

A meeting of the **CORPORATE GOVERNANCE PANEL** will be held in the **CIVIC SUITE 0.1A, PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, CAMBS, PE29 3TN** on **WEDNESDAY, 23 MARCH 2011** at **6:30 PM** and you are requested to attend for the transaction of the following business:-

**Contact
(01480)**

APOLOGIES

1. MINUTES (Pages 1 - 6)

To approve as a correct record the Minutes of the meeting of the Panel held on 8th December 2010.

**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 AUDIT PLAN 2010/11 (Pages 7 - 26)

To receive a report from the Head of Financial Services on the external audit plan for 2010/11.

**S Couper
388103**

4. GRANT CERTIFICATION REPORT 2009/10 (Pages 27 - 38)

To receive a report by the Head of Financial Services on Grant Certification claims made by the Council which are required to be certified by the external auditors.

**S Couper
388103**

5. 2010/11 ACCOUNTS - ACCOUNTING POLICIES (Pages 39 - 52)

To receive a report from the Head of Financial Services seeking approval of accounting policies for the 2010/11 accounts.

**Mrs E Smith
388157**

6. PROPOSED CHANGES TO THE CODE OF PROCUREMENT (Pages 53 - 72)

To receive a report from the Head of Financial Services seeking approval of proposed amendments to the Code of Procurement.

**S Couper
388103**

7. PROGRESS REPORT ON ISSUES IDENTIFIED IN THE ANNUAL GOVERNANCE STATEMENT (Pages 73 - 82)

To consider a report by the Head of People, Performance and Partnerships providing an update on progress with the annual governance statement and improvement plan.

**H Thackray
388035**

8. **RISK REGISTER** (Pages 83 - 88)

To receive an update from the Audit and Risk Manager on changes that have been made to the Risk Register between the period September 2010 to February 2011 inclusive.

**D Harwood
388115**

9. **INTERNAL AUDIT SERVICE: INTERIM PROGRESS REPORT**
(Pages 89 - 98)

To consider a report by the Audit and Risk Manager reviewing progress towards the achievement of the Annual Audit Plan and associated performance issues.

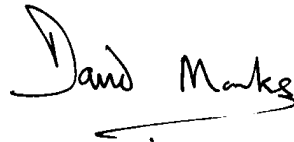
**D Harwood
388115**

10. **EMPLOYEES' CODE OF CONDUCT** (Pages 99 - 114)

To consider a report by the Head of Democratic & Central Services setting out proposed changes to the Employees' Code of Conduct.

**Mrs C Bulman
388234**

Dated this 15 day of March 2011



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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Agenda Item 1

HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CORPORATE GOVERNANCE PANEL held in the CIVIC SUITE 0.1A, PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, PE29 3TN on Wednesday, 8 December 2010.

PRESENT: Councillor T D Sanderson – Chairman.

Councillors M G Baker, P L E Bucknell,
S J Criswell and T V Rogers.

APOLOGIES: Apologies for absence from the meeting were submitted on behalf of Councillors K J Churchill and C M Saunderson.

23. MINUTES

The Minutes of the meeting of the Panel held on 28th September 2010 were approved as a correct record and signed by the Chairman.

24. MEMBERS' INTERESTS

No declarations were received.

25. EXTERNAL AUDITOR'S REPORT: ANNUAL AUDIT LETTER 2009/10

(Mrs L Sanford of Grant Thornton UK LLP, the Council's external auditors, was in attendance for consideration of this item.)

With the aid of a report by the Head of Financial Services (a copy of which is appended in the Minute Book) the Panel gave consideration to the Annual Audit and Inspection Letter for 2009/10. Having acquainted the Panel with the performance of the Council in 2009/10, Members' attention was drawn to the key areas for action by the Council over the 2010/11 financial year, in respect of which it was noted that work had already started in terms of identifying potential savings and that a report will be considered at the next Council meeting on the reorganisation of its senior management structure.

In noting that the Council's newly appointed external auditor's had commenced their duties, the Chairman, on behalf of the Council, thanked Grant Thornton UK LLP for their contributions over the previous 5 years. Whereupon, it was

RESOLVED

that the Annual Audit and Inspection Letter 2009/10 be received and noted.

26. CALCULATION OF COUNCIL TAX BASE 2011/12

In accordance with the Local Government Finance Act 1992 and the Local Authorities (Calculation of Tax Base) Regulations 1992 (as

amended), the Panel was acquainted with 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, which was based on the number of Band D equivalent properties within the District.

RESOLVED

- (a) that the report by the Head of Customer Services regarding the calculation of the District Council's tax base for the year 2011/12 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 net tax base for the whole District for the year 2011/12 be 59,460 and shall be as listed below for each Parish of the District:

Abbotsley	245
Abbots Ripton	130
Alconbury	555
Alconbury Weston	276
Alwalton	125
Barham & Woolley	25
Bluntisham	744
Brampton	1805
Brington & Molesworth	140
Broughton	85
Buckden	1160
Buckworth	50
Bury	607
Bythorn & Keyston	142
Catworth	141
Chesterton	58
Colne	350
Conington	73
Covington	41
Denton & Caldecote	25
Diddington	28
Earith	580
Easton	75
Ellington	232
Elton	294
Farcet	580
Fenstanton	1170
Folksworth & Washingley	345
Glatton	134
Godmanchester	2430
Grafham	237
Great & Little Gidding	122
Great Gransden	455
Great Paxton	370
Great Staughton	325
Haddon	25
Hail Weston	240
Hamerton & Steeple Gidding	52

Hemingford Abbots	330
Hemingford Grey	1155
Hilton	450
Holme	238
Holywell-cum-Needingworth	980
Houghton & Wyton	810
Huntingdon	7395
Kimbolton & Stonely	595
Kings Ripton	83
Leighton Bromswold	84
Little Paxton	1280
Morborne	11
Offord Cluny & Offord D'Arcy	505
Old Hurst	96
Old Weston	85
Perry	262
Pidley-cum-Fenton	150
Ramsey	2900
St Ives	5795
St Neots	10565
Sawtry	1730
Sibson-cum-Stibbington	210
Somersham	1385
Southoe & Midloe	160
Spaldwick	230
Stilton	785
Stow Longa	65
The Stukeleys	418
Tilbrook	110
Toseland	37
Upton & Coppingford	85
Upwood & The Raveleys	425
Warboys	1370
Waresley-cum-Tetworth	146
Water Newton	42
Winwick	38
Wistow	215
Woodhurst	152
Woodwalton	85
Wyton-on-the-Hill	415
Yaxley	2975
Yelling	<u>142</u>
	<u>59460</u>

27. ANNUAL 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's attention was drawn to proposed minor textual amendments to the Risk Management Strategy. In noting that the changes proposed intended to provide further clarification to Officers on the options available to manage residual risks identified by the Council, it was

RESOLVED

that the changes proposed in paragraph 1.1 of the report now submitted be endorsed by the Panel.

28. REVIEW OF HOUSING BENEFIT FRAUD INVESTIGATION ACTIVITY AND THE COUNCIL'S WHISTLEBLOWING POLICY

Consideration was given to a joint report by the Head of Customer Services and Audit and Risk Manager (a copy of which is appended in the Minute Book) summarising the activity of the Benefits Fraud Investigation Team over the previous three years and detailing the outcome of the annual review of the Whistleblowing Policy and the type and number of whistleblowing matters reported.

In noting the activity undertaken by the Housing Benefit Fraud Investigation Team over the 2007 to 2010 period, the Panel received details of new work areas undertaken by the Team which included the collection of debts arising from benefit overpayments. In so doing, Members were encouraged to note the successes achieved to date.

With regard to the review of the Whistleblowing Policy and Guidance, the Panel noted that 19 incidents had been received through the various Whistleblowing channels.

RESOLVED

- (a) that the work undertaken in respect of benefit fraud be noted; and
- (b) that the annual review of the Whistleblowing policy and procedure has been undertaken and that no changes be required to the current policy.

29. REVIEW OF THE ANTI-FRAUD AND CORRUPTION STRATEGY

By means of a report by the Audit & Risk Manager (a copy of which is appended in the Minute Book) the Panel was acquainted with the outcome of the annual review of the Council's Anti-Fraud and Corruption Strategy. In noting that the review had taken into account the implications for the Council of the Bribery Act 2010, the Panel were advised that minor changes to the Strategy, Employees Code of Conduct and Code of Financial Management were required to take into account the provisions of the Act. Given that the alterations to the latter two Codes would require changes to be made to the Council's Constitution, the proposed amendments will be managed as part of the reviews of the Employees Code of Conduct and of the Council's Constitution which will be considered by the Panel in the spring cycle of meetings. Having concurred with a suggestion for a review of services likely to be affected by bribery to be undertaken by the Council, it was

RESOLVED

- (a) that Heads of Service be requested to review and identify service areas that may be susceptible to bribery and introduce controls to minimise the opportunity for offences;
- (b) that the proposed amendments to paragraph 14.8 of the Employees Code of Conduct as highlighted in paragraph

2.7 of the report now submitted be endorsed in principle;

- (c) that the proposed amendments to the Code of Financial Management to include details of the maximum limit of £1,000 for the receipt of cash payments be endorsed in principle; and
- (d) that the changes proposed to the Anti-Fraud and Corruption Strategy as highlighted in Annex A to the report now submitted be endorsed.

Chairman

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CORPORATE GOVERNANCE PANEL

23 MARCH 2011

EXTERNAL AUDIT PLAN 2010/11

(Report by the Head of Financial Services)

1. INTRODUCTION

1.1 The Audit Plan is produced by our External Auditors to explain to the Panel the particular areas that they feel they need to concentrate on during their work relating to the 2010/11 Accounts. It also identifies the basic audit fee and the likely cost for certifying the grant claims.

1.2 This year's Audit Plan is attached as Annex A and will be presented by Dan Holbrook our new Audit Manager from PWC (PricewaterhouseCoopers).

2. CONTENT

2.1 The only items particularly drawn to the Panel's attention are:

Independence

Page 11 highlights the issues about potential conflict of interest between PWC and Senior Officers or Members. Appropriate letters will be circulated to address this.

Grant Claim Certification Fees

The fees from Grant Thornton for this work were £18k in 2008/09 and £23k in 2009/10. PWC are surprised that the fee is so low and are suggesting that it could be £30k or more based on their experience at other authorities. The actual fee will be based on the hours taken at the audit commission determined rates.

3. RECOMMENDATION

3.1 The Panel are recommended to note the Audit Plan.

BACKGROUND INFORMATION

None

Contact Office: Steve Couper, Head of Financial Services ☎ **01480 388103**

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*Huntingdonshire
District Council
2010/2011 Audit Plan*





The Members
Huntingdonshire District Council
Pathfinder House
St Mary's Street
Huntingdon
PE29 3TN

2 March 2011

Ladies and Gentlemen,

We are pleased to present to the Corporate Governance Panel our Audit Plan, which includes an analysis of key risks, our audit strategy, reporting and audit timetable and other matters. Discussion of our plan with you ensures that we understand your concerns and that we agree on our mutual needs and expectations to provide you with the highest level of service quality. Our approach is responsive to the many changes affecting Huntingdonshire District Council.

We would like to thank Officers of the Council for their help in putting together this Plan.

If you would like to discuss any aspect of our Audit Plan please do not hesitate to contact either Ciaran McLaughlin or Daniel Hornbrook.

Yours faithfully,

A handwritten signature in black ink that reads 'PricewaterhouseCoopers LLP' in a cursive script.

PricewaterhouseCoopers LLP

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Introduction

The purpose of this plan

Our Audit Plan has been prepared to inform the officers and Members of Huntingdonshire District Council (the Council) about our responsibilities as your external auditors and how we plan to discharge them.

We issued our audit fee letter, which set out our indicative fees for 2010/11, on 30 April 2010 in accordance with the Audit Commission's requirements. This plan sets out in more detail our proposed audit approach for the year.

Every council is accountable for the stewardship of public funds. The responsibility for this stewardship is placed upon the Members and officers of the council. It is our responsibility to carry out an audit in accordance with the Audit Commission's Code of Audit Practice (the Code).

Based upon discussion with management and our understanding of the Council and the local government sector, we have noted in the next section recent developments and other relevant risks. Our plan has been drawn up to consider the impact of these developments and risks.

Period covered by this plan

This plan outlines our audit approach for the period 1 April 2010 to 31 March 2011, including the 2010/11 final accounts audit which we will undertake in summer 2011.

Code of Audit Practice and Statement of responsibilities of auditors and of audited bodies

We perform our audit in accordance with the Audit Commission's Code of Audit Practice (the Code) which was last updated in March 2010. This is supported by the Statement of Responsibilities of auditors and of audited bodies (the Statement) which was also updated in March 2010. Both documents are available from the Chief Executive or the Audit Commission's [website](#).

Our approach to the audit

Code of Audit Practice

Under the Audit Commission's Code there are two aspects to our work:

- Accounts including a review of the Annual Governance Statement; and
- Use of Resources.

We are required to issue a two-part audit report covering both of these elements.

Accounts

Our audit of your accounts is carried out in accordance with the Audit Commission's Code objective, which requires us to comply with International Standards on Auditing (ISAs) (UK & Ireland) issued by the Auditing Practices Board (APB). These standards have recently been fully updated and revised to improve their clarity and in some cases this is accompanied by additional audit requirements. We are required to comply with them for the audit of your 2010/11 accounts.

We plan and perform our audit to be able to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. We use professional judgement to assess what is material. This includes consideration of the amount and nature of transactions.

Our materiality for the Council is calculated as 2% percent of gross expenditure; this represents the level at which we would consider qualifying our audit opinion.

However, ISA (UK&I) 450 (revised) requires that we record all misstatements identified except those which are "clearly trivial". Matters which are clearly trivial are matters which we expect not to have a material effect on the financial statements even if accumulated. When there is any uncertainty about whether one or more items are clearly trivial, the matter is considered not to be clearly trivial. We propose to treat misstatements less than £80,000 as being clearly trivial. We will include details of uncorrected misstatements of more than £80,000 identified during our audit in our year-end ISA (UK&I) 260 report.

Our audit approach is based on a thorough understanding of your business and is risk-driven. It first identifies and then concentrates resources on areas of higher risk and issues of concern to you. This involves breaking down the accounts into components. We assess the risk characteristics of each component to determine the audit work required.

We plan our work to have a reasonable expectation of detecting fraud where the potential effects would be material to the financial statements of the Council. Based on the level of management's control procedures, we consider whether there are any significant risks of fraud that may have a material impact on the financial statements and adapt our audit procedures accordingly. We also consider the risk of fraud due to management override of controls and design our audit procedures to respond to this risk.

Our audit approach is based on understanding and evaluating your internal control environment and where appropriate validating these controls, if we wish to place reliance on them. This work is supplemented with substantive audit procedures, which include detailed testing of transactions and balances and suitable analytical procedures.

We aim to rely on the work done by internal audit wherever this is appropriate. We will ask for copies of all relevant internal audit reports, allowing us to understand the impact of their findings on our planned audit approach.

As part of our interim audit work, we will undertake a review of the general IT controls, as well as controls around income and cash receipting.

Work on the Whole of Government Accounts consolidation pack is included in the scope of the accounts audit.

Use of Resources

Our Use of Resources Code responsibility requires us to carry out sufficient and relevant work in order to conclude on whether you have put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources.

In accordance with recent guidance issued by the Audit Commission, in 2010/11 our conclusion will be based on two criteria:

- The organisation has proper arrangements in place for securing financial resilience; and
- The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

Unlike in previous years, we will not be required to reach a scored judgement in relation to these criteria and the Audit Commission will not be developing 'key lines of enquiry' for each criteria. Instead, we will be carrying out sufficient work to allow us to reach a conclusion on your arrangements.

The Audit Commission has produced VfM guidance and supplementary audit tools to support auditors in their work as set out in the following table:

	VfM profile tool	Financial ratios tool	National study update briefings	Local savings reviews
Local government	✓	✓	✓	✓

We will utilise these tools in producing our VfM conclusion for the year. The local savings review guides cover the administration cost of revenues and benefits and the efficiency of back office functions in local government. Should our planned work for the year indicate that these are specific risks to the Council we will consider the need to complete the reviews, or elements of them. Should we feel that this is necessary we will discuss the implications with the Director of Commerce & Technology and then communicate with you throughout the audit.

Risk assessment

Planning of our audit

We have met with the Council’s previous auditors and the Director of Commerce and Technology to obtain relevant information relating to the audit of the Council. We have considered the Council’s operations and have assessed the extent to which we believe there are potential business and audit risks that need to be addressed by our audit. We have also considered, based on our preliminary review of the work of Internal Audit, our understanding of how your control procedures mitigate these risks. Based on this assessment we have determined the extent of our financial statements and use of resources audit work.

It is your responsibility to identify and address your operational and financial risks, and to develop and implement proper arrangements to manage them, including adequate and effective systems of internal control. In planning our audit work, we assess the significant operational and financial risks that are relevant to our responsibilities under the Code and the Audit Commission’s Standing Guidance. This exercise is only performed to the extent required to prepare our Plan so that it properly tailors the nature and conduct of audit work to your circumstances. It is not designed to identify all risks affecting your operations nor all internal control weaknesses.

Under ISA 315, we are required to perform a risk assessment at the financial statement balance level, and consider whether the risks are of a magnitude that could result in a material misstatement of the Statement of Accounts. Such risks are defined as “**significant risks**” and require us to develop a specific audit response. The assessment of what is material is a matter of professional judgement and includes consideration of both the amount and the nature of the misstatement.

In addition, we also identify other risks affecting the Council and our response to these risks. Our response includes details of where we are intending to rely upon internal controls and the work of internal audit, if applicable.

Risk assessment results

The following table summarise the results of our risk assessment and our planned responses.

Risks	Audit Approach
Significant Risks	
<p>Revenue recognition</p> <p>We are required by International Standards on Auditing (ISAs) to specifically consider the risk of material misstatement in relation to revenue recognition. We have also considered the risk of material misstatement in relation to expenditure recognition. There is a risk that the Authority could adopt accounting policies or treat income and expenditure transactions in such as way as to lead to material misstatement in the reported income and expenditure position. For example, by recognising payments or income in the wrong financial year or omitting payments and liabilities from the accounts.</p> <p>Due to their nature, we do not consider the receipt of council tax, national non domestic rates or revenue support grant to be a significant risk and these income streams will therefore be excluded from this category. However other sources of</p>	<p>We will understand and evaluate controls relating to income and expenditure recognition and:</p> <ul style="list-style-type: none"> • seek to use internal audit work on documenting key controls, where it is efficient and appropriate to do so; • assess the findings from the work of internal audit around key controls to confirm they are operating effectively: and • consider where it is efficient and effective to do so the need to validate the operation of the key controls by re-performing the work of internal audit. <p>We will consider the accounting policies adopted by the Council and subject income and expenditure to the appropriate level of testing to identify any material misstatement.</p> <p>We will carry out cut-off testing on expenditure at year end to</p>

Risks	Audit Approach
<p>material income such as parking and leisure services are considered to be a significant risk.</p>	<p>ensure that expenditure has been recorded in the correct financial year.</p> <p>We will test expenditure invoices to ensure they have been correctly classified in the financial statements as either revenue or capital expenditure.</p> <p>We will also carry out the required certification work in respect of the Housing and Council Tax Benefit Subsidy for the year.</p>
<p>Fraud and Management Override of Control</p> <p>The primary responsibility for the detection of fraud rests with management. Their role in the detection of fraud is an extension of their role in preventing fraudulent activity. They are responsible for establishing a sound system of internal control designed to support the achievement of departmental policies, aims and objectives and to manage the risks facing the organisation; this includes the risk of fraud.</p> <p>Under International Standard on Auditing (UK and Ireland) 240, there is a presumed significant risk of management override of the system of internal controls. Our audit is designed to provide reasonable assurance that the 2010/11 Accounts are free from material misstatement, whether caused by fraud or error. We are not responsible for preventing fraud or corruption, although our audit may serve to act as a deterrent.</p> <p>We consider the potential for manipulation of financial results through the use of journals and management estimates, such as provisions and accruals as significant risks.</p>	<p>We are required to make inquiries of those charged with governance in respect of members oversight responsibility for:</p> <ul style="list-style-type: none"> • Systems for monitoring risk, financial control and compliance with the law; and • The entity’s assessment of the risks of fraud and of the internal control the entity has established to mitigate specific risks of fraud that it has identified. <p>We will review material management estimates for provisions and accruals and evaluate the accuracy, completeness and relevance of the data and the underlying assumptions used to produce the estimate, taking account of the new Clarity ISA requirements on estimates.</p> <p>We will also perform targeted procedures on high-risk areas, such as journals, and on unusual material transactions. In line with ISA requirements, we will also perform unpredictable procedures to provide reasonable assurance that the Accounts are free from material misstatement.</p>
<p>2010/11 – the first year of reporting under IFRS</p> <p>The transition to IFRS involves both new and considerably revised financial statements and an increase in the depth of disclosures required in the notes to the accounts. There is a risk of material errors in the restatements and reclassifications required in preparing the accounts in their new format and of material omissions of information required to be disclosed by the new Code of Practice on Local Authority Accounting.</p> <p>In particular:</p> <p>Leases</p> <p>IFRS requires building and land elements of leases to be analysed separately, increasing the possibility that the land element may need to be classified separately as an operating lease. The lease accounting rules have also been extended to cover arrangements that have the substance of a lease even though they do not have the legal form of a lease. There is a risk that relevant agreements might not be identified and classified correctly and that income and expenses relating to the agreements might be accounted for inappropriately.</p> <p>Component Accounting</p>	<p>We are working closely with the Finance team to ensure that you are aware of the main differences between IFRS and UK GAAP and to resolve any accounting issues raised with us on a timely basis.</p> <p>We will perform a review of the restated 2009/10 statements to identify disclosure issues during the interim stage of the audit. We will communicate the results of this review to management so they may take action to address issues in advance of the final audit.</p> <p>We will understand and evaluate accounting policies adopted by the Council for leases against Code requirements. We will perform detailed testing to establish the completeness of leases and lease type arrangements including minute review and review of contracts. We will also perform testing of lease classification and accounting entries.</p> <p>We will perform detailed testing around component depreciation and the employee benefit accrual calculations (e.g. holiday pay accruals), considering the methods used to result in the accounting entries and ensuring that these are in</p>

Risks	Audit Approach
<p>The new Code requires the separate depreciation of components of an item of Property, Plant and Equipment whose cost is significant in relation to the total cost of the item and which have a shorter useful life than the item as a whole. Where items have been insufficiently broken down into their component parts, there is a risk that depreciation charges might be materially understated.</p> <p>Accruals for Employee Benefits</p> <p>The new Code has more rigorous requirements for the accrual of employee benefits earned during a year but untaken by the year-end (particularly leave entitlements and flexitime) and for the disclosure of termination benefits.</p>	<p>line with Code guidance.</p> <p>At the final audit stage we will perform an independent ‘hot review’ of the financial statements and disclosures.</p> <p>We will perform detailed testing to establish the completeness of the work performed including a review of minutes and significant contracts. We will also perform testing of classification and accounting entries.</p>
<p>Property, Plant and Equipment</p> <p>Our discussions with Management and your previous appointed auditor identified a number of audit issues relating to accounting for property, plant and equipment. In particular:</p> <p><u>Valuations:</u></p> <p>In 2009/10 the valuation of the Council’s five leisure centres was not accounted for correctly and required the accounts to be adjusted. There is, therefore, a risk that valuations may not be performed correctly resulting in the carrying values in the financial statements being materially misstated.</p> <p><u>Depreciation:</u></p> <p>The IFRS code requires property and equipment assets to be carried at fair value. Where assets are revalued (e.g. operational land and buildings), the Code also requires records to be kept of their historic cost. An adjustment is then required in the accounts to reflect the difference between depreciation on the historical cost and depreciation on the revalued amount.</p> <p>The accounting entries required to account for the difference in historic cost depreciation and fair value depreciation for revalued assets have not been correctly applied in previous years. There is a risk that these reserves and the depreciation charges in the comprehensive income and expenditure statement may be materially misstated.</p>	<p>We will consider the Council’s arrangements for the valuation of property , plant and equipment to ensure that:</p> <ul style="list-style-type: none"> - the valuer has been given appropriate instructions in order to undertake the review; - all relevant assets have been included in the scope of the review; - accounting entries have been undertaken correctly within the financial statements <p>We will test the calculation of the depreciation charge for the year and ensure the correct accounting entries have been applied.</p>

Risks	Audit Approach
Elevated Risks	
<p>Payroll</p> <p>Review of the 2009/10 internal audit reports on payroll has identified that there are significant control deficiencies in the design and operation of controls in relation to starters and leavers. This increases the inherent risk surrounding the appropriate processing of staff costs and the completeness of staff establishment.</p>	<p>We will perform detailed testing on payroll costs to ensure that the figures included in the accounts are not materially misstated.</p>
VfM Conclusion related risks	
<p>Increased pressures on budgets</p> <p>Local government bodies are expected to make significant efficiency savings over the next three years as a result of the Comprehensive Spending Review 2010 and the local government financial settlement. There is a risk that savings plans may not be robust or based on sustainable solutions which could result in short term actions to ensure that spending targets are met.</p> <p>In addition, it will be important for authorities to be able to demonstrate that they are allocating resources to areas of priority within their tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity. There is a risk that the Council will not be able to demonstrate its achievements in this area.</p>	<p>We will consider the Council’s arrangements to ensure that it has:</p> <ul style="list-style-type: none"> • Robust systems and processes to manage its financial risks and opportunities effectively, and to secure a stable financial position. The organisation’s financial position should enable it to continue to operate for the foreseeable future. • Adequate arrangements to demonstrate the achievement of cost reductions and by improving efficiency and productivity. <p>To do this we will consider the Council’s medium term financial plan (which includes 5 year forecasts) and the 2011/12 budget and consider their robustness. The ‘foreseeable future’ has been defined for the purposes of the financial resilience criterion as 12 months from the date of the auditor’s report on the relevant set of financial statements.</p> <p>We will review the Council’s budget monitoring processes to identify any areas of concern. We will also bear any risks in mind when carrying out cut-off testing.</p> <p>We will also consider the accounting implications of any savings plans and would welcome early discussion of any new and unusual proposals. In particular, we will consider the impact of the efficiency challenge on the recognition of both income and expenditure as detailed above.</p>

Our team and independence

Audit Team	Responsibilities
Engagement Director Ciaran McLaughlin 020 7213 5253 ciaran.t.mclaughlin@uk.pwc.com	Engagement Leader responsible for independently delivering the audit in line with the Code of Audit Practice, including agreeing the Audit Plan, ISA (UK&I) 260 report and Annual Audit Letter, the quality of outputs and signing of opinions and conclusions. Also responsible for liaison with the Chief Executive and Members.
Audit Manager: Accounts Daniel Hornbrook 01223 552257 daniel.j.hornbrook@uk.pwc.com	Manager on the assignment responsible for overall control of the audit engagement, ensuring delivery to timetable, managing our accounts work, including the audit of the statement of accounts, governance aspects of the use of resources and overall review of audit outputs. Completion of the Audit Plan, ISA (UK&I) 260 report and Annual Audit Letter. Also responsible for coordinating the use of resources audit programme including preparing and presenting reports.
Audit Senior – Hayley Clark 01223 552316 hayley.m.clark@uk.pwc.com	Team leader of the onsite audit work and team responsible for liaising with the finance team and communicating issues when and if they arise.

Our team members

It is our intention that wherever possible staff work on the Huntingdonshire District Council audit each year, developing effective relationships and an in depth understanding of your business. We are committed to properly controlling succession within the core team, providing and preserving continuity of team members.

We will hold periodic client service meetings with you, separately or as part of other meetings, to gather feedback, ensure satisfaction with our service and identify areas for improvement and development year on year. These reviews form a valuable overview of our service and its contribution to the business. We use the results to brief new team members and enhance the team's awareness and understanding of your requirements.

Independence and objectivity

We have made enquiries of all PricewaterhouseCoopers' teams providing services to you and of those responsible in the UK Firm for compliance matters. There are no matters which we perceive may impact our independence and objectivity of the audit team.

Relationships and Investments

Senior officers should not seek or receive personal financial or tax advice from PwC. Members who receive such advice from us (perhaps in connection with employment by a client of the firm) or who also act as director for another audit or advisory client of the firm should notify us, so that we can put appropriate conflict management arrangements in place.

Independence conclusion

At the date of this plan we confirm that in our professional judgement, we are independent accountants with respect to the Council, within the meaning of UK regulatory and professional requirements and that the objectivity of the audit team is not impaired.

Communicating with you

Communications Plan and timetable

ISA (UK&I) 260 (revised) ‘Communication of audit matters with those charged with governance’ requires auditors to plan with those charged with governance the form and timing of communications with them. We have assumed that ‘those charged with governance’ are the Corporate Governance Panel. Our team works on the engagement throughout the year to provide you with a timely and responsive service. Below are the dates when we expect to provide the Corporate Governance Panel with the outputs of our audit.

Stage of the audit	Output	Date
Audit planning	Audit Fee letter	April 2010
	Audit Plan	March 2011
Audit findings	<p>ISA (UK&I) 260 report incorporating specific reporting requirements, including:</p> <ul style="list-style-type: none"> Any expected modifications to the audit report Uncorrected misstatements, i.e. those misstatements identified as part of the audit that management have chosen not to adjust Material weaknesses in the accounting and internal control systems identified as part of the audit Our views about significant qualitative aspects of your accounting practices including accounting policies, accounting estimates and financial statements disclosures. Any significant difficulties encountered by us during the audit; Any significant matters discussed, or subject to correspondence with, Management; Any other significant matters relevant to the financial reporting process; and Summary of findings from our use of resources audit work to support our value for money conclusion. 	September 2011
Audit reports	Financial Statements including Use of Resources	September 2011
Other public reports	<p>Annual Audit Letter</p> <p>A brief summary report of our work, produced for Members and to be available to the public.</p>	December 2011
	<p>Annual certification report to those charged with governance</p> <p>Report detailing the value of each certified claim, details of any amendments and qualifications, certification fees charged and a discussion of issues arising, including recommendations for improvement where necessary.</p>	February 2012

Audit budget and fees

The Audit Commission has provided indicative audit fee levels for Councils for the 2010/11 financial year, which depend upon the level of expenditure and potential risk. Taking into account your expenditure and assuming that there is a general level of risk in relation to the audit of financial statements we agreed and audit fee of £118,000, (excluding certification of claims and returns), which is broken down as follows:

	2010/11
Accounts & Use of Resources	£118,000
Certification of grant claims and returns – see paragraph below	£30,000

We have based the fee level on the following assumptions:

- Officers meeting the timetable for producing deliverables, which we will agree in writing;
- Deliverables produced are properly prepared and agreed to the financial statements, general ledger and trial balance.
- We are able to utilise the work of internal audit as intended;
- We are able to draw comfort from your management controls;
- No significant changes being made by the Audit Commission to the use of resources criteria on which our conclusion will be based;
- A draft of the Annual Governance Statement being available for us to review by a date to be agreed with management; and
- Our use of resources conclusion and accounts opinion being unqualified.

If these prove to be unfounded, we will seek a variation order to the agreed fee, to be discussed in advance with you.

Certification of grant claims

Our fee for the certification of grant claims is based on the amount of time required to complete individual grant claims at standard hourly rates. We have provided the Corporate Governance Panel with an indicative fee of £30,000 for the certification of grant claims in 2010/11. This estimate is based on no additional testing being required for the Housing and Council Tax Benefit subsidy claim and officers providing quality information on a timely basis. The final fee will be calculated using the time spent in certifying the claims. We will discuss and agree the final fee with the Director of Commerce and Technology and his team.

Appendix A: Other engagement information

The Audit Commission appoint us as auditors to Huntingdonshire District Council and the terms of our appointment are governed by:

- The Code of Audit Practice; and
- The Standing Guidance for Auditors

There are six further matters which are not currently included within the guidance, but which our firm's practice requires that we raise with you.

Electronic communication

During the engagement we may from time to time communicate electronically with each other. However, the electronic transmission of information cannot be guaranteed to be secure, virus or error free and such information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete or otherwise be adversely affected or unsafe to use.

PwC partners and staff may also need to access PwC electronic information and resources during the engagement. You agree that there are benefits to each of us in their being able to access the PwC network via your internet connection and that they may do this by connecting their PwC laptop computers to your network. We each understand that there are risks to each of us associated with such access, including in relation to security and the transmission of viruses.

We each recognise that systems and procedures cannot be a guarantee that transmissions, our respective networks and the devices connected to these networks will be unaffected by risks such as those identified in the previous two paragraphs. We each agree to accept the risks of and authorise (a) electronic communications between us and (b) the use of your network and internet connection as set out above. We each agree to use commercially reasonable procedures (i) to check for the then most commonly known viruses before either of us sends information electronically or we connect to your network and (ii) to prevent unauthorised access to each other's systems.

We shall each be responsible for protecting our own systems and interests and you and PwC (in each case including our respective directors, members, partners, employees, agents or servants) shall have no liability to each other on any basis, whether in contract, tort (including negligence) or otherwise, in respect of any error, damage, loss or omission arising from or in connection with the electronic communication of information between us and our reliance on such information or our use of your network and internet connection.

The exclusion of liability in the previous paragraph shall not apply to the extent that such liability cannot by law be excluded.

Appointed auditor

Ciaran McLaughlin, a director in the firm, will discharge the responsibilities of the appointed auditor and in doing so will bind the firm although Ciaran is not a partner.

Access to audit working papers

We may be required to give access to our audit working papers to the Audit Commission or the National Audit Office for quality assurance purposes.

Quality arrangements

We want to provide you at all times with a high quality service to meet your needs. If at any time you would like to discuss with us how our service could be improved or if you are dissatisfied with any aspect of our services, please raise the matter immediately with the partner responsible for that aspect of our services to you. If, for any reason, you would prefer to discuss these matters with someone other than that partner, please contact Paul Woolston, our Audit Commission Lead Partner at our office at 89 Sandyford Road, Newcastle Upon Tyne, NE1 8HW, or Richard Sexton, UK Head of Assurance, at our office at 1 Embankment Place, London, WC2N 6RH. In this way we can ensure that your concerns are dealt with carefully and promptly. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. This will not affect your right to complain to the Institute of Chartered Accountants in England and Wales or to the Audit Commission.

Events arising between signature of accounts and their publication

ISA (UK&I) 560 (revised) places a number of requirements on us in the event of material events arising between the signing of the accounts and their publication. You need to inform us of any such matters that arise so we can fulfil our responsibilities.

If you have any queries on the above, please let us know before approving the Audit Plan or, if arising subsequently, at any point during the year.

Freedom of Information Act

In the event that, pursuant to a request which Huntingdonshire District Council has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this report, it will notify PwC promptly and consult with PwC prior to disclosing such report. Huntingdonshire District Council agrees to pay due regard to any representations which PwC may make in connection with such disclosure and Huntingdonshire District Council shall apply any relevant exemptions which may exist under the Act to such report. If, following consultation with PwC, Huntingdonshire District Council discloses this report or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

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CORPORATE GOVERNANCE PANEL

23 MARCH 2011

GRANT CERTIFICATION REPORT 2009/10

(Report by the Head of Financial Services)

1. INTRODUCTION

- 1.1 The Grant Certification Report highlights any issues arising from the three grant claims that our external auditors are required to certify.
- 1.2 This year's Letter is attached as Annex A but due to there being no serious issues it was not felt necessary for Grant Thornton to attend to present it given their work for Huntingdonshire is now complete.

2. CONTENT

- 2.1 The Report refers to the audit of 3 claims amounting to over £90M. Two were agreed without any changes.
- 2.2 The Benefits Claim required amendment for two reasons and comments on these are given below:

incorrect use of Non-HRA thresholds

Prior to April 2010 homeless benefit cases were assessed outside of the main benefits system using spreadsheets mainly due to the fact that some of the accommodation used had been outside the Huntingdonshire area. Some payment entries relating to the subsidy year 2008/9 had been entered on the 2009/10 spreadsheet in error, thus overstating the subsidy we were able to claim. The amount of subsidy overstated was £364. These cases are now subject to new subsidy arrangements for 2010/11 and are therefore now included in the main benefit system.

incorrect treatment of modified scheme subsidy

This local authority runs a modified scheme for war pension cases whereby income from war incomes is fully disregarded in the benefit calculation. Special subsidy arrangements exist for such cases and the auditor identified a couple of errors during testing. The whole of the claim was therefore reviewed and the errors were found to total less than £6. The issues have been logged with our software supplier and identified as "bugs" which will be fixed at a later date.

3. RECOMMENDATION

- 3.1 The Panel are recommended to note the Auditor's report.

BACKGROUND INFORMATION

Claims and relevant working papers

Contact Office: Steve Couper, Head of Financial Services ☎ **01480 388103**

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Huntingdonshire District Council

Certification work report 2009/10

December 2010

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1 Introduction and approach

Introduction

- 1.1 Various grant-paying bodies require external certification of claims for grant or subsidy and returns of financial information. As Huntingdonshire District Council's (the Council) external auditors, Grant Thornton undertakes certification work at the Council, acting as an agent of the Audit Commission.
- 1.2 The Audit Commission makes certification arrangements with grant-paying bodies, this includes confirming which claims and returns require certification and issuing certification instructions. These instructions are tailored to each scheme and they clearly set out the specific procedures to be applied in examining a claim or return. The Audit Commission agrees the deadline for submission of each claim by authorities and the deadline for certification by auditors.

Certification arrangements

- 1.3 The Audit Commission's certification arrangements are designed to be proportionate to the claim or return: The arrangements for 2009/10 were:
 - for claims and returns below £125,000, certification by us is not required, regardless of any statutory certification requirement or any certification requirement set out in grant terms and conditions;
 - for claims and returns above £125,000 and below £500,000, we are required to perform limited tests to agree entries on the claim or return to underlying records, but were not required to undertake any testing of the eligibility of expenditure or data; and
 - for claims and returns over £500,000, we are required to assess the control environment for the preparation of the claim or return and decide whether or not to place reliance on it. Where reliance is placed on the control environment, we are required to undertake limited tests to agree entries on the claim or return to underlying records but not to undertake any testing of the eligibility of expenditure or data. Where reliance is not placed on the control environment, we are required to undertake all the tests in the relevant certification instruction and use our assessment of the control environment to inform decisions on the level of testing required.
- 1.4 In determining whether we place reliance on the control environment, we consider other work we have undertaken on the Council's financial ledger and any other relevant systems, and make appropriate use of relevant internal audit work.

Our certificate

- 1.5 Following our work on each claim or return, we issue our certificate. The wording of this depends on the level of work performed as set out above, stating either the claim or return is in accordance with the underlying records, or the claim or return is fairly stated and in accordance with the relevant terms and conditions. Our certificate also states that the claim has been certified:
- without qualification;
 - without qualification but with agreed amendments incorporated by the authority; or
 - with a qualification letter (with or without agreed amendments incorporated by the authority).
- 1.6 Where a claim is qualified because the authority has not complied with the strict requirements set out in the certification instruction, there is a risk that grant-paying bodies will retain funding claimed by the authority or, claw back funding which has already been provided or has not been returned. In addition, where claims or returns require amendment or are qualified, this increases the time taken to undertake this work, which impacts on the certification fee.

2 Results of our certification work

Key messages

- 2.1 For the financial year 2009/10, we have certified three claims and returns for the Council, which amounted to in excess of £90 million. This represents both funding claimed by the Council and returned to grant-paying bodies, as well as other financial information.
- 2.2 The Council's performance in preparing claims and returns is summarised in the table below.

Exhibit One: Performance against key certification targets

Performance measure	2009/10	2008/09
Without qualification	3	3
Amended	1	1
Qualified	0	0

- 2.3 This analysis of performance against targets shows that there are no significant concerns with the way that the Council manages processes for the certification of its claims or the accuracy of claims presented for certification.
- 2.4 Details on the certification of all claims and returns are included at appendix A. Where we have concluded that an item is significant, further details are included below in this section of our report.
- 2.5 The Council submitted all of its claims and returns on time. We certified all of the claims and returns within the relevant deadlines set by the Audit Commission.

Certification work fees

- 2.6 Each year the Audit Commission sets a schedule of hourly rates for different levels of staff, for work relating to the certification of grant claims and returns. When billing the Council for this work, we are required to use these rates. They are shown in the table below.

Exhibit Three: Hourly rates for certifying claims and returns for 2009-10

Role	2009/10	2008/09
Engagement lead	£345	£330
Manager	£195	£185
Senior auditor	£125	£120
Other staff	£95	£90

- 2.7 Our fee for certification work at the Council in 2009-10 was £22,565, compared to £18,020 for 2008/09. The estimate included for our certification work in our included in our audit fee letter was £20,000. Details of our fee by claim and return and how this compares to last year are included at appendix C.

Amending Items

BEN-01 Final Subsidy Claim for Housing and Council Tax Benefit

- 2.8 Two amendments were required to this subsidy claim as a result of our audit procedures. Our testing identified that incorrect Non-Housing Revenue Account thresholds had been applied for subsidy purposes in relation to prior year expenditure. All relevant cases were reviewed by Council Officers in order to identify and process the required amendment.
- 2.9 Our testing also identified a small number of minor software issues which had resulted in incorrect treatment of modified scheme amounts for subsidy purposes. Again, officers reviewed all relevant cases and the required amendment to the return was made. The Council has also notified its software provider of the errors identified.
- 2.10 The total value of the amendments made was £370.

Acknowledgements

- 2.11 We would like to take this opportunity to thank the Council's officers for their assistance and co-operation during the course of the certification process.

Grant Thornton UK LLP

December 2010

A Details of claims and returns certified for 2009/10

Claim or return	Value (£)	Amended?	Qualified?	Summary
Housing and council tax benefit scheme	38,283,310	Yes	No	The housing and council tax benefit subsidy return was subject to amendment in respect of: - the incorrect use of Non-HRA thresholds; and - the incorrect treatment of modified scheme subsidy in relation to Council Tax Benefit amounts.
Disabled facilities	452,000	No	No	No issues were identified in the certification of this claim.
National non-domestic rates return	51,368,200	No	No	No issues were identified in the certification of this claim.
Total	90,103,510			

B Certification work fees

Claim or return	Fee 2009/10 (£)	Fee 2008/09 (£)	Explanation for significant variances
BEN01: Housing and Council Tax Benefits Subsidy Return	17,839	13,950	The increase in fee was due to the additional certification procedures required as a result of the errors identified. These additional procedures include verification of the amended figures.
HOU21: Disabled Facilities Grant	618	845	
LA01: National Non-Domestic Rates Return	4,108	3,225	
Total	22,565	18,020	

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**2010/11 ACCOUNTS- ACCOUNTING POLICIES
(Report by the Head of Financial Services)**

1. PURPOSE

- 1.1 To approve the draft accounting policies for the 2010/11 accounts

2. BACKGROUND

- 2.1 The 2010/11 accounts are being prepared for the first time based on International Financial Reporting Standards (IFRS). As a result, some of the accounting policies, on which the accounts will be prepared, need to change.
- 2.2 It is anyway good practice for Members to approve the accounting policies in advance of them approving the accounts

3. INTERNATIONAL FINANCIAL REPORTING STANDARDS

- 3.1 IFRS requires Local Authorities to
- Present the main accounts in a new format
 - Account for some assets and liabilities in a different way
 - Provide more detailed explanations of entries and movements in the accounts and notes
 - Introduce new terminology
 - Apply accounting policies that comply with IFRS
- 3.2 Members of the Corporate Governance Panel will be given an introduction to IFRS before they approve the audited accounts in September 2011.

4. ACCOUNTING POLICIES

- 4.1 The draft accounting policies are attached at Annex A. They are draft in that during the course of closing the accounts your Officers may need to amend the policies in the light of new information. If they do so, this will be highlighted at your September meeting
- 4.2 It should be noted that the complexity of Local Government finance results in the accounts first having to be prepared in

accordance with IFRS and then a set of additional adjustments having to be made to remove some statutorily defined items from impacting on the Council's bottom line and hence the level of Council Tax.

- 4.3 This section highlights some of the changes to the policies:
- Capital grants and contributions – these were previously credited to the accounts to match the depreciation on the assets. Now, they are credited to the accounts in the year the income is received or is due to be received (subject to certain conditions)
 - The Council's investment properties (industrial and commercial properties) are not used solely to earn rentals but are provided to encourage economic development. The accounting policy therefore requires them to be treated as property, plant and equipment – the new name for fixed assets – and not investment properties
 - Employee benefits – the cost of untaken leave and accrued flexitime as at 31 March has to be included in the Comprehensive Income and Expenditure Account. However regulations allow the cost to be reversed in the Movement in Reserves Statement so that there is no impact on the ices funded by Council Tax

5. RECOMMENDATIONS

5.1 It is recommended that the Panel:

- Approve the draft accounting policies for 2010/11

ACCESS TO INFORMATION ACT 1985

CIPFA Code of Practice on Local Authority Accounting 2010/11

Contact Officer: Mrs Eleanor Smith ☎ 01480 388157

1. Draft Accounting Policies 2010/11

1.1 General Principles

The Statement of Accounts summarise the Authority's transactions for the 2010/11 financial year and its position at the year-end of 31 March 2011. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2003 in accordance with proper accounting practices. These practices comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 and the Best Value Accounting Code of Practice 2010/11, supported by International Financial Reporting Standards (IFRS).

The underlying concepts of the accounts include the:

- Council being a 'going concern' – all operations continuing
- accrual of income and expenditure – placing items in the year they relate to rather than the year they take place.
- primacy of legislative requirements – legislation overrides standard accounting practice

The concepts of consistency and prudence are also followed where they do not conflict with the application of these underlying concepts. The accounting statements are prepared with the objective of presenting a true and fair view of the financial position and transactions of the authority.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

1.2 Accruals of Income and Expenditure

Income and expenditure is accounted for in the year to which they relate, not simply when cash payments are made or received, by the creation of debtors and creditors which are recorded in the balance sheet. Where it is doubtful that bad debts will be settled, the balance of debtors is written down and a charge made to expenditure for the income that might not be collected.

Where the Authority is acting as an agent for another party (e.g., in the collection of NNDR and council tax), income and expenditure are recognised only to the extent that commission is receivable by the Authority for the agency services provided or the Authority incurs expenses directly on its own behalf in providing the services.

1.3 Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

In the Cash Flow Statement, cash is shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

1.4 Changes in Accounting Policies and Estimates and Errors

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions or other events on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

1.5 Depreciation and other Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation (annual charge) of intangible fixed assets attributable to the service.

The Authority is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from revenue, minimum revenue provision (MRP), to contribute towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by MRP in the General Fund Balance, by way of an adjusting transaction within the Capital Adjustment Account in the Movement in Reserves Statement to reflect the difference between the two.

MRP – the basis for this provision is restricted by legislation and the policy has to be approved by the Council. The policy for 2010/11 is that MRP is on an annuity basis. This results in the MRP increasing over the life of the asset to match the fall in the interest cost as the debt is “notionally” repaid. The net result is a consistent charge to the Council's accounts over the assumed life of the asset.

1.6 Employee Benefits

Benefits Payable during Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees provide services to the Authority.

An accrual is made against services in the Consolidated Income and Expenditure Account for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. Any accrual made is required under statute to be reversed out of the General Fund Balance by a credit to the Accumulating Compensated Absences Adjustment Account in the Movement in Reserves Statement. Thus there is no impact on the Council Tax.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy.

They are charged to the Non Distributed Costs line in the Comprehensive Income and Expenditure Account when the Authority can demonstrate that it is committed to either terminating the employment of an officer or has made an offer of voluntary redundancy even if the officer has not left the Authority by the 31st March

Where termination benefits involve the enhancement of pensions, the contribution to the pension fund is charged to the General Fund over a period of years. However accounting standards require the costs to be debited to the Comprehensive Income and Expenditure Account in one year. Adjustments are made through the Pensions Reserve in the Movement in Reserve Statement

Post Employment Benefits (Pensions)

Employees of the Authority are members of the Local Government Pensions Scheme, administered by Cambridgeshire County Council. This scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees working for the Authority. The accounting policy is to recognise the full liability that the Authority has for meeting the future cost of retirement benefits arising from years of service earned by employees up to the balance sheet date, net of the contributions paid into the fund and the investment income they have generated; this meets the requirements of IAS 19.

Statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, rather than the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any such amounts payable but unpaid at the year-end. The balance (currently negative) that arises on the Pensions Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

1.7 Events after the Reporting Period

Events taking place after the 'date of authorisation for issue' (the date of the Corporate Governance Panel that approves the audited accounts) are not reflected in the Statement of Accounts.

1.8 Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance. For most purposes 'material' is defined as £1.6m or more.

1.9 Financial Assets

Financial assets that are applicable to the Council are loans and receivables which are assets with a fixed or determinable payment but not quoted in an active market (e.g. trade debtors, fixed term investments). These are initially measured at fair value and carried at their amortised costs. The Council has the following loans and receivables:

Debtors

Debtors are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year-end, taking into account the nature, value and age of debts and historic losses for similar groups of assets. Bad debts are written off when they are identified. Debtors falling due after more than one year are classified as long-term assets, which include housing improvement loans and housing advances.

Cash and equivalents

Cash and equivalents comprise cash in hand and current balances with banks and similar institutions, which are readily convertible to known amounts of cash. Due to their nature and short-term maturity, the fair values for debtors and cash and equivalents are estimated using their carrying values.

Investments

The Council has both long and short-term investments with various financial institutions. Investments are carried at their amortised cost. The fair value of investments is determined by discounting the future cash flows using a relevant market rate of interest comparable to the rate for the same investment from a comparable institution, available at the balance sheet date.

The Council has made loans for home improvement which are interest-free (soft loans). It gives rental deposits to tenants which are repaid over a period of up to 2 years. A change in accounting policy has treated these as soft loans for the first time in 2009/10. When soft loans are made, a loss is recorded in the Income and Expenditure Account for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Statutory provisions require that the impact of soft loans in the Income and Expenditure Account is managed by a transfer to the Financial Instruments

Adjustment Account in the Statement of Movement on the General Fund Balance thus resulting in no impact on the Council Tax..

1.10 Financial Liabilities

Financial liabilities are initially measured at fair value and are generally carried at their amortised cost The Council has the following liabilities:

Creditors

Creditors are carried at their original invoice amount

Bank overdrafts

Bank overdrafts comprise amounts owed to banks and similar institutions and are repayable on demand.

Long term loan

Loans with the Public Works Loans Board are carried at their amortised cost but with the fair value disclosed as a note

Due to their nature and short-term maturity, the fair values for creditors and bank overdrafts are estimated using their carrying values

1.11 Government Grants and Contributions

Government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received

Amounts recognised as due to the Authority are credited to the Comprehensive Income and Expenditure Account if the conditions attaching to the grant or contribution have been met. However if the conditions may require that the grant or contribution is returned, it cannot be credited to the Comprehensive Income and Expenditure Account.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

1.12 Intangible Assets

Expenditure, on an accruals basis, for assets that do not have physical substance but are identifiable and controlled by the council (e.g. software licences) are capitalised where they will bring benefit for more than one year. The balance is amortised (charged) to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service lines in the Comprehensive Income and Expenditure Statement.

Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and, for any sale proceeds greater than £10,000, the Capital Receipts Reserve.

1.13 Interest Receipts

Interest receipts credited to the General Fund include all amounts received in respect of balances held and invested externally, except for interest earned on the S106 reserve (one of the earmarked reserves) which is credited to that reserve.

1.14 Inventories (Stock)

Inventories are included in the Balance Sheet at the lower of cost and net realisable value

1.15 Investment Properties

The Authority does not hold any properties that are used solely to earn rentals or for capital appreciation

1.16 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

The Authority as Lessee

Finance leases. The Council has no finance leases in primary rental. The leases are for industrial units and certain items of equipment leased from Finance Companies. They are capitalised and included in the fixed assets shown on the balance sheet. They are accounted for using the policies applied to tangible fixed assets. The rental payments are apportioned between the finance charge (interest) and the principal element. The finance element of rentals is charged to the revenue account over the term of the lease and the principal element is treated as capital expenditure.

Operating leases. The Council leases cars for individual employees and for pool cars. Operating lease rental is charged to revenue in the year it is payable under the terms of the lease.

The Authority as Lessor

Operating Leases. Where the Authority grants an operating lease over a property the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

1.17 Overheads and Support Services

The costs of overheads and support services are charged to services on the basis of use in accordance with the costing principles of the CIPFA *Best Value Accounting Code of Practice 2010 (BVACOP)*. The basis of the charge varies according to the nature of the support service provided (e.g. administrative buildings are apportioned on the basis of area occupied). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the council's status as a multi-functional, democratic organisation.
- Non-Distributable Costs – for example the cost of discretionