology & Systems specialists leading to the loss of information or IT related services when these staff are unavailable.	2	3	Medium	Staff development takes into account succession planning & multi-skilling of staff;	Internal Audit Review	Yes	Independent (Audit / Adequate 3rd party)	2/6/08
					Training is supplied with system implementation;		Yes	Management	29/7/08
					Training needs assessed through the appraisal process;	Internal Audit Review	Yes	Independent (Audit / Adequate 3rd party)	2/6/08
					Structured approaches;	Internal Audit Review	Yes	Independent (Audit / Adequate 3rd party)	2/6/08
					Purchase of outside consultancy	Internal Audit Review	Yes	Independent (Audit / Adequate 3rd party)	2/6/08

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58	Information or data is lost leading to an inability to provide an appropriate service, litigation against the Council and a failure to respond to requests for information	2	5	Very High	Documents held in metal filing cabinets in most cases	Internal Audit Review	Yes	Independent (Audit / Limited 3rd party)	25/7/08
					No smoking policy in Council buildings		Yes	Management	14/8/08
					Staff training, policies and management processes regarding the need for confidentiality	Internal Audit Review	Yes	Management	14/8/08

Head of Information Management

2	5	Very High	Arrangements are in place for the disposal of confidential waste, including where appropriate the use of shredders. Managers and staff advised of the procedure.	Yes	Management	Adequate	14/8/08
			The Council's Information Security Policy and associated protocols are complied with	Yes	Independent (Audit / Limited 3rd party)	Independent (Audit / Limited 3rd party)	25/7/08
			All confidential documents stored in a semi-secure environment	Yes	Independent (Audit / Limited 3rd party)	Independent (Audit / Limited 3rd party)	25/7/08
			Where appropriate documents are put into the strong room	Yes	Independent (Audit / Limited 3rd party)	Independent (Audit / Limited 3rd party)	25/7/08
			Nightly back up, weekly off site backups	Yes	Management	Substantial	14/8/08
			Regular reminders / training given to staff regarding the need for confidentiality	Yes	Independent (Audit / Limited 3rd party)	Independent (Audit / Limited 3rd party)	25/7/08
			Record access to Council property	Yes	Management	Adequate	14/8/08
			Corporate Policy for Records Management & Document Retention	Yes	Management	Adequate	14/8/08
			Disposal of Information Audit	Yes	Management	Adequate	14/8/08
			Many records are stored electronically and computer files are backed up each day and stored in a fireproof safe in a separate building. Servers not held on same floor/building.	Yes	Management	Substantial	14/8/08

Head of Information Management

2	5	All software is removed and hard disks wiped clean by IMD before disposal	Disposal of Information Audit.	Yes	Management	Adequate	14/8/08
Very High							
60	2	The Council does not have linked data bases leading to errors in service delivery and poor local reputation.	Training given to highlight issues with data consistency between non linked databases	Yes	Management	Adequate	14/8/08
Medium	3	Sharing notifications of change corporately via email	LLPG property gazetteer, linking property and spatial data	Yes	Management	Limited	14/8/08
		Databases can be and have been linked on the intranet	EDM linking flow of information	Yes	Management	Adequate	14/8/08
				Yes	Management	Substantial	14/8/08
72	2	Insufficient consideration given to contract terms & conditions or system users' needs prior to IT solutions being sought, leading to delays in procurement process and soft/hardware being purchased that isn't appropriate for service needs	Adequate timely consultation with Procurement Manager	Yes	Management	Substantial	17/2/09
High	4		Procurement Manager provide with copy of Development Programme Entry in Contracts Register Evidence of dialogue between Prog Mgr & Proc Manager				

Head of Information Management

2	4	High	Consultation with appropriate user groups	Evidence of workshop with users Project documentation eg PID & system specifications which have been signed off by Project Board	Yes	Management	Substantial	17/2/09	
			Use of appropriate elements of Prince 2 to manage procurement process	Programme Manager reviews sample of documentation with Proj Man Project health checks undertaken by IMD Support Team	Yes	Management	Substantial	17/2/09	
			MTP process to ensure systems are kept up to date	Annual review of MTP bids specifically Business Systems bid	Yes	Management	Substantial	17/2/09	
			Implementation approach procedures	Programme Manager reviews sample of documentation with Proj Man Project health checks undertaken by IMD Support Team	Yes	Management	Substantial	17/2/09	
122	Data (including personal and confidential data) is transferred from the Council without sufficient security (i.e. encryption)	2	4	High	All data transfers involving personal data must be recorded on the business systems and database register.	Yes	Management	Substantial	17/2/09
123	Freedom of Information Act and Environmental Information Regulations Request are not successfully responded to	2	2	Low	Awareness raised through FOI and EIR training for all staff, through online training and the Information Management training course, which are both essential to all staff	Yes	Management	Limited	14/8/08
	This procedure gives members and officers guidelines how they should log FOI, DPA, EIR and PSI requests.	Yes	Management	Adequate	14/8/08				

Head of Information Management

2	2	Promotion of responsibilities of all staff to pass on FOI and EIR requests when received.	Yes	Management	Adequate	14/8/08
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Low

Head of Law, Property and Governance

Risk Ref	Risk Title	Residual Risk Priority (RL x RI)	Risk Control	Assurance Source	Assurance Given	Assurance Type	Assurance Level	Assurance Date
33	A decision is taken contrary to legislation, statutory guidance or the Council's own policy and procedures that is successfully challenged, resulting in additional financial costs, reputation harm and reductions to service delivery.	2 4 High	Corporate training programme & external training sources are used; open discussions held about training needs;	Training Record of CPD for Law Society/relevant professional association.	Yes	Management	Substantial	26/1/09
			Work allocated to employees with sufficient training / experience, staff encouraged to seek support, management intervention and monitoring, consultation with senior management, other sections or agencies where appropriate,	Report to Corvú	Yes	Management	Substantial	26/1/09
			Counsel advice and case conferences where appropriate, ongoing awareness training of when to seek in house legal advice and guidance.	Case Management System files	Yes	Management	Substantial	26/1/09
			Membership of professional bodies and/or subscription to their, or other relevant publications;	practising Certificate	Yes	Management	Substantial	26/1/09
49	Planning of work, time management and delegation are poor leading to high staff stress levels and work not being delivered on time.	2 4 High	Forward planning arrangements, including prompts on deadlines	Solcase Case Management	Yes	Management	Substantial	26/1/09
			The timetable for meeting statutory deadlines is understood and compiled with / by Legal staff	Solcase Case Management	Yes	Management	Substantial	26/1/09

Head of Law, Property and Governance

2	4	High	Case management system in place	Solcase Case Management	Yes	Management	Substantial	26/1/09
			Appraisals of staff re workload and performance	Annual appraisal	Yes	Management	Substantial	26/1/09
			Use of external resources to assist where workload excessive (subject to budgetary constraints)	Efin	Yes	Management	Substantial	26/1/09
50	2	2	Poor management of Council owned industrial / commercial properties leading to the loss of development opportunities and reducing financial returns.	All Council property has now been registered at H M Land Registry	Yes	Management	Substantial	16/2/09
		Low		The deed packets for all land and property contain copies of the Land Registry documents.				
				Close monitoring of the portfolio is carried out, including the use of performance indicators on income generation and vacancy rates	Yes	Management	Substantial	16/2/09
				A list of enquiries received about Council's ind and commer premises is maintained and each year interested parties are contacted about their continuing business needs	Yes	Management	Substantial	19/6/08
76	2	4	Insufficient review of proposals to Members leading to ineffective, inappropriate or ultra vires decisions, resulting in additional costs or loss of reputation.	Work is allocated to employees with sufficient experience and training	Yes	Management	Substantial	26/1/09
		High		Professional qualification				

Head of Law, Property and Governance

2	4	High	In appropriate circumstances advice and decisions are determined after consultation with senior management, other Council departments or other agencies. Management intervention and monitoring	Report to COMT	Yes	Management	Substantial	26/1/09
			The Council's constitutional framework is covered in local level induction training with Office Manager	Member training records	Yes	Management	Substantial	19/6/08
			Report completed by author's of Committee/Council reports confirming they have considered legal and related implications.	Report checklist submitted to Democratic Services	Yes	Management	Substantial	26/1/09

Head of Operations

Risk Ref	Risk Title	Residual Risk Priority (RL x RI)	Risk Control	Assurance Source	Assurance Given	Assurance Type	Assurance Level	Assurance Date
7	Localised flooding occurs after periods of heavy rainfall and due to inadequate planning and/or funding, property damage occurs and the economic life in the District is disrupted.	3 3 High	Plans & procedures in place	Local and regional emergency plans	Yes	Management	Substantial	22/1/09
			Regular exercises undertaken to test facilities and equipment if actual events do not occur.	Records of exercises held / event records held by Street Scene Manager.	Yes	Management	Substantial	22/1/09
32	Ineffective site security arrangements at Eastfield House leads to the theft and/or loss of 'assets' and employees being concerned for their safety.	4 3 High	Ensuring security of external areas at all times.	All areas covered by 24 hr CCTV coverage with recording	Yes	Management	Substantial	22/1/09
			All employees issued with proximity cards for access. Differing levels of access for differing employees / visitors with issue of cards strictly controlled, or escorted on premises.	Visitors book and access card records.	Yes	Management	Substantial	22/1/09
			Doors have remote electronic locks	Access via intercom with remote CCTV coverage of door area	Yes	Management	Substantial	22/1/09
57	The Council's equipment and plant is not properly maintained, leading to its failure resulting in injury to staff or customers or reduction in service provision.	2 4 High	Constant maintenance	Detailed maintenance records and planned maintenance programmes available for inspection	Yes	Management	Substantial	22/1/09

Head of Operations

2	4	High	Ability to use contract vehicles at short notice	Information held by Operations Senior Supervisory and Management staff.	Yes	Management	Substantial	22/1/09
			Planned renewal programme	Medium Term Financial Plan approved expenditure	Yes	Management	Substantial	22/1/09
126	4	High	Damage is caused to third party property due to inadequate maintenance of trees damaging our reputation and increasing expenditure.	Survey completed 2003/04 and a tree database prepared (species, age & previous maintenance work done), "problem trees identified.	Yes	Independent (Audit / Limited 3rd party)	Independent (Audit / Limited 3rd party)	16/4/08
			Operations Division have a specialised section to carry out tree maintenance work.	Internal Audit Review	Yes	Independent (Audit / Limited 3rd party)	Independent (Audit / Limited 3rd party)	16/4/08
			Inspections - recorded, problems reported by the public acted upon	Internal Audit Review	Yes	Independent (Audit / Limited 3rd party)	Independent (Audit / Limited 3rd party)	16/4/08

Head of People, Performance and Partnerships

Risk Ref	Risk Title	Residual Risk Priority (RL x RI)	Risk Control	Assurance Source	Assurance Given	Assurance Type	Assurance Level	Assurance Date
16	A member of the public /Council employee is seriously injured or killed due to the Council not providing its employees with either a safe working environment or sufficient and adequate training with regard to the tasks that it requires to be carried out	2 5 Very High	All staff who drive on Council business self-certify that they have valid driving licences, appropriate insurance and that their vehicle has an MOT (if required). Driving licence check, initial and annual. Driver training.		Yes	Management	Adequate	10/6/08
			Health and Safety issues are discussed annually Activity Managers are all trained in Health and Safety Management Health and Safety inspections Health and Safety Officer and Committee	Internal Audit Review	Yes	Independent (Audit / 3rd party)	Adequate	6/3/08
			Quarterly review of all Health and Safety risk assessments and incidents - related action plans are implemented and recorded	Internal Audit Review	Yes	Independent (Audit / 3rd party)	Adequate	6/3/08
			Induction training in Health and Safety Different training courses available, risk assessments	Internal Audit Review	Yes	Independent (Audit / 3rd party)	Adequate	6/3/08
53	The Council is unable to deliver sustained economic growth for the District leading to (over a period of time) reducing employment prospects and declining prosperity.	2 3 Medium	The Council provides funding for business support and monitors take-up of service	Service level agreements for certain areas of support. Performance reporting at Economic Prosperity and Skills Forum.	Yes	Management	Substantial	10/2/09

Head of People, Performance and Partnerships

2	3	Medium	<p>A local economy strategy and an annual action plan are in place, which take into account changes in employment levels and the implications on equality and inclusion policies</p> <p>Through ad hoc meetings, economic prosperity and skills forum and annual business breakfast consultation.</p>	Local Economy Strategy and action plan saved on the Economic Development drive. Progress monitored through the Economic Prosperity and Skills Forum.	Yes	Management	Substantial	10/2/09	
54	2	3	Medium	<p>Managers discriminate against certain service users by not considering the needs of all service users when delivering or developing services.</p>	<p>Customer service strategy designed to consider the needs of customers is in place</p> <p>The Council set out its framework for equality and inclusion in a strategy document together with an associated action plan</p> <p>The Council's Equality and Inclusion policy is followed and council business is conducted in an open and transparent manner</p> <p>Equality Impact Assessments carried out in accordance with the council's three year programme</p> <p>Consultation and engagement strategy is designed to obtain the views of local residents and involve them where appropriate in the provision of services.</p>	Yes	Management	Substantial	21/8/08
					Yes	Management	Substantial	21/8/08	
					Yes	Independent (Audit / 3rd party)	Adequate	21/8/08	
					Yes	Management	Adequate	21/8/08	
					Yes	Management	Substantial	21/8/08	

Head of People, Performance and Partnerships

56	<p>Communications and marketing of services with employees, local residents, visitors and stakeholders is poor, leading to rumours and / or incorrect information being circulated, damaging staff morale and lower use of services and local reputation.</p>	2	<p>Medium</p>	3	<p>Good relationships with the media.</p>	<p>Record of all Press coverage received is documented in Hunts matters weekly.</p>	Yes	Management	Substantial	12/3/09
57					<p>Sound mechanisms are used to consult with the public and stakeholders regarding council services</p>	<p>Various surveys undertaken as required.</p>	Yes	Management	Adequate	12/3/09
58					<p>The Council's Communications and Marketing, Consultation and Engagement and Customer Service Strategies are in place to guide manager</p>	<p>Strategies documents on intranet.</p>	Yes	Management	Adequate	12/3/09
59	<p>The Council is unable to secure sufficient external funding and grants to continue existing tasks and services.</p>	2	<p>Medium</p>	3	<p>Projects requiring external funding identified with HoS and opportunities for funding sourced.</p>	<p>External funding Action plan saved on P&R drive</p>	Yes	Management	Adequate	12/3/09
60					<p>six monthly reports to COMT on external funding prospects and current bids.</p>	<p>Internal Audit review COMT reports held on P&R drive</p>	Yes	Management	Substantial	12/3/09

Head of People, Performance and Partnerships

73	Staffing levels are inadequate or staff are not adequately skilled to enable them to properly respond to new initiatives legislation, leading to increases in staff absences, reductions in current service levels and delays in improving service delivery	2	2 Low	Corporate Training Programme in place. Also, as part of being a member of most professions, employees would undertake a certain amount of CPD and so would cover new legislation affecting their own profession	Yes	Management	Adequate	10/6/08
74	Robust Partnerships agreement are not effectively secured with relevant organisation and as a consequence the delivery of key objectives is not achieved.	2	4 High	Implementation of Council's Partnership review and health check process.	Yes	Management	Substantial	10/2/09
	Partnership Manager role to ensure effective performance management and accountability of partnerships. This is primarily for the HSP but the post holder will have an advisor role for other significant partnerships.	Yes	Management	Adequate	12/3/09			
	ensure risks relating to partnerships are adequately registered and controlled.	Yes	Management	Adequate	10/2/09			
141	The Council does not provide effective community leadership and engagement opportunities leading to the reduced inclusion of key sections of the community.	2	3 Medium	Trained Managers Equalities steering group Equalities direction of Travel statement outlining where we are and what we need to do to achieve level three.	Yes	Management	Substantial	12/3/09
	Minutes of meetings, Direction of Travel Statement and equalities strategy all on the P&R drive Assessment of level 2 by external body.	Management	Substantial	12/3/09				

Risk Ref	Risk Title	Residual Risk Priority (RL x RI)	Risk Control	Assurance Source	Assurance Given	Assurance Type	Assurance Level	Assurance Date
40	Planning policy may be insufficient to meet government requirements	2 4 High	Well trained and experienced staff in post	Staff development plans are regularly reviewed and staff are supported in terms of gaining their relevant professional qualifications.	Yes	Management	Substantial	29/1/09
			Priority is given to developments which may result in severe impacts.	All planning decisions are subject to appropriate balancing factors.	Yes	Management	Adequate	29/1/09
			Quality control standards	Performance is reported on an annual basis via the AMR.	Yes	Management	Substantial	29/1/09
			A complete review of planning policies is to be undertaken in order to produce a Local Development Framework	Work is on-going with the Core Strategy Examination now taking place and other Development Plan Documents being prepared in accordance with our Local Development Scheme.	Yes	Management	Substantial	29/1/09
			Regular research and review of planning issues is carried out	Performance is reported via the AMR.	Yes	Management	Substantial	29/1/09
			Outside consultants used and legal advice taken where appropriate	High quality consultancy advice is taken in accordance with our approved Framework Agreement.	Yes	Management	Substantial	29/1/09

Head of Planning Services

2	4	High	Government Planning Delivery grants to expand service in terms of IT, staffing and training	HDC has NOT used PDG or HPDG to fund 'core' functions - spending plan agreed by COMT and monitored via quarterly reports and meetings. There are currently no guarantees with regard to future Government grant regimes.	Yes	Management	Substantial	29/1/09
43	2	High	Development Control decisions are challenged requiring staff and financial resources to be directed at defending the challenge resulting in a reduction in service.	Clear limits of powers are understood The applicable Scheme of Delegation is regularly reviewed - via reports to DCP and Corporate Governance.	Yes	Management	Substantial	29/1/09
			Extensive training given to both staff and members	Staff development plans are supported. Member training is undertaken on an annual and update basis.	Yes	Management	Substantial	29/1/09
			Others check decisions	DCP and Council act as appropriate bodies for major decisions. GO may call in if necessary.	Yes	Management	Substantial	29/1/09
			Quality control checks included in the decision making processes	All decisions are supported by written reports and all decisions are subject to public scrutiny and potential subsequent appeals.	Yes	Management	Substantial	29/1/09
			Development design brief produced	A programme of work is undertaken to support our planning and regeneration strategies.	Yes	Management	Substantial	29/1/09

	2	4		Case studies are held about the decision making process	Decisions are appeal decisions are regularly reviewed - reports to DCP. Staff are all supported in respect of their CPD.	Yes	Management	Substantial	29/1/09
			High						
59	2	3	Medium	The Council does not react to local transport issues, developments, and needs, leading to increased chance of adverse economic impact on the District.	Delivery of the Market Town Transport Plan and the Local Transport Plan in conjunction with partner organisations	Yes	Independent (Audit / Adequate 3rd party)	Adequate	23/7/08
104	2	5	Very High	Delays to the construction of the new A14 may lead to a failure to achieve the longer term development/regeneration strategy for Huntingdon (see cause & effect for full risk)	Promote early implementation of the A14 by lobbying the Highways Agency and Central Government and by committing appropriate resources to the upcoming public inquiry etc.	Yes	Management	Adequate	29/1/09
131	2	2	Low	Failure to produce water cycle study for HDC area prioritising the growth areas needs to be completed prior to march 2009	Consultants appointed Anglia Water and Environment Agency engaged in process	Yes	Management	Adequate	23/7/08

Risk Ref	Risk Title	Residual Risk Priority (RL x RI)	Risk Control	Assurance Source	Assurance Given	Assurance Type	Assurance Level	Assurance Date
17	A member of the public is seriously injured or killed whilst visiting or using Leisure Centre facilities because the Council has not provided a safe environment or its staff with sufficient and adequate training.	2 4 High	Warning signs displayed		Yes	Management	Adequate	16/6/08
			Health & Safety Co-ordinator monitors actions taken.		Yes	Management	Adequate	16/6/08
			Customers assessed for skin type (sunbeds) and undergo induction Sunbed equipment to British Standards Use of sunbed limited by length of session and number of sessions Regular monitoring of tanning equipment		Yes	Management	Substantial	16/6/08
			Bather capacity in the pools not exceeded.		Yes	Management	Substantial	16/6/08
			Defibrillators on site & staff are trained in their use.		Yes	Management	Adequate	16/6/08
			Regular breaks for lifeguards to maintain alertness		Yes	Management	Adequate	16/6/08
			Assessment of customer abilities when joining fitness centres.	No of recorded incidents resulting in injury or death to a customer	Yes	Management	Substantial	16/6/08

	2	4		Trained first aiders on site.	Yes	Management	Adequate	16/6/08
			High					
				Trained, qualified and experienced fitness staff & lifeguards.	Yes	Management	Adequate	16/6/08
18	2	3	Medium	The Council, as a partner to the Leisure Centre Joint Agreements, does not ensure that agreements are regularly reviewed resulting in additional costs falling on the Council.	Yes	Management	Adequate	16/6/08
				Each centre has a Management Committee.	Yes	Management	Adequate	16/6/08
				A schedule of when agreements need to be renegotiated is in place.	Yes	Management	Adequate	16/6/08
20	2	3	Medium	An incident occurs at a Leisure Centre which requires services to be halted or dramatically reduced.	Yes	Management	Adequate	16/6/08
				Fire alarms are routinely tested;	Yes	Management	Adequate	16/6/08
				Services & processes of competitors are monitored & prompt action is taken where necessary;	Yes	Management	Limited	16/6/08
				Quarterly reviews of income & reports to Management Committees;	Yes	Management	Adequate	16/6/08
				5 year ongoing condition survey to assess maintenance required and subsequent funding and implementation.	Yes	Independent (Audit / Substantial 3rd party)	Substantial	16/6/08
				External surveyors engaged to assess buildings and compile schedule of future maintenance	Yes	Independent (Audit / Substantial 3rd party)	Substantial	16/6/08

<p>22 Users of the Leisure Centres are put at risk due to the employment of staff who are unsuitable to work with vulnerable people.</p>	<p>2 3 Medium</p>	<p>Each Leisure Centre Manager is a Designated Child Protection Officer</p> <p>Yes</p> <p>Independent (Audit / Substantial 3rd party)</p> <p>27/8/08</p>
<p>References undertaken</p> <p>Yes</p> <p>Independent (Audit / Limited 3rd party)</p> <p>27/8/08</p>		
<p>HDC Policy and Procedures on Safeguarding Children, Young People and Vulnerable Adults in place. Structure in place to implement action plan arising from Policy.</p> <p>Yes</p> <p>Management</p> <p>Adequate</p> <p>16/6/08</p>		
<p>Staff guidance issued;</p> <p>Yes</p> <p>Independent (Audit / Limited 3rd party)</p> <p>27/8/08</p>		
<p>23 The procedures for the management of Special Events organised by the Leisure Centres may not be robust and result in customer complaints.</p>	<p>2 2 Low</p>	<p>A generic risk assessment is produced for events at the Burgess Hall. A judgement is made as to whether this is appropriate for each event and a further assessment undertaken where this is considered necessary</p> <p>Yes</p> <p>Audit of event risk assessments.</p> <p>Independent (Audit / Adequate 3rd party)</p> <p>16/6/08</p>
<p>Competent staff involved in inspections. Health and Safety Co-ordinator monitors process.</p> <p>Yes</p> <p>Number of complaints received and/or incidents recorded.</p> <p>Independent (Audit / Adequate 3rd party)</p> <p>16/6/08</p>		
<p>55 Leisure Centres do not keep pace with the changing expectations of their customers resulting in a loss of customers and income.</p>	<p>2 3 Medium</p>	<p>Condition surveys of facilities are carried out</p> <p>Yes</p> <p>Management</p> <p>Adequate</p> <p>16/6/08</p>

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**REVIEW OF COUNCIL CONSTITUTION
(Report by the Head of Democratic and Central Services)**

1. INTRODUCTION

- 1.1 The Local Government Act 2000 changed fundamentally the way in which the District Council and local authorities generally had conducted their business for generations. It transformed the traditional committee system of decision making in the larger local authorities and replaced it with a limited choice of executive/scrutiny models, supported by a range of non executive panels. The District Council along with the majority of the local authorities chose to implement the Leader/Cabinet Model.
- 1.2 The complexity of the new arrangements required local authorities to adopt written constitutions to regulate their systems of governance and proceedings. The requirements of the Local Government Act 2000 were implemented fully in the District Council's constitution as from the Annual Meeting in May 2002. Since then, the Standards Committee and more recently the Corporate Governance Panel has undertaken a review of the Constitution in the light of the experience of individual Councillors, Cabinet, Panels, Chief Officers and Heads of Service over the preceding year. During the 2005 review, the Panel formed the view that the Constitution had bedded down sufficiently that it could be reviewed comprehensively at biennial intervals thereafter.
- 1.3 The Corporate Governance Panel was established by the Council in July 2004 to deal principally with the non executive issues of audit, governance and finance. The Panel's terms of reference include responsibility for "oversight of the Council's constitutional arrangements and advising the Council on any changes that may be desirable". This report introduces the review commissioned during the current year. Any changes recommended for adoption to the Council will take effect from the next Annual Meeting which is to be held on 13th May 2009.
- 1.4 Adopting the same approach as was undertaken in 2007, Members have been invited to submit comments individually. Chief Officers and Heads of Service similarly have been requested to highlight any issues which have arisen based on practical experience of the operation of the Constitution.
- 1.5 Running concurrently with this year's exercise has been the review of the democratic structure undertaken by a working party appointed by the Cabinet. This working party has made a series of recommendations which may result in further changes to the constitution in due course. The purpose of this exercise is to identify changes required to the current Constitution to reflect new legislation and working practices which have emerged during the preceding two years, to overcome any inconsistencies which may have arisen and to make positive adjustments to reflect changes in circumstances.

Where there has been any overlap with the working party's review, this report will reflect where this has occurred.

- 1.6 To identify the changes proposed, Members will need to refer to the Constitution circulated to them in November 2007. Alternatively a copy is available electronically on both the Council's website and intranet. Members are requested to bring their copy with them to the meeting for reference.

2. GENERAL CHANGES

- 2.1 The Council may amend its Constitution at any time, subject to regard being paid to formal guidance issued by the Secretary of State. Any change will require reference to the Secretary of State only if the Council propose to change significantly the present form of executive and scrutiny arrangements.

- 2.2 The Constitution is divided in to sixteen Articles which set out the basic rules governing the Council's business. More detailed procedures and codes of practice are provided in separate rules and protocols. With the Constitution having operated satisfactorily for a number of years there appears little need for major change. However the Constitution continues to evolve and requires regular adjustment to take account of updates in legislation and practice and for these reasons the text has been amended since 2007 to reflect –

- new legislation;
- alterations to –
 - table 2 – appointments to outside organisations
 - reflect the addition/variation of appointments; and
 - table 4 – Scheme of Delegations (to incorporate subsequent amendments to the scheme).

3. OTHER CHANGES

PART 2 – ARTICLES OF THE CONSTITUTION

3.1 Article 1 – The Constitution (Pages 9/10)

Growing Success, the Council's Corporate Plan was adopted by the Council at its meeting held on 27th June 2007. "Growing Success" identifies the aims of the Council and how they are to be delivered. The Plan is reviewed every three years. Section 5 of this Article describes the Huntingdonshire Vision. This requires to be updated to reflect the Council's current objectives. **It is recommended that the following text be inserted to replicate that included in "Growing Success" –**

"Huntingdonshire is a place where current and future generations have a good quality of life and can:

- **make the most of opportunities that come from living in a growing and developing district;**
- **enjoy the benefits of continued economic success;**

- access suitable homes, jobs, services, shops, culture and leisure opportunities;
- realise their full potential;
- maintain the special character of our market towns, villages and countryside; and
- live in an environment that is safe and protected from the effects of climate change and where valuable natural resources are used wisely.

To support this, the Council will strive to:

- make the most of opportunities that come from growth by promoting the development of a sustainable community;
- enable people to realise their full potential and have access to suitable homes, jobs and services;
- work towards achieving a balance between social, economic and environmental needs; and
- maintain “excellent” standards.

3.2 Article 3 – Citizens and the Council (Pages 13/14)

Complaints by individuals of a breach of the Members’ Code of Conduct are now addressed directly to the Council as opposed to the Standards Board for England. Therefore, it is **recommended that Section 1(d)(iii) should be amended to reflect that citizens have the right to complain to “the District Council about a breach of the Members Code of Conduct” rather than the Standards Board for England as formerly.**

As that right also extends to the behaviour of councillors of town and parish councils in Huntingdonshire, it is further **recommended that an additional paragraph be added to Section 1(d) as follows - “(iv) the District Council about a breach of the Members’ Code of Conduct of any of the town and parish councils in Huntingdonshire”.**

3.3 Article 4 – The Full Council (Pages 15/16)

A number of changes are required to the policy framework to reflect legislative change and developments in recent years. In addition, matters relating to Local Area Agreements have been classed by Regulation as a local choice function which means that it can be dealt with either by the Council or the Cabinet. In those elements of paragraph 1(a), the policy framework, it is **recommended that the following changes be made –**

- insert the word “sustainable” before the words “community strategy” in line 2;
- substitute the word “strategies” by the word “alterations” in line 5 relating to the Development Plan;
- substitute the words “Local Agenda 21 Strategy” by the words “Environment Strategy” in the 10th line; and
- add the words – “Local Area Agreement”.

The Local Government and Public Involvement in Health Act 2007 has introduced a number of changes to electoral arrangements which will

require clarification as to which functions are reserved to the Council and which are devolved to the Elections Panel. For the purposes of the Council, it is **recommended that paragraph 2(g) be replaced by the words – “(g) the appointment of the Electoral Registration Officer and the Returning Officer to local government elections, power to change the name of the District, petition for borough status and confer honorary titles, functions relating to a change in governance arrangements (the Council’s form of executive) and the passing of a resolution to change the electoral scheme (the electoral cycle)”**.

3.4 **Article 6 – Overview and Scrutiny (Pages 19-21)**

Various changes to overview and scrutiny are contained in the Local Government and Public Involvement in Health Act 2007 which have recently been implemented by statutory instrument. A further report is being drafted on the implications which will be submitted to the Overview & Scrutiny Panels in the first instance and then subsequently to the Panel at its special meeting on 16th April 2009.

In the interim and subject to any further adjustment required by the Structure Review, Section 1 of the Article requires adjustment to reflect the portfolios adopted by the Leader for Executive Councillors at the meeting of the Council held on 25th June 2008. Therefore, it is **recommended that the right hand column of the table in Section 1 in respect of Service Delivery be amended to read “All issues relating to customer services and information technology, health, leisure, housing, operations and countryside”**. Similarly, it is **recommended that the same column be amended to reflect the scope of the functions to be discharged by the Service Support Panel as follows “All issues relating to finance, resources and policy, planning strategy, environment and transport”**.

3.5 **Article 8 – Regulatory and Other Committees and Panels (Page 25)**

Section 2 of this Article refers to the rather unique position of the Licensing Committee, the terms of reference of which are determined by the Licensing Act 2003 and the Gambling Act 2005, the Council’s Statement of Principles under the latter being reserved to Council under that Act. This was omitted from Section 2 in the last review of the Constitution and it is **recommended that the following words be added after the words “statement of licensing policy” in line 3 of the paragraph – “under the Licensing Act 2003 and the Statement of Principles under the Gambling Act 2005”**.

3.6 **Article 9 – Standards Committee (Pages 27/28)**

Implementation of the Standards Committee (England) Regulations 2008 required a series of changes to the Constitution. These changes were approved by the Council at their meeting held on 25th June 2008 but are reproduced here for completeness.

“Section 2 – Membership

Delete the existing contents of Section 2 and insert “The Standards Committee shall comprise –

- 7 Members of the Council (of whom one must be a Member of the Cabinet but excluding the Leader);
- 4 Independent Members who are not Councillors nor Officers of the Council or any other local authority; and
- 3 town or parish councillors representing town and parish councils in the District.

Section 4 – Functions and Role

Bullet point 6 should be deleted and the following text inserted “Undertaking the assessment of complaints which allege breaches of the Members’ Code of Conduct and determining what action should be taken in respect of the allegation”;

In addition the following new bullet points should be inserted –

- “determining requests from complainants to review decisions not to take action or to investigate an alleged breach of the Members’ Code of Conduct;
- undertaking hearings into alleged breaches of the Members’ Code of Conduct;
- determining appropriate sanctions or actions in response to breaches of the Code of Conduct; and
- granting and supervising the exemption of certain posts from political restrictions under the Local Government and Public Involvement in Health Act 2007”.

Section 187 of the Local Government and Public Involvement in Health Act 2007 prescribed that the Chairman of the Standards Committee must be an Independent Member given their key role in ensuring the Standards Committee’s business is conducted in such a way that no one can question its integrity. Therefore, it is **recommended that the following words be inserted in Section 1 of the Article – “The Committee must be chaired by an Independent Member”**.

3.7 **Article 12 – Officers (Pages 33-36)**

Arising from recent changes in the designation of Officers, following the appointment of the current incumbent of the post of Director of Central Services and the appointment of the Head of Law, Property and Governance as the Council’s Monitoring Officer, a series of changes will be required to the terminology used in Article 12.

It is **recommended that the following changes be made –**

- **in paragraph 2(b) delete the words “(and Monitoring Officer)” from the post of Director of Central Services; and**
- **in paragraph 2(c), the substitution of the words “Director of Central Services” by the words “Head of Law, Property and Governance”.**

The Council at their meeting held on 25th June 2008 resolved that in Section 4 of the Article relating to the functions of the Monitoring Officer, paragraph (d) and (e) should be deleted and replaced with the following **“(d) Local Assessment of Code of Conduct Complaints – The Monitoring Officer shall discharge the functions in relation to**

the initial assessment and review of allegations of breaches of the Members' Code of Conduct, act in accordance with the Monitoring Officer's protocol and convene and appoint Members to hearings as necessary; (e) Conducting Investigations – the Monitoring Officer will conduct investigations in matters referred by the Referrals (Assessment) Sub Committee and make reports and recommendations in respect of them to the Standards Committee”.

Further to the recent review of the Central Services Directorate, the Panel is **recommended to substitute in paragraph 4(j), all of the words after “Deputy Monitoring Officer” by the words – “in the absence or at the direction of the Head of Law, Property and Governance and Monitoring Officer, the Democratic Services Manager shall act as Deputy Monitoring Officer”.**

4. Part 3 – Responsibility for Functions (Pages 51-154/2)

- 4.1 Various changes have been made to the Functions and Responsibilities Regulations since the last review of the Constitution which will require some modification to the wording of the functions undertaken by certain of the Council's committees/panels. The Panel is **recommended to approve the following variations -**

Table 1 – Responsibility for Local Choice Functions requires amendment to reflect that there are now nine rather than eight Members of the Cabinet.

Tables 1 and 2 (Responsibility for Council Functions) refer to the Development Control Panel. The recent shift in the national agenda for planning towards “place shaping” which the Lyons enquiry into local government (March 2007) defined as “the creative use of powers and influence to promote the general wellbeing of the community and its citizens”, has highlighted a need for a review of the role and, in particular, the remit and emphasis of development control work within all local planning authorities. Traditionally, the development control function was often seen as negative and reactive and it typically had a reputation for preventing rather than enabling the delivery of development. As part of the move towards delivering a spatial planning system, the nature of the local policy framework, in the form of the Local Development Framework, has already fundamentally changed with much more emphasis now being placed on the creation of a sustainable and deliverable vision for development in the District. To support this change in the local policy framework and to ensure that the planning service can deliver the Council's corporate vision and community objectives for the future, it is proposed that the development control function be transformed into development management. Simplistically, development management is about directing the place shaping agenda and being more positive and proactive in terms of supporting the right schemes in the right place at the right times. As part of this transformation, it is **recommended that the name of the Development Control Panel be changed to the Development Management Panel and the appropriate adjustment made to the references to the Panel in Tables 1 and 2.**

- 4.2 In the section of Table 2 relating to the functions of the Licensing and Protection Panel, it is **recommended that the words “and designation orders for alcohol disorder zones” be added after the words “alcohol consumption”**.
- 4.3 Column 2 of the entry for the Standards Committee requires to be amended to read “seven Members of the Council other than the Leader, four voting co-optees and three voting members appointed by town and parish councils in Huntingdonshire”. In column 3 under the heading “Other Functions”, the following should be added -
- “Functions relating to the initial assessment of Member misconduct and other requirements under the Standards Committee (England) Regulations 2008.
- To grant and supervise exemptions for certain posts from political restriction under the Local Government and Public Involvement in Health Act 2007.”
- (Currently this latter function is delegated to the Chief Executive and Regulations on the transfer of the function to the Standards Committee are awaited from the Department of Communities and Local Government).*
- 4.4 In the section of Table 2 relating to the Elections Panel, it is **recommended that the current description of the Panel’s functions be replaced by the words “to discharge the functions of the Council in relation to elections, other than those reserved to the Council in Article 2(g). To change the name of parishes in Huntingdonshire. To discharge the functions of the Council relating to community governance (parish reviews).**
- 4.5 In respect of Table 3 – Responsibility for Executive Functions and arising from a recent decision of the Cabinet to abolish the roles of the Leisure Centre Management Committees, it is **recommended that all reference to the previous five committees at St Ivo, Huntingdon, St Neots, Ramsey and Sawtry be deleted.**

5 PART 4 – RULES OF PROCEDURE

Council Procedure Rules (Standing Orders) (Pages 157-178/4)

5.1 Motions on Notice

Rule 9.1 relates to the submission of written Notice of Motions. Given the increase in the use of e-mail for correspondence, it is suggested that it be explicit within this section that use of e-mail would be acceptable for the submission of written notice of motions. It is **recommended that the following wording be added to paragraph 9.1 – “The submission of a written notice of motion via e-mail would be acceptable”**.

5.2 Petitions

Rule 10A.3 details those issues which would not be acceptable in the subject matter of a petition. Experience has suggested that it is not

prudent for a petition to be submitted to Council if it relates to the granting of a licence or planning application. Objections to licensing or development applications can be managed formally through the planning and licensing processes so it is therefore **recommended that the following text be inserted after the word “group” in the eighth line of section 10A.3 – “and where the matter relates to a development or licensing application”**.

The Overview and Scrutiny Panel (Service Support) has considered ways of promoting and communicating the work of the Council's Scrutiny Panels in the use of information and communications technology. A series of recommendations arose from the Panel's study on this subject and having considered the one relating to the use of on-line media, the Corporate Governance Panel made a series of recommendations to vary the Constitution which were adopted by the Council. For completeness, the following amendments require to be made –

“That in part 4 of the Constitution the second and third paragraphs of 10A.4 be deleted to be replaced by :

“A written petition shall contain the name, address and signature of each person who signed it. The name and address shall be in a legible format. An on-line petition shall contain the name and address of each person who is party to it. A petition shall indicate which one of the signatories is to present the petition.

The petition shall be sent to the office of the Chief Executive who shall decide whether the petition concerns a matter on the agenda for a full Council meeting and if it is not, it will be scheduled for inclusion on the agenda for the next ordinary full Council meeting. A maximum of three petitions will be presented at any meeting.

If an on-line petition does not have the requisite number of signatories or the organiser is not prepared to present it to the Council, the petition shall be submitted for consideration to the relevant Overview and Scrutiny Panel, subject to the petition containing the names and addresses of at least ten persons who live or work or own property in the District.”

5.3 Development Control Applications

Rule 27(a) and Annex (iii) cover the procedure for public speaking on planning applications at Development Control Panel. Last summer the Overview and Scrutiny Panel (Service Support) undertook a review of the procedure which had been in operation at that time for 12 months. Having discussed the outcome of the review, the Development Control Panel considered whether persons wishing to support a planning application should be permitted to speak at Panel meetings. Having expressed their view that supporters of applications should be entitled to speak, the Development Control Panel **recommended that the paragraph entitled “Who is permitted to speak to the Panel?” in the procedure for public speaking shall be amended so that the 6th bullet point is annotated with an asterisk and the following inserted at the end of that section - “supporters of an application may speak on any application but will only be permitted to do so**

if an applicant or his representative decides not to speak or to use less than the time permitted. In any case, the time limit of three minutes for speaking in support of an application should not be exceeded.”

5.4 State of District Address

In the course of the last review of the Constitution, the Council referred a proposal submitted by Councillor Downes to the Overview and Scrutiny Panel (Service Delivery) to introduce a biennial State of the District conference. At that time, few Councillors supported a proposal to hold a State of the District conference but the Panel was keen to investigate the use of smaller area consultation groups involving all tiers of local government in the process. As a way forward, the Panel established a working group to discuss the concept of local area forums. Subsequently the working group presented a report to the Cabinet which recommended the holding of four events per annum to engage Huntingdonshire residents in discussing the Council's strategies and services. The Cabinet were of the view that this proposal far exceeded the original concept of a biennial "State of the District" half day conference and were concerned at the predicted resources and financial implications of holding four events. The Cabinet requested that a further report be submitted to them to address the financial involvement and implications for the Council's Consultation and Engagement Strategy.

Councillor Downes has now resubmitted a proposal relating to the replacement of the State of the District Address with area public meetings which Executive Councillors could attend to answer questions.

The need for closer engagement with local communities and to encourage people to participate in local activities has been addressed in detail by the Structure Review Working Party who have recommended the establishment of six neighbourhood forums for the areas of Huntingdon, St Neots, St Ives, Ramsey, North and West Huntingdonshire. Whilst these will not necessarily address any perceived shortcomings of the State of the District address they will, if supported, meet the conclusions drawn by the original Scrutiny working group on the need for area forums.

The Committee is requested to consider the issue.

5.5 Scheme of Substitutions

Public Question Time at Meetings

Councillor Downes has further suggested that there should be named substitutes for all Committees on the basis that this would encourage better attendance and widen the knowledge base of Councillors. Councillor Downes also has resubmitted a scheme which would entitle the public to ask questions at the Council meeting. The Member also has requested that some attention be given to the rules of debate at Council to give more scope for debate.

It is suggested that all of these issues have been addressed by the Structure Review Working Party and will be considered separately by

the Cabinet, Corporate Governance Panel and Council in April. In brief, the Working Party has recommended –

- that public question time be introduced at Council meetings;
- that substitution be not introduced for non executive meetings of the Council; and
- Council meetings be enhanced by debates on major policy issues and single issue debates with the opposition political party invited to choose the subject for debate at one meeting per year.

The Panel is therefore requested to note these proposals.

5.6 Overview and Scrutiny Procedure Rules

Although not constitutional issues, Councillor Downes has commented that the scrutiny function should be supported by a dedicated Officer and that the Opposition should have the opportunity to take the chairmen and vice chairmen posts on both Scrutiny Panels. Both these matters have been addressed firstly in the Review of the Central Services Directorate which has provided for the creation of a post of Scrutiny Manager and secondly by the Structure Review Working Party. It was the view of the Working Party that the posts of chairmen and vice chairmen should be undertaken by the best persons for the job, irrespective of party and that no change be made to the present arrangements in terms of the appointment of the chairmen/vice chairmen of panels.

The Panel is therefore requested to note this proposal.

5.7 Codes of Financial Management and Procurement (Pages 209-234)

Changes to the Codes of Financial Management and Procurement are proposed. Amended copies of both Codes are attached as Appendices A and B. The Code of Financial Management regulates the financial management of the Council and it is important that this is a “live” document that adapts to the changing needs of the Council. There are several proposed changes to the Code and these relate to –

- employee responsibilities (Section 1.7);
- requirement for employees to consult the Monitoring Officer if there is a conflict of interests;
- manager responsibilities (Section 1.11 and Annex C);
- requirement for managers to consider surplus capacity, identify and bid for grants and maximise income;
- increase in limits (Section 3.6 and 5.8);
- an increase in the various financial limits from £50k to £60k, from £100k to £120k, from £250k to £300k and from £4k to £5k;
- assets –ongoing review (section 6.3) including - clarifying the role of the Head of Law, Governance and Property in leading a working party on asset management.

It is the view that these changes will reflect the greater need to review efficiency and maximise income and will thus ensure that the Code reflects the current needs of the Council.

Procurement

A number of changes are proposed for the Code of Procurement. The significant changes are designed to support future partnership working and the Council's policy on environment, health and safety and equalities. The minor changes are mainly technical and reflect variations in EU threshold values or EU terminology.

The Panel is requested to recommend to Council the adoption of revised Codes of Financial Management and of Procurement.

6 Part 5 - Codes and Protocols (Pages 241 – 282/8)

6.1 Members Planning Code of Good Practice

The Government has issued the Local Authority (Model Code of Conduct) Order 2007 since the Members Planning Code was originally compiled. Although the Code remains largely unchanged there is one element of it that requires amendment to take into account the revised legislation. This involves Section 2 – Development Proposals and Interests under the Members' Code.

The Code of Conduct aims to provide Members with the same rights as ordinary members of the public to speak on certain matters in meetings, despite having a prejudicial interest.

The new Code of Conduct was adopted in its entirety by the Council at its meeting held on 27th June 2007. Paragraph 12 of the Code provides that a Member with a prejudicial interest must withdraw from any meetings at which the business in which he has that interest is being considered and must not improperly influence decisions in relation to the business. However, a Member with a prejudicial interest may attend a meeting but only for the purpose of making representations, answering questions or giving evidence relating to the business, provided that the public are also allowed to attend the meeting for the same purpose.

As the District Council now provides for public speaking at its Development Control Panel, a Member with a prejudicial interest in business to be considered at that meeting could make representations to the Panel in the same way as a member of the public. On the conclusion of the Member's address, that person would be required to leave the room. Accordingly, it is **recommended that paragraph 2 of the Code be amended as follows –**

Delete the second and third paragraph under the second bullet point and insert

“ – do consider, having declared a prejudicial interest whether you wish to make representations to the Development Control Panel in the same way as an ordinary member of the public as permitted under paragraph 12(2) of the Members' Code of Conduct;

- do leave the room immediately after you have made your representations and before any debate commences;

- do not attempt to improperly influence the meeting”.

As it is now the Corporate Governance Panel and not the not the Standards Committee to which Ombudsman’s Reports are submitted and the Standards Committee and not the Standards Board for England to which allegations of misconduct are now directed, it is **recommended that the 4th paragraph of Section 1 – Relationship to the Members’ Code of Conduct be updated accordingly.**

6.2 Employees Code of Conduct

As a result of changes of designation of Officers, it is **recommended** that –

the words in the second paragraph of the introduction – “Monitoring Officer (the Director of Central Services)” be substituted by the words “Monitoring Officer (Head of Law, Property and Governance)”.

the words in the second paragraph of the introduction – “Deputy Monitoring Officer (the Head of Legal and Estates)” be substituted by the words “Deputy Monitoring Officer (Democratic Services Manager)”.

the words “Head of Personnel Services” in paragraph 3.5 be substituted by the words “Head of People, Performance and Partnerships”.

The Code itself is a locally prepared code adopted by the Council pending the introduction of a statutory code under the Local Government Act 2000. Arising from a complaint to the Information Commissioner for the release of information held on registers of disclosures under the Code which were intended to be retained for internal inspection and inspection by the external auditors only, the Commissioner’s office has indicated that he will issue a direction requiring the Council to release the information if the Council does not do so voluntarily. The Chief Officers Management Team has therefore agreed to release the information after consultation with the employees. It is **recommended therefore that all of the words in paragraph 17.1 after the word “available” in the second line be deleted and replaced by the words “for public inspection”.**

In addition, the external auditors have raised the questions of ethics, procurement, risk etc in terms of the Council’s involvement with partnerships as part of our Use of Resources Assessment. Although this is covered by the Members’ Code of Conduct, the Employees Code of Conduct is silent on this issue. To satisfy the requirements of the auditors it is **recommended that the following paragraph be added after section 1.1 of the Code –**

“Partnerships play an increasingly important role in the development of shared objectives and in action planning to achieve priorities and objectives. Employees are expected to apply the same high standards of conduct when representing the

Council at meetings of partnership bodies and to address any issues of potential impropriety through the Council's own whistle-blowing procedure. The rules on the disclosure of information, political neutrality, fraud and corruption and hospitality and gifts contained in the Code will apply equally to an employee's representation on a partnership body."

The role of the Monitoring Officer has increased significantly under the Standards Committee (England) Regulations 2008. To ensure that the necessary arrangements to discharge the functions in relation to the initial assessment and review of allegations are effectively administered in accordance with a clear and transparent procedure, it is **recommended that a Monitoring Officer Protocol setting out the responsibilities and discretions of the Monitoring Officer be introduced and that this should form part of the District Council's Constitution and inserted into Part 5 – Codes and Protocols. A protocol is enclosed at Appendix C.**

7. Part 6 - Members Allowances Scheme (Pages 285-294)

- 7.1 As part of his submission, Councillor Downes has proposed that Members of the minority opposition party be designated shadow portfolio holders and be entitled to an allowance which would signal that the opposition had a strong role to play in the democratic process. This issue has been considered by the Independent Remuneration Panel for Members Allowances in the past and had prompted the decision to adopt a special responsibility allowance for the Leader and Deputy Leader of the principal opposition group. It is for Councillor Downes to raise this issue again with the Remuneration Panel when it revisits Members Allowances in Autumn 2010.

The Panel is requested to note this item.

8. Part 7 – Management Structure (Pages 297/8)

- 8.1 Various changes in the designation of Officers have been made since the last review of the Constitution. **It is recommended that the appropriate changes be made to the management structure shown in the Constitution to reflect those changes.**

9. Other Issues

- 9.1 In his submission, Councillor Downes has raised three further items. One relating to the Council's electoral cycle is under consideration by the Elections Panel; the second matter relating to "job descriptions" for Councillors has been addressed by the Structure Review Working Party and the last relating to member attendance and potential disqualification is a statutory provision and a matter over which the Council has no influence.

10. Recommendation

- 10.1 The Panel is requested to consider the recommendations contained in the foregoing paragraphs and to recommend to Council accordingly.**

Background Papers:

HDC Constitution

Contact Officer:

Christine Deller, Democratic Services Manager, Tel: (01480) 388007

CODE OF FINANCIAL MANAGEMENT

1. FINANCIAL RESPONSIBILITIES

1.1 General

Before any proposal that affects the Council's financial position is made the body or person(s) responsible for making that decision shall consider a written report, approved by the Director of Commerce and Technology, detailing the financial implications.

1.2 The Council

Will determine the Council's Financial Strategy, including a Medium Term Financial Plan (MTP), approve the annual budget and Prudential Indicators and set the level of the council tax.

Will approve the Council's Treasury Management Strategy.

1.3 The Corporate Governance Panel

Will ensure that the financial management of the Council is adequate and effective.

Will ensure that the Council has a sound system of internal control including arrangements for the management of risk.

Will consider the Council's Code of Corporate Governance and approve the annual statement.

Will approve the terms of reference and strategy for internal audit and comment on the annual internal and external audit plans.

Will consider the external auditor's annual management letter.

Will approve the Council's tax base and final accounts.

1.4 The Cabinet

Will propose to the Council the Financial Strategy, the MTP, the annual budget and council tax level, after appropriate consultation which will include the appropriate Overview and Scrutiny Panel, the Prudential Indicators and the annual Treasury Management Strategy.

Will set financial priorities, allocate and re-allocate resources in accordance with the limits in this Code, monitor and review financial performance and adopt a Treasury Management Policy.

1.5 Overview and Scrutiny Panels

Will contribute to the development of, and review the effectiveness of, the Council's Financial Strategy, MTP and annual budget.

1.6 Panels or Committees

Will ensure that all decisions within their remit are made within the resources allocated within relevant budgets and are consistent with achieving the Council's objectives. If they wish to make proposals that will require additional resources these will need to be subject to the Cabinet or Council making these available.

1.7 **Members and Employees**

Will contribute to the general stewardship, integrity and confidence in the Council's financial affairs and comply with this Code and any systems, procedures, or policies relating to the financial management of the Council.

Specifically, they shall bring to the attention of the Director of Commerce and Technology any act or omission that is contrary to the provisions of this Code or the maintenance of high standards of financial probity, and provide information or explanation on matters within their responsibility to him/her, the Monitoring Officer, Internal Audit Service or the Council's external auditors.

Any member or employee who is involved or who has an interest in a transaction between a third party and the Council shall declare the nature and amount, if material, as required by the Accounting Standards Body's Financial Reporting Standard on related party payments.

Any employee who becomes involved in a transaction between the Council and a third party in which he/she has an interest shall obtain advice from the Monitoring Officer as to whether decisions on this transaction shall be taken by another employee.

1.8 **The Head of Legal and Estates, as Monitoring Officer** or, in his/her absence, the Deputy Monitoring Officer

Will report to the Council on any proposal, decision or omission that in his/her view is likely to result in the contravention of the law or any code of practice enacted under it, fails to comply with a legal duty, represents maladministration or is unjust, in accordance with section 5 of the Local Government and Housing Act 1989.

For these purposes he/she shall have full and unrestricted access to all Council assets, systems, documents, information, employees and Members.

1.9 **The Director of Commerce and Technology, as Chief Finance Officer** or, in his/her absence, the Head of Financial Services

Will be responsible for the proper administration of the Council's financial affairs, prescribe appropriate financial systems, protocols, procedures and policies, maintain an internal audit service and report to the Council in the event of a decision or action leading to unlawful expenditure, a loss or deficiency or an unlawful accounting entry (in accordance with section 151 of the Local Government Act 1972, section 114 of the Local Government Act 1988 and the Accounts and Audit Regulations).

Will be responsible for ensuring the final accounts are completed and published by the statutory dates and reporting the details of any material amendments specified by the external auditor to the Corporate Governance Panel.

For these purposes he/she shall have full and unrestricted access to all Council assets, systems, documents, information, employees and Members.

1.10 **The Head of Financial Services**

Will be responsible for detailed and operational aspects of the administration of the Council's financial affairs on behalf of the Director of Commerce and Technology, approving new financial systems and undertaking such duties as are set out in this Code.

1.11 **Chief Officers and Heads of Service**

Whilst Chief Officers will take ultimate responsibility for their employees' actions, the Council's management structure is based on Heads of Service or, in a few cases, Chief Officers taking prime responsibility for a service and its related budget.

The Manager responsible for a budget:

- may incur financial commitments and liabilities in accordance with this Code, the Council's Scheme of Delegation and resources allocated in budgets that have been released subject to Annex B. In particular they may make purchases of goods and services, subject to the requirements of the Code of Procurement, and employ staff, in accordance with the Officer Employment Procedure Rules. They will normally delegate appropriate elements of this responsibility to members of their staff.
- will be responsible for regular and effective monitoring and forecasting of the financial position relating to their services.
- will be responsible for proper financial and resource management and the prevention of fraud and corruption within the services and functions under their control.
- will determine the inherent risks, within their services, to the achievement of the Council's priorities and establish, maintain and document adequate systems of risk management and internal control, in consultation with the Internal Audit Service, and ensure that relevant employees or Members are familiar with such systems.
- will be responsible for providing in a timely manner, the information necessary to ensure that the final accounts can be completed by the statutory deadlines.
- will be responsible for annually reviewing their services to identify any aspects where surplus capacity could be utilised to reduce the net cost of the Council's services. All identified opportunities shall be introduced unless Cabinet or both the Executive Councillor for Finance and of the relevant service consider it would not be appropriate.
- will be responsible for identifying opportunities and then bidding for grants or contributions from other bodies to support the achievement of the Council and Community objectives through their services.
- will be responsible for maximising the income from fees and charges relating to their service in accordance with Annex C.

1.12 **Internal Audit**

Will be responsible for providing an independent and objective opinion on internal control, risk management and governance systems. In accordance with its terms of reference it shall undertake audit reviews that focus on areas of greatest risk to the Council's control environment in accordance with a programme agreed annually by the Director of Commerce and Technology after consultation with Heads of Service.

For these purposes internal audit shall have full and unrestricted access to all Council assets, systems, documents, information, employees and Members.

2. **FINANCIAL AND SERVICE PLANNING**

2.1 **In the Summer - Overall Review**

The Cabinet shall review the financial performance of the Council in the previous year, compared with the annual budget, on the basis of a report prepared by the Head of Financial Services in conjunction with Heads of Service.

2.2 **In the Autumn - Financial Strategy**

The Cabinet, after consultation with the relevant Overview and Scrutiny Panel and any appropriate organisations or bodies, shall recommend to the Council a Financial Strategy which will be used to determine the overall financial limits within which the annual budget and MTP will be prepared.

2.3 **In the Winter - Annual Budget and MTP**

The Cabinet shall, after consultation with the relevant Overview and Scrutiny Panel, recommend to the Council an annual budget for the next financial year and a MTP for the succeeding four years, incorporating both capital and revenue expenditure, which is consistent with corporate and service strategies and the Financial Strategy. This budget will include the allocation of resources to individual services and capital projects.

2.4 **In the Spring - Service Financial Plans**

Following approval of the annual budget each Head of Service shall update their Service Plan(s) to incorporate a Service Financial Plan, which sets out variations in the level of fees and charges and how the resources allocated will be used to meet service objectives in the forthcoming year.

3. **CONTROLLING FINANCIAL PLANS**

3.1 **Financial Monitoring**

Heads of Service will be responsible for regular and effective monitoring and forecasting of the financial position relating to their services.

The financial performance of each service and capital project will be reviewed by Chief Officers quarterly on the basis of monitoring statements prepared by Heads of Service in conjunction with the Head of Financial Services.

The financial performance of the Council will be reviewed by Cabinet quarterly on the basis of monitoring statements prepared by the Head of Financial Services in conjunction with Heads of Service.

Heads of Service will ensure that relevant Executive Councillors are regularly informed of the progress in delivering approved MTP schemes.

3.2 **Commitments to Expenditure in Future Years**

No new commitment to expenditure beyond the current budget year may be made unless it;

- is consistent with the achievement of the Council's objectives and other relevant Strategies, **and**
- is compatible with the Council's MTP and Financial Strategy, **and, either**
- can be met from within currently approved and released resources. If it is to be funded from savings, these must be defined, permanent and not already earmarked for the achievement of the Council's savings targets, **or**
- is funded from a budget transfer in accordance with section 3.5 below.

If the Head of Service has any concerns about their proposal meeting these requirements they must consult the Head of Financial Services.

3.3 **Grants, Cost Sharing and S106 agreements**

Where a Head of Service proposes to take advantage of grants from other organisations, or some other form of cost sharing, whereby they will be able to deliver additional or improved services, consistent with their Service Plan, without creating any current or future commitment to additional net expenditure they may do so subject to:

- the funds being dependent upon a particular project or service being provided but, in the case of S106 agreements, the location or some other aspect is at the Council's discretion.
- informing the Head of Financial Services of the details
- consulting the relevant Executive Councillor(s) if the proposal exceeds £30,000 revenue or £50,000 capital in any one year or on any discretionary element of a S106 sum.

A Head of Service may utilise sums of money received under S106, or equivalent, agreements where there is no discretion. The Head of Financial Services should be informed of the details.

3.4 **Approvals for additional spending with a net impact**

Proposals for increases to the total allocated to a budget in the current year (Supplementary Estimates) and their impact in future years may be approved by the Cabinet subject to the revenue impact not exceeding £300,000 in aggregate in any financial year. The impact of such approvals will be included in appropriate financial reports within the budget/MTP process and, once Council have noted these items, the Cabinet's limit will be re-set. A transfer of a sum from capital to revenue will have a revenue impact and so will count as a request for additional spending.

In all other cases the approval of the Council will be required.

3.5 **Approvals for additional spending with compensating savings**

Proposals that require initial funding but will then result in net surpluses or savings that are at least sufficient to produce a break-even position will be supported in principle if they are:

- consistent with increasing the achievement of the Council's objectives and compatible with relevant Strategies.
- achievable within the Council's Financial Strategy.
- supported by a robust business case which includes a risk assessment.
- supported by the Chief Officers' Management Team.

The Director of Commerce and Technology may approve such a scheme following consultation with the relevant Executive Councillor for the service and the Executive Councillor for finance. The relevant budget(s) and MTP will be appropriately adjusted.

3.6 **Budget Transfers**

The Council has five main types of budgets:

- **Service Revenue Budgets**
Service budgets relate to the provision of services directly to the public and are defined as the lowest level included in the report to Council when the budget is approved. They include depreciation relating to capital assets and recharges from Management Units and Overhead Budgets.
- **Capital Scheme Budgets**
These provide the funding to complete a defined capital project and are likely to include some recharges from Management Units and Overhead Budgets. When the project is completed a charge for depreciation is made to the appropriate Service Revenue Budget.
- **Management Unit Budgets**
Management Unit budgets collect together the costs of employees, and their ancillary costs that relate to supporting services, before they are recharged to service budgets or overhead budgets based on the degree of benefit that is being received.
- **Overhead Budgets**
Overhead budgets collect together a relevant portion of management unit costs together with other related costs before they are recharged based on the degree of benefit that is being received. Examples include the costs of office provision or of the Printing Service.
- **Technical Budgets**
These include items such as interest on investments and the reversal of depreciation charges and will not be available for transfer to other budgets except in meeting the specific purpose for which they were established.

Whilst most budgets will reflect a net cost, some will identify an expected surplus.

The transfer of resources within, or between, any of the types of budgets is supported in principle when it will make it more likely that the Council will achieve its service objectives and targets or enhance value for money. There do, however, need to be some limitations for effective financial management and to ensure that Executive Councillors, Cabinet and Council are aware of, and involved in, the more significant changes or where there is a financial implication.

The limitations fall into three categories. The first relates to Technical Budgets and recharges and Annex A details the budget transfers that will not be permitted in relation to them. The second relates to budgets for pay, national insurance and pension contributions and Annex B explains why and how budget transfers relating to these items are limited. Finally, the required involvement of Members is defined below.

The Council's management structure is based on Heads of Service or, in a few cases, Chief Officers taking responsibility for these budgets.

The **Manager responsible for a budget** may approve a budget transfer within and between the budgets they are responsible for providing it is:

- Consistent with increasing, or at least maintaining the achievement of service objectives and compatible with the Council's Financial and other relevant Strategies.
- Not to or from a Technical Budget or a recharge or from a pay, NI or pension contributions budget unless permitted by Annexes A or B.
- Not from capital to revenue
- Supported by their Chief Officer
- Notified to the Head of Financial Services
- Within the following limits if between budgets (there shall be no financial limits within a budget):
 - Revenue to revenue £60k
 - Revenue to capital £60k
 - Capital to capital £60k

Similarly, a **Chief Officer** may, subject to the same criteria, approve budget transfers between any budgets that are their responsibility or the responsibility of their staff.

The **Chief Officers' Management Team** may, subject to the same criteria except for the enhanced limits shown below, approve budget transfers between any budgets:

- Revenue to revenue £120k
- Revenue to capital £120k
- Capital to capital £120k

Cabinet may approve budget transfers of up to:

- Revenue to revenue £300k
- Revenue to capital £300k
- Capital to capital £300k

In all cases, any previous transfers in the same financial year relating to those budgets shall be aggregated for determining whether the limit has been exceeded, however once the impact of any approval has been included in a relevant financial report to Council, the Cabinet's limit will be re-set.

In all other cases the approval of the Council will be required.

3.7 **Re-phasing of Expenditure**

The re-phasing of expenditure and consequent transfer of budget between years may be made by the relevant Head of Service, following consultation with the Head of Financial Services, providing that it is consistent with service objectives and compatible with the Council's Financial and other relevant Strategies. Revenue expenditure will only, normally, be rephased to later years if it relates to a specific project with identified funding in the current year, that has been delayed for reasons outside of the control of the relevant Head of Service. The amount is further limited by the net underspending on that Head of Service's relevant budget(s) in the current year.

3.8 **Price Changes**

Allocation to individual Budgets of any provision for inflation or other purposes will be determined by the Head of Financial Services.

3.9 **Project Appraisals**

All proposals for changes to the MTP will require an explanatory appraisal, unless the Head of Financial Services considers that the item is of a technical nature. Appraisals for new and modified schemes will be made available to Members, via the Council's intranet, by the date on which the related reports are circulated.

4. **CASH AND CREDIT MANAGEMENT**

4.1 **Banking**

The Director of Commerce and Technology is responsible for all Council banking arrangements and shall maintain (an) account(s) with (an) appropriate bank(s) with a credit rating equivalent to 'Long Term AA-' or better in the data published by Fitch IBCA. All transactions involving income or expenditure shall be dealt with through the Council's bank account(s).

4.2 **Income**

All employees receiving money (including cash, cheques, credit card payments etc.) must comply with the relevant procedures issued by the Head of Customer Services to ensure that the sums are properly recorded, receipted and banked.

The Head of Financial Services shall manage a debt collection service on behalf of the Council and all sums due must be registered by raising an invoice on the Council's Financial Management System or some other system or procedure approved by the Head of Financial Services.

4.3 **Loans**

All borrowing will be undertaken by the Head of Financial Services in accordance with the Code of Practice for Treasury Management in Local Authorities and the Prudential Code for Capital Finance in Local Authorities, both published by the Chartered Institute of Public Finance and Accountancy (CIPFA), and the Council's Treasury Management Policy and Annual Strategy Statement.

A report shall be submitted to the Cabinet prior to the start of each financial year so that it can recommend to the Council the maximum borrowing limits for the forthcoming financial year.

4.4 **Investments**

Investments shall be made by the Head of Financial Services in accordance with the Prudential Code for Capital Finance in Local Authorities, Government guidance on Local Government Investments, the Council's Treasury Management Policy and Annual Strategy Statement, either directly or by utilising external fund managers.

Periodic reports shall be submitted to the Cabinet on Treasury Management and by 31st July each year an annual report shall be submitted on activities in the previous financial year.

4.5 **Payments**

Payments due to external suppliers of goods and services must be made through the Council's financial management system and in accordance with the payments procedures of that system, as determined by the Head of Financial Services. Payments shall be made direct to the supplier's bank account wherever this is practical.

5. **ACCOUNTING PROCEDURES**

5.1 The Council will follow the best practice guidance contained in the Accounting Code of Practice and other relevant publications produced by CIPFA in the preparation and maintenance of its accounts.

5.2 **Statement of Accounts**

The annual Statement of Accounts shall be presented to the Corporate Governance Panel for approval within the prescribed statutory timescale.

5.3 **Records**

Each Head of Service is responsible for maintaining records of financial transactions and commitments and employee time, in forms agreed with the Head of Financial Services, and for ensuring that all financial transactions are properly recorded in the appropriate financial period and to an appropriate account within the Council's Financial Management System.

5.4 **Retention of Documents**

Documents required for the verification of accounts, including invoices, shall be retained in a retrievable format for any statutory period, or otherwise for six years or such other time that is specified by the Head of Financial Services.

5.5 Contingent Assets and Liabilities

Any Officer who is aware of a material and outstanding contingent asset or liability shall notify the Head of Financial Services, who shall include details in the Council's accounts or in a Letter of Representation to be presented to the Council's external auditors in respect of those accounts.

5.6 Stock

Where a formal stock account is used in connection with any service, the relevant Head of Service shall ensure that a certified stock-take is carried out in the last week of March each year, and that records of receipt and issue of all stock are maintained throughout the year in a manner agreed with the Head of Financial Services.

5.7 Insurance

The Head of Financial Services shall obtain insurance to protect the Council or minimise its potential losses from risks including those to employees, property, equipment and cash. Any decision not to insure significant risks must be based on a detailed risk assessment.

5.8 Write-off of Irrecoverable Debts

The Head of Customer Services, or in his/her absence the Head of Financial Services, is authorised to write-off debts with an individual value of up to £5,000, or of a greater amount after consultation with the Executive Councillor responsible for finance, having taken appropriate steps to satisfy himself/herself that the debts are irrecoverable or cannot be recovered without incurring disproportionate costs.

A summary report of debts written-off shall be submitted to the Cabinet quarterly.

6. ASSETS

6.1 Definition

An asset is an item of land, building, road or other infrastructure, vehicle or plant, equipment, furniture and fittings or information and communications technology, (hardware and software) with a life exceeding one year.

6.2 Control of Assets

Each Head of Service is responsible for ensuring that the assets relating to their services are properly safeguarded, managed and maintained, and used only to achieve the Council's objectives. This will include establishing and maintaining appropriate security, control systems and records. They will need to consult relevant officers in relation to specialist items and, where vehicles are concerned, the officer holding the Council's Operating Certificate who has specific statutory responsibilities.

6.3 Ongoing Review

The Head of Legal and Estates will lead a working group of officers that will maintain an ongoing review of the management, control and recording of assets.

6.4 Acquisition

The purchase of assets must be in accordance with the procedures specified in the Council's Code of Procurement, having regard to the value of the asset, and follow taking advice from relevant specialist colleagues in appropriate cases e.g. IT, vehicle management, legal, procurement.

The relevant Head of Service shall inform the Head of Financial Services within 10 working days of the acquisition of an asset which meets the definition for capital expenditure.

6.5 Disposal

The sale of assets must be in accordance with the procedures specified in the Council's Code of Procurement, having regard to the current value of the asset, and follow taking advice from relevant specialist colleagues in appropriate cases e.g. IT, vehicle management, legal, procurement.

The relevant Head of Service shall inform the Head of Financial Services within 10 working days of any disposal of an asset included in the Asset Register.

6.6 Capital Expenditure

The purchase or improvement of any asset will normally be treated as capital expenditure. However, expenditure of less than £10,000, or £5,000 in the case of vehicles, plant and equipment, will not normally be treated as capital expenditure unless the Head of Financial Services considers it is in the Council's interests to do so.

6.7 Leases

Finance and operating leases are to be used only if they are in the Council's financial interest and with the approval of the Head of Financial Services.

6.8 Valuations

In order to comply with accounting requirements assets will be re-valued at five yearly intervals by an appropriately qualified person according to the type of asset. Interim valuations or updating by reference to a suitable index will be necessary in the intervening years.

TECHNICAL BUDGETS

The following budgets cannot be reduced by officers in order to permit extra expenditure on another budget except where this is part of the specific purpose for which they were established.

- Any contingency, unless it complies with the approved rules for the use of the general contingency or is an adjustment to reflect the technical application of the contingency (e.g. allocation of inflation from an inflation contingency)
- Capital charges
- Commutation Transfer
- Pension Liabilities (as opposed to pension contributions)
- Interest paid
- Interest received
- Any recharge or allocation from a management unit or overhead account.

BUDGETS FOR PAY

(Pay is deemed to include, NI and Pension Contributions for the purpose of this annex)

1. The Council does not provide for a 100% of the costs of its employees. This is because experience shows that it is generally impossible to avoid gaps when people leave and are replaced. It is also common for the new employees to be on a lower point in the grade than the person who left.
2. Obviously it is unlikely that each pay budget will be equally affected in any particular year and therefore, to simplify budget monitoring, each pay budget includes 100% of employee costs but there is a negative, centrally held, contingency that represents the saving that the Council's overall budget is based on. This contingency is based on 2.5% of the pay for most services less a sum for recruitment costs (advertising and interview expenses).
3. Therefore no use of savings, virement or rephasing relating to a pay budget, whether temporary or permanent, will be permitted unless this annex is complied with.

Employees Leaving

4. In order to maximise the likelihood of achieving this saving a Head of Service must, whenever an employee gives their notice, determine whether:
 - a. the post is kept vacant for a period before a decision is made,
 - b. the post can be deleted,
 - c. a restructuring should be proposed,
 - d. the post should be filled at the end of a defined period,
 - e. it should be filled as soon as possible,
 - f. it should be filled as soon as possible and temporary employees or consultants are engaged to provide cover in the meantime.
5. In deciding on which option to take the Head of Service should take appropriate HR and financial advice. The decision must include consideration of any need for temporary or permanent regradings, acting up allowances, honoraria, employees or consultants. Allowance must also be made for an appropriate saving, to help achieve the contingency budget, as determined by the Head of Financial Services.
6. Heads of Service will also need to liaise with HR to arrange recruitment advertising and ensure that the recruitment arrangements comply with the process agreed by Employment Panel.

Other Adjustments and Virement

7. If any other proposal is made to transfer (in accordance with paragraph 3.6) or rephrase (in accordance with paragraph 3.7) a pay budget, a budget reduction, as determined by the Head of Financial Services, shall be made in order to allow the contingency budget to be reduced.

Exceptions

8. If the Head of Service can demonstrate to their Director the **critical** nature of maintaining immediate service cover in certain key work areas then the requirements of paragraph 4 above will not apply and the saving/budget reduction may be reduced or nil. Examples where this might apply would be if vacancies would result in insufficient employees with the necessary abilities or skills to run refuse rounds or to safely open swimming pools. Agency, or equivalent employees, must be available with the necessary skills and/or abilities.

9. If the Head of Service can demonstrate that a critical backlog of work has resulted from continuing vacancies such that the service to the public is seriously compromised or net additional costs would become unavoidable the saving/budget reduction may be reduced. Examples where this might apply would be dealing with benefit applications or collecting council tax income. Agency, or equivalent employees, must be available with the necessary skills and/or abilities.

MAXIMISING INCOME FROM FEES AND CHARGES**The Manager responsible for a budget is:**

- responsible for annually reviewing their services to identify any aspects that are not currently, but could be charged for. Charges for such aspects shall be introduced unless Cabinet **or** both the Executive Councillor for Finance and of the relevant service consider it would not be appropriate.
- responsible for reviewing and varying fees and charges at least annually for services under their control, after consultation with the relevant Executive Councillor(s) and the Chairman of any relevant Panel. In doing so, they:
 - shall ensure that relevant legislation that specifies the charges to be made or constrains them in any way is complied with.
 - shall, after having regard to the charges of any alternative service providers with whom the Council is competing, seek to maximise income, net of applicable costs, unless it will have a clearly detrimental impact on the achievement of the Council or Community objectives.
 - may introduce differential pricing to particular client groups where these are expected to stimulate demand and generate additional net income which would otherwise not be obtained.
 - may set prices lower than could be reasonably achieved if this is demonstrably the most cost effective way of achieving Council or Community objectives and the necessary funding is available. Use of this option requires approval of Cabinet **or** both the Executive Councillor for Finance and of the relevant service.
 - may set fees and charges that allow an element of discretion if it can be demonstrated that this will lead to an overall benefit to the Council. It is important that any use of discretion is recorded so that it can be clearly shown that decisions have been made fairly and consistently.
 - shall keep appropriate records to demonstrate that the required actions have been undertaken and how the decisions were reached.

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CODE OF PROCUREMENT

1. INTRODUCTION

1.1 The Code of Procurement defines the regulatory and legal framework for procurement. It has been adopted in accordance with the requirements of Section 135 (2) of the Local Government Act 1972.

1.2 This Code applies to the procurement, commissioning, hire, rental or lease of -

- ◆ land and buildings, roads or other infrastructure;
- ◆ vehicles or plant;
- ◆ equipment, furniture and fittings;
- ◆ construction and engineering works;
- ◆ information and communication technology - hardware and software;
- ◆ goods, materials and services;
- ◆ repairs and maintenance; and
- ◆ consultants, agents and professional services.

1.3 This Code does not apply to purchases made from internal management units.

1.4 The Code applies also to the sale of assets and goods by the Council where the appropriate Head of Service estimates that the assets, goods or services to be sold exceed £1000. Where the value is estimated to be less than £1000 then the 'Sale of Equipment' procedures contained within the Inventory procedures shall be followed.

1.5 The Council includes the Cabinet, panels, committees or other body or person(s) acting in accordance with delegated authority on behalf of the Council.

1.6 All procurements or sales made by or on behalf of the Council shall comply with this Code, subject to any overriding requirements of the Council's Rules of Procedure and Code of Financial Management and British or European Union law or regulation.

1.7 Throughout the Code, reference to contractor(s) or sub-contractor(s) shall mean any person, company or supplier who has -

- ◆ requested to be on an approved or ad-hoc approved list of tenderers;
- ◆ been approached to provide a quotation or tender;
- ◆ provided a quotation or tender; or
- ◆ been awarded a contract in accordance with the provisions of this Code.

1.8 The Head of Financial Services shall annually review all the financial values contained in the Code to take account of the impact of inflation. The Head of Financial Services shall inform all Heads of Service of any amendments to the values prior to the 1st April from which they shall be operative.

2. REPORTING PROCEDURES AND EU COMPLIANCE

2.1 EU Procurement Directives require the Council, to report procurements likely to exceed EU thresholds, both at the start of the year and on an ad-hoc basis as new or changed requirements arise. The ODPM also seeks a financial year-end report based on procurements and contracts advertised on the Official Journal of the European Union (OJEU). The EU thresholds are:

Contract	Threshold Euros	Threshold £ (Approx)
Supplies	€206,000	£ 139,893
Services	€206,000	£ 139,893
Works	€5,150,000	£ 3,497,313

2.2 Financial Year Start Reporting

At the start of each financial year (1 April) Heads of Service shall:

- ◆ provide the following information to the Procurement Manager -
 - Details of each contract expected to be advertised in the following year.
 - An estimate of the total value for each discrete procurement area where the spend is likely to exceed £100,000.
- ◆ advertise very brief details of each contract expected to be advertised in the following year. The advertisement shall take the form of a Indicative Notice (IN). The publishing of an IN does not commit the Council, but can reduce timescales if the requirement is subsequently advertised through OJEU.

An IN is also required if the estimate of the aggregated value of the contracts for a given coding class exceeds the published IN thresholds:

Contract	Threshold Euros	Threshold £ (Approx)
Supplies	€750,000	£509,317
Services	€750,000	£509,317
Works	€5,150,000	£ 3,497,313

Contract values are the Council's aggregated spend and not individual Directorates or Services. Therefore, the Procurement Manager shall advise the Head of Service if their aggregated spend is to be advertised as a PIN.

Aggregated values can be calculated by one of the following methods -

- ◆ the total value purchased over the last financial year; or
- ◆ the estimated value of all contracts expected to be placed in the next financial year or the term of the contract if that is longer; or
- ◆ where the contract is open-ended or of uncertain duration, such as those for the hire of goods or for the delivery of a particular service, the value is based on the estimated average monthly expenditure multiplied by 48 (4 years).

2.3 Through Year Reporting

Heads of Service shall report, using a PIN where time permits, new or additional requirements likely to meet or exceed EU thresholds as they arise.

2.4 End of Year Reporting

ODPM seeks a report each year from all Councils regarding contracts awarded through OJEU during the previous year. By the 30 Apr each year, Heads of Service shall provide the Procurement Manager with the following details for contracts placed through OJEU procedures -

- ◆ Common Procurement Vocabulary (CPV) code. The CPV is a standardised single classification system for public procurement to identify the subject of a contract.
- ◆ Service Provider Nationality.
- ◆ Award Procedure:
- ◆ Justifications if Negotiated procedure.
- ◆ Value.

3. CONTRACTS REGISTER

3.1 Heads of Service shall keep a record, using the Contracts register, of -

- ◆ all tenders and quotes (greater than £5K)
- ◆ the reasons (if appropriate) for not advertising on the Council's latest Opportunities Internet Site
- ◆ all those contractors that were requested to quote or tender;
- ◆ the reasons why those particular contractors were selected to quote or tender; and
- ◆ if applicable, the reasons why less than three contractors were selected to quote or tender.
- ◆ contract renewal date (if appropriate),
- ◆ File or other reference to the contract and location of the hard copy.

4. METHODS OF ORDERING

4.1 All orders shall be placed through one of the following recognised methods -

- ◆ An order raised on CedAR Purchase Order Process.
- ◆ A Procurement Card Order.
- ◆ An Electronic order
- ◆ A Manual Purchase Order.

4.2 Use of an appropriate ordering method ensures that the Council achieves -

- ◆ The opportunity to obtain leverage for volume.
- ◆ Regulatory compliance.
- ◆ Visibility of all procurement activity.

4.3 Where there is an exception requirement and the relevant Director or Head of Service considers that the work is of an emergency nature necessary to enable the service to continue and none of the ordering methods are suitable, the relevant Director or Head of Service shall record the details of the exceptional requirement and the action taken for future Audit.

5. 'BEST VALUE' AND THE NEED TO COMPETE REQUIREMENTS

5.1 The Council seeks 'Best Value' in all procurement activity and will standardise on 'adopted' corporate contracts and frameworks. An adopted contract and framework is the preferred contract for the Council's business within a defined category (a type or group of goods or services). The Procurement Manager shall publish details of the contract or framework in Procurement Protocols & Guidelines. Heads of Service shall ensure that orders for such categories are placed through the appropriate 'adopted' framework. The Procurement Manager shall keep under review the continued suitability of any such contracts or framework agreements.

5.2 some categories are managed corporately by specialist areas. The procurement manager shall provide a list of specialist categories and Heads of Services shall ensure all requirements for such categories are referred to the relevant specialist.

5.3 Where there is no adopted contract or framework, Heads of Service shall, wherever practicable, seek to maximise contract values with other Heads of Service to secure lower costs. The Council nevertheless wishes to balance the effort of going to the Market with the effort and efficiency of the procurement process. Heads of Service after determining the proposed contract's total value shall then follow one of the procurement procedures detailed below. These procedures shall be used in all procurements or sales bar those exceptions at paragraph 5.6.

Estimated Total Value of Procurement	Requirement
Up to £5,000	Estimates or offers shall be obtained and recorded to ensure the Head of Service has obtained Best Value.
£5,001 to £30,000	Competitive written quotations or offers shall be invited, unless the Head of Service has complied in full with paragraph 6.3e of this Code.
£30,001 to European Union Procurement Threshold	Competitive tenders shall be obtained using one of the tendering options in this Code, and a formal written contract prepared in accordance with paragraph 12.2.
Above the EU Threshold specified below	The appropriate EU procurement directive shall be complied with.

5.4 A Head of Service may choose to competitively tender requirements less than £30,000.

5.5 Achieving 'Best Value' needs valid competition and valid competition is dependant on the existence of an 'open' market with the selected Contractors having the interest, capability and capacity for the work or business being offered. Wherever possible a minimum of three competitive tenders or quotations shall be sought. In selecting contractors to provide a tender or quotation Heads of Service shall ensure that wherever possible -

- ◆ the selection process they are using is fair and equitable, and that no favouritism is shown to any one contractor.
- ◆ checks are made to ensure that contractors are interested in this type of business.
- ◆ repeat or 'automatic' invitations to the 'same' contractor or group of contractors are avoided, particularly where previously invited to bid and had failed to do so.
- ◆ 'new' contractors are sought and invited to tender or quote.
- ◆ the geographic area of the search for potential contractors is widened.
- ◆ 'no-bids' are checked for the reasons for a contractor's failure to bid.

5.6 Exceptions

Nothing in this Code shall require tenders to be sought: -

(a) for purchases made from a Purchasing Agent (ESPO, OGC Buying Solutions)

- ◆ where there is a single supplier 'call-off contract' or catalogue created with fixed prices, or

- ◆ where the contract is created to our requirements, or
- ◆ where there is a multi-supplier framework and further competition has been undertaken through competitive quotes.

(b) for purchases through local authority, government body or agency, police, health or other similar public authority, where the procurement rules of that organisation have been adopted, and the contract is created in co-operation, agreed joint requirements or partnership.

(c) for purchases made at public auction;

(c) where the relevant Director or Head of Service -

- ◆ considers that the work is of an emergency nature or is necessary to enable the service to continue; or
- ◆ with the Head of Financial Services' agreement considers that it is in the Council's best interest in negotiating a further contract for works, supplies or services of a similar nature with a contractor who is currently undertaking such work.

(e) The relevant Director or Head of Service shall report details of all work awarded under paragraph (d) ante -

- ◆ to the Director of Central Services who shall make a record in a register kept for that purpose; and
- ◆ to the next meeting of the Cabinet.

6. QUOTATION AND TENDER METHODS AND PROCEDURES

6.1 Form of Tenders and Requests for Quotations

To support the Council complying with the Freedom of Information Act 2000 (FOIA), all invitations to tenders and requests for quotations shall include as a minimum -

“All information supplied to the Authority will be subject to the provisions of the Freedom of Information Act 2000 and as such may be disclosed by the Authority when required to do so under the Act. When such disclosure is necessary the Authority shall use reasonable endeavours to consult with the provider of the information prior to disclosure”.

6.2 Selection / Evaluation Criteria

Except to the extent that the Cabinet in a particular case or specified categories of contract otherwise decides, all quotations or tenders that are being sought shall:

- (a) include approved contract terms in accordance with paragraph 11.2 of this Code;
- (b) be based on a definite written specification, which shall include:
 - ◆ Environmental performance including, where appropriate, as a minimum:

◆ low energy and water consumption.

◆ elimination of substances hazardous to health and the environment.

◆ Contractor's Health and Safety Scheme (where applicable) or equivalent health and safety standard.

◆ Appropriate Equalities policy and procedures.

(c) include award criteria, which if it is not to be the lowest price, shall be agreed by the appropriate Director;

(d) include specific weightings applied to individual award criteria.

(e) if appropriate, include a requirement for a performance bond and liquidated damages.

6.3 Tendering Options

Heads of Service shall select one of the following tendering methods. If any alternative tendering method is proposed then approval of the Cabinet is required before the proposed tendering option is followed. In selecting contractors who are to be requested to provide a tender Heads of Service shall comply with paragraph 5.5.

Tender Option	Requirement
A. Ad Hoc Tender Open tender	Public notice shall be given in one or more newspapers and/or in an appropriate trade journal. The notice shall state the nature and purpose of the contract, where tender documentation can be obtained, and state the closing date for the receipt of tenders. Where the Head of Service is satisfied that Expressions of Interest received from a Contracts Register Notice represent contractors with genuine interest and capacity, then no further Public Notice is required.
B. Approved List of Tenderers Restricted tender	Tenders shall be invited from at least three contractors selected from an approved list established in accordance with paragraph 7.1 of this Code.
C. Ad Hoc Approved List of Tenderers Open restricted tender	Tenders shall be invited from a list of contractors compiled in accordance with paragraph 8.1 of this Code for a specific contract.
D. Single Tenders / Quotations	A Head of Service after consulting the Director of Central Services may obtain a single tender (or quotation – see paragraph 6.3 above) when: <ul style="list-style-type: none"> • Prices are wholly controlled by trade organisations or government order and no reasonably satisfactory alternative is available.

	<ul style="list-style-type: none"> • Work to be executed or goods, services or materials to be supplied consist of repairs to or the supply of parts of existing proprietary machinery, equipment, hardware or plant and the repairs or the supply of parts cannot be carried out practicably by alternative contractors. • Specialist consultants, agents or professional advisers are required and <ul style="list-style-type: none"> • there is no satisfactory alternative; or • evidence indicates that there is likely to be no genuine competition; or • it is in the Council's best interest to engage a particular consultant, agent or adviser. • Products are sold at a fixed price, and market conditions make genuine competition impossible. • The proposed contract shall form part of a serial programme. The contract terms shall be negotiated with a contractor, using as a basis for negotiation the rates and prices contained in an initial contract that was awarded following a competitive tendering process that complied with this Code. No more than two serial contracts shall be negotiated from an initial contract • No satisfactory alternative is available. If the Single Tender option is used, the Head of Service shall: <ul style="list-style-type: none"> • notify the Director of Central Services who shall make a record in a register kept for that purpose; • retain records that demonstrate that the best price or value for money has been obtained from the negotiations with the tenderer.
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6.4 Non-Traditional Procurement

If a Head of Service believes that by following one of the procurement procedures detailed in paragraph 5.3 above, that the procurement process will not provide him with the most appropriate method of service delivery, the most competitive prices, allow for continuous improvements in service delivery, or stifle procurement innovation, then he may suggest alternative procurement strategies.

The Head of Service shall produce, in accordance with guidance issued by the Director of Central Services and prior to proceeding with the procurement, a written procurement strategy that shall be approved by the Director of Central Services and the Cabinet.

7. PROCEDURE FOR THE APPROVAL AND

MAINTENANCE OF APPROVED LISTS OF TENDERERS

7.1 Only those lists containing details of contractors that are compiled and maintained by an external organisation to the satisfaction of the Director of Central Services, after consultation with the Head of Financial Service and the other relevant Heads of Service shall be adopted as approved lists of tenderers. The Procurement Manager shall ensure that the external organisation and approved list of contractors is detailed in Procurement Protocols & Guidelines.

7.2 If a Head of Service believes that the approved list of tenders does not allow him to obtain sufficient competition for 'Best Value', the Head of Service shall write to the Director of Central Services seeking approval to source additional contractors. Instructions for sourcing additional contractors are detailed in Procurement Protocols & Guidelines. All additional contractors sourced will be required to

complete the approved list checks and their inclusion in competition will depend on satisfactory completion of the checks.

7.3 The Director of Central Services in conjunction with the Head of Financial Services and relevant Heads of Service shall review the continued suitability of an Approved List of Tenderers periodically and at least prior to the third anniversary of its initial or further adoption.

8. PROCEDURE FOR THE APPROVAL OF AD-HOC APPROVED LISTS OF TENDERERS

8.1 A public notice shall be issued inviting applications for inclusion on a specific approved list for the supply of goods, services or materials. The ad-hoc approved list of tenderers shall be established from contractors replying to the public notice or who have requested within the previous 12 months to be included on an ad-hoc approved list for work of a similar nature.

8.2 The Head of Service shall undertake sufficient vetting to ensure that tenderers appointed to ad-hoc approved lists shall -

- ◆ comply with minimum standards of Insurance, Health & Safety and Financial viability based on a risk based assessment. Guidance can be found on the appropriate intranet page or from the Audit & Risk Manager or Health & Safety Advisor.
- ◆ be approved by the appropriate Head of Service after consultation with the Director of Central Services and the Head of Financial Services; and
- ◆ only be used for seeking tenders for the supply of goods, services or materials specifically detailed within the original public notice.

9. SUB-CONTRACTS AND NOMINATED SUPPLIERS

9.1 Quotations or tenders for sub-contracts to be performed or for goods, services or materials to be supplied by nominated sub-contractors shall be invited in accordance with this Code.

9.2 The relevant Head of Service is authorised to nominate to a main contractor a sub-contractor whose quotation or tender has been obtained in full accordance with this Code.

10. RECEIPT AND OPENING OF TENDERS AND QUOTATIONS

10.1 Where tenders or quotations are invited in accordance with this Code no tender or quotation will be considered unless -

- ◆ contained in a plain envelope which shall be securely sealed and shall bear the word “Tender” or “Quotation” followed by the subject to which it relates; or
- ◆ it has been sent electronically to a specific e-mail address, which the appropriate Head of Service shall obtain from the Head of Information Management.

10.2 Further to paragraph 10.1 above -

- ◆ the envelope shall not bear any distinguishing matter or mark intended to indicate the identity of the sender. Contractors shall be notified accordingly. Such envelope shall be addressed impersonally to the Director of Central Services if it contains a “Tender” or the appropriate Head of Service if it contains a “Quotation”; and
- ◆ the Head of Information Technology shall ensure that the e-mail address is secure, can only be accessed by the Director of Central Services or officers specifically appointed by him.

10.3 All envelopes or e-mails received shall be kept securely and shall not be opened or accessed until the time appointed for their opening.

10.4 All tenders or quotations invited in accordance with this Code shall be opened at one time only and by at least two officers -

- ◆ tenders shall be opened by officers nominated by the Director of Central Services and by the appropriate Head of Service. The Head of Financial Services shall be notified of the time and place appointed for the opening; and
- ◆ quotations shall be opened by the appropriate Head of Service and/or his nominee(s).

10.5 All tenders or quotations upon opening shall be recorded in writing on either a tender or quotation opening record, as is appropriate. The format of the opening record shall have been previously agreed with the Director of Central Services and Head of Financial Services. The Form of Tender or Quotation and any accompanying documentation shall be marked with the date of opening, and signed by all officers present at the opening. The tender or quotation opening record shall be signed by at least two officers present at the opening.

10.6 The original opening record shall be retained by the Director of Central Services in respect of tenders, and the relevant Head of Service in respect of quotations.

10.7 Any tenders or quotations received after the specified time shall be returned promptly to the contractor by the Director of Central Services or his nominated officer in respect of tenders, or by the appropriate Head of Service or his nominated officer in respect of a quotation. The tender or quotation may be opened to ascertain the name of the contractor but no details of the tender or quotation shall be disclosed.

11. ACCEPTANCE OF TENDERS AND QUOTATIONS

11.1 The appropriate Head of Service shall evaluate all the tenders or quotations received in accordance with the award criteria set out in the bid documentation and shall accept, subject to the provisos set out in this paragraph, either -

- ◆ the lowest priced tender or quotation; or
- ◆ the most economically advantageous tender or quotation, as evaluated against the award criteria.

11.2 Tenders or quotations exceeding the approved estimate may only be accepted once approval to further expenditure is obtained.

11.3 If the lowest priced, or most economically advantageous exceeds £30,000 -

- ◆ but is within 15% of the original estimate, the appropriate Head of Service may accept the quotation without seeking further competition; and
- ◆ is in excess of 15% of the original estimate then a competitive tender exercise in accordance with paragraph 6.3 above shall be carried out, unless the appropriate Head of Service has consulted and obtained the approval of the Director of Central Services and relevant executive councillor that the quotation can be accepted.

11.4 A tender or quotation shall not be accepted -

(a) where payment is to be made by the Council and -

- ◆ it is not the lowest priced tender or quotation, or
- ◆ the most economically advantageous tender or quotation in accordance with the award criteria set out in the tender or quotation documentation; or

(b) if payment is to be received by the Council and the tender or quotation is not the highest price or value;

(c) unless -

- ◆ the Cabinet have considered a written report from the appropriate Head of Service, or
- ◆ in cases of urgency, the Director of Central Services has consulted and obtained the approval of the relevant executive councillor. Tenders or quotations accepted in this way shall be reported by the appropriate Head of Service to the next meeting of the Cabinet.

11.5 Where post-tender negotiations have been undertaken in accordance with paragraph 11.6 below, the appropriate Head of Service shall only accept the lowest priced tender received. A tender other than the lowest shall not be accepted until the Cabinet have considered a written report from the appropriate Head of Service, and recommended acceptance of a tender other than the lowest.

11.6. Arithmetical Errors and Post-Tender Negotiations

Contractors can alter their tenders or quotations after the date specified for their receipt but before the acceptance of the tender or

quotation, where examination of the tender or quotation documents reveals arithmetical errors or discrepancies which affect the tender or quotation figure. The contractor shall be given details of all such errors or discrepancies and afforded an opportunity of confirming, amending or withdrawing his offer.

In evaluating tenders, the appropriate Head of Service may invite one or more contractors who have submitted a tender to submit a revised offer following post-tender negotiations.

All post-tender negotiations shall -

- ◆ only be undertaken where permitted by law and where the appropriate Head of Service, Head of Legal and Estates and Head of Financial Services consider additional financial or other benefits may be obtained which over the period of the contract shall exceed the cost of the post-tender negotiation process;
- ◆ be conducted by a team of officers approved in writing by the appropriate Head of Service, Director of Central Services and Head of Financial Services;
- ◆ be conducted in accordance with guidance issued by the Director of Central Services; and
- ◆ not disclose commercially sensitive information supplied by other bidders for the contract.

Post-tender negotiations shall not be used to degrade the original specification unless the capital or revenue budget is exceeded, or the appropriate Director or Head of Service considers other special circumstances exist, in which case all those contractors who originally submitted a tender shall be given the opportunity to re-tender.

The appropriate Head of Service shall ensure that all post-tender negotiation meetings are properly minuted with all savings and benefits offered clearly costed. Following negotiations but before the letting of the contract, amendments to the original tender submitted shall be put in writing by the contractor(s) and shall be signed by him.

12. TERMS OF BUSINESS AND THE FORM OF CONTRACTS

12.1 All orders placed by the Council shall be on the Council's Terms and Conditions (T&Cs). Heads of Service shall not use Contractor's documentation to order, acknowledge, instruct to proceed or make any other commitment where the documentation makes any reference to the Contractor's T&Cs. Where a contractor formally insists on trading on T&Cs other than the Council's T&Cs, the Procurement Officer shall be informed, except for

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- ◆ Any contract where the estimated total value is likely to exceed £30,000, paragraph 12.2 shall apply.
- ◆ Any framework or contract formally adopted by the Council.
- ◆ Purchasing Agency (eg ESPO, OGC BuyingSolutions) arranged contracts and orders.

- ◆ Orders of a total value of less than £ 5,000 where the goods or service are purchased on a 'retail' basis on terms available to the general public.
- ◆ Orders for software where the licence is for 'standard' product but not where customisation, development or on-site service is required for the 'standard' product.

12.2 Every contract that exceeds £30,000 in value shall be in writing in a form approved by the Head of Legal and Estates who shall also determine the format of any contract for a lesser value. Heads of Section shall ensure that advice of the Head of Legal and Estates is sought at a stage as early as practicable (normally before the issue of an Invitation to Tender).

12.3 In the case of any contract for the execution of works or for the supply of goods, services or materials, the Head of Service after consulting with the Head of Financial Services and the Head of Legal and Estates shall consider whether the Council should require security for its due performance and shall either certify that no such security is necessary or shall specify in the specification of tender the nature and amount of the security to be given. In the latter event, the Council shall require and take a bond or other sufficient security for the due performance of the contract.

12.4 Heads of Service shall produce the final version of all contracts in 2 copies and present both to the Authorised Officer for signature. Once signed by the contractor, the signed contract, all original documents, including specifications, drawings, tender documents and correspondence relating to a contract exceeding a total value of £30,000 shall be forwarded by the Head of Legal and Estates. Where the total value of the contract is less than £30,000 the relevant Head of Services shall make arrangements for the retention of all the original documentation.

12.5 Heads of Service shall maintain a record (in the form detailed in the Procurement Protocols & Guidance) for their area of each contract or agreement (both written and verbal agreements).

12.6 Heads of Service shall include the specific T&Cs listed in the Procurement Protocols & Guidance in all contracts. Where a Head of Service considers a term or condition inappropriate they shall seek advice of the Head of Legal and Estates on the modification or deletion of the term or condition.

13. LETTERS OF INTENT

13.1 Letters of intent provide a contractor with the authority to proceed prior to the award of a contract. However, letters of intent have two main disadvantages:-

- (a) if the contract is not awarded the contractor is entitled to payment regardless as to whether the work was actually needed;
- (b) the Council's negotiating position is weakened as the contractor may believe actual award of contract is a formality and therefore, the contractor may refuse to accept conditions that are seen as disadvantageous.

13.2 Heads of Service shall ensure that:-

- (a) all letters of intent are in a form approved by Head of Legal and Estates;

(b) all letters of intent are signed by an Authorised Officer with sufficient authority for either the value of the intended contract or the estimated value of any 'extension' period defined in the letter of intent.

14. RETENTION OF DOCUMENTS

14.1 Heads of Service shall ensure that every contract or order is assigned the Unique Reference Number (URN) from the Contract Register, which is to be used in all correspondence. Any Division or Service reference may be included in addition to the URN shall comprise abbreviation for the Division and year. Formal amendments to a contract or order should also be given unique numbers showing the order in which the amendments were made.

14.2 Documentation retention periods are dictated by the Statute of Limitations and (where applicable) EU requirements. The following rules apply:-

(a) retention for 12 years from the date of completion of the contract for contracts made under deed;

(b) retention for 6 years from the date of completion of the contract: -

- ◆ Contract Documents
- ◆ Hire/Rental Agreements
- ◆ Successful Tenders
- ◆ Summary of Tender Opening
- ◆ Disposal Board papers
- ◆ Evaluation reports
- ◆ Goods Received Notes
- ◆ HM Customs and Excise Import documentation
- ◆ Invitations to Tender/Quotation Requests
- ◆ Maintenance/Software licence agreements
- ◆ Specifications
- ◆ Successful Quotations
- ◆ Suppliers' Advice Notes;

(c) retention for 3 years after the last entry -

- ◆ Stock and Purchase Record Cards or Registers;

(d) retention for 2 years after the financial year to which the document relates -

- ◆ Unsuccessful Quotations.
- ◆ Unsuccessful Tenders.

15. FREEDOM OF INFORMATION ACT 2000 (FOIA)

15.1 Heads of Sections shall ensure that the handling of requests for procurement information complies with the detailed guidance published as Procurement Protocols & Procedures and the general FOIA guidance published by the Council's Freedom of Information Officer.

16. CONSULTANTS

16.1 It shall be a condition of the engagement of any consultant, agent or professional adviser who is to be responsible to the Council for the management or supervision of a contract on its behalf, that in relation to that contract he shall -

- ◆ comply with this Code as though he were an employee of the Council;
- ◆ at any time during the carrying out of the contract produce to the appropriate Head of Service, on request, all the records maintained by him in relation to the contract; and
- ◆ on completion of the contract transmit all records that he has produced or received that relate to the contract to the appropriate Head of Service.

17. PROCUREMENT TRAINING

17.1 The Procurement Manger shall create, maintain and arrange the delivery of training for Officers undertaking procurement duties.

17.2 Heads of Service shall ensure that all Officers routinely undertaking purchasing or procurement duties have undertaken appropriate training.

17.2 Head of HR and Payroll Services shall arrange to record the details of staff that have completed suitable procurement training.

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MONITORING OFFICER PROTOCOL

For the discharge of functions in relation to the initial assessment and review of an allegation that a member of Huntingdonshire District or the Parish in the District has failed to comply with the adopted Code of Conduct

1. RECEIPT OF ALLEGATIONS

- 1.1 The Monitoring Officer shall ensure any allegation made in writing that a Member of Huntingdonshire District Council or one of the Parishes in the District may have failed to comply with their Authority's adopted Code of Conduct is referred to him/her immediately upon receipt.
- 1.2 The Monitoring Officer shall maintain a register of such allegations to ensure that the District Council can comply with its obligations under the relevant legislation.
- 1.3 Complaints shall only be valid where they are signed by the complainant, but the Monitoring Officer is authorised to maintain the confidentiality of the identity of the complainant where and for so long as in his/her opinion that would be in the public interest.

2. NOTIFICATON OF RECEIPT OF ALLEGATIONS

- 2.1 All relevant allegations must be assessed by the Referrals (Assessment) Sub-Committee, so the Monitoring Officer has no authority to deal with an allegation which appears to be an allegation of failure by a relevant Member to observe the Code of Conduct other than by reporting it to the Referrals (Assessment) Sub-Committee. The Monitoring Officer shall therefore determine whether the allegation appears to be a substantive allegation of misconduct. Where it appears not to be, he/she shall ensure that the matter is dealt with under a more appropriate procedure, for example where it is really a request for service from the Authority, a statement of policy disagreement, a legal claim against the Authority or a complaint against an Officer of the Authority.
- 2.2 Following receipt of the allegation and where the allegation does appear to be a complaint of misconduct against a relevant Member, the Monitoring Officer will –
 - (i) acknowledge receipt of the allegation and confirm that the allegation will be assessed by the Referrals (Assessment) Sub-Committee at its next convenient meeting;
 - (ii) notify the Member against whom the allegation is made of receipt of the complaint, together with a written summary of the allegation and the date upon which the allegation will be assessed by the Referrals (Assessment) Sub-Committee.

Where the Monitoring Officer is of the opinion that such notification would be contrary to the public interest or would prejudice any person's ability to investigate the allegation, he/she shall consult the Chairman of the Referrals (Assessment) Sub-Committee, or in his/her absence the Chairman of the Standards Committee, and may then decide that no such advance notification shall be given;

- (iii) collect such information as is readily available that would assist the Referrals (Assessment) Sub-Committee in its function of assessing the allegation;
- (iv) seek local resolution of the matter where practicable, in accordance with paragraph 3 below;
- (v) place a report, including a copy of the allegation, such readily available information and his/her recommendation as to whether the allegation discloses an apparent failure to observe the Code of Conduct, on the agenda for the next meeting of the Referrals (Assessment) Sub-Committee.

3. LOCAL RESOLUTION

- 3.1 Local resolution is not an alternative to reporting the allegation to the Referrals (Assessment) Sub-Committee, but can avoid the necessity of a formal local investigation.
- 3.2 Where the Monitoring Officer is of the opinion that there is the potential for local resolution, he/she shall approach the Member against whom the allegation has been made and ask whether he/she is prepared to acknowledge that his/her conduct was inappropriate, and whether he/she would be prepared to offer an apology or undertake other appropriate remedial action. With the consent of the Member concerned, the Monitoring Officer may then approach the complainant and ask whether the complainant is satisfied by such apology or other remedial action. The Monitoring Officer should then report to the Referrals (Assessment) Sub-Committee as required, and at the same time report the response of the Member concerned and of the complainant. Where the Member has acknowledged that his/her conduct was inappropriate, and where the complainant is satisfied with the proffered apology or remedial action, the Referrals (Assessment) Sub-Committee might take that into account when considering whether the matter merits investigation.

4. REVIEW OF DECISIONS NOT TO INVESTIGATE

- 4.1 Where the Referrals (Assessment) Sub-Committee has decided that no action be taken on a particular matter, the Monitoring Officer shall advise the complainant of the decision, and the complainant may then within thirty days of receipt of notification request that the Review Sub-Committee review that decision.
- 4.2 Whilst the review shall normally be a review of the reasonableness of the original decision rather than a reconsideration, the Monitoring Officer shall report to the Review Sub-Committee the information which was provided to the Referrals (Assessment) Sub-Committee in

respect of the matter, a summary of the decision of the Referrals Sub-Committee and any additional relevant information which has become available prior to the meeting of the Review Sub-Committee.

5. LOCAL INVESTIGATION

- 5.1 It is recognised that the Monitoring Officer will not personally conduct a formal local investigation.
- 5.2 It will be for the Monitoring Officer, where appropriate after consultation with the Chairman of the Referrals (Assessment) Sub-Committee, to determine who to instruct to conduct a formal local investigation and this may include another senior Officer of the Authority, a senior Officer of another Authority or an appropriate experienced consultant.

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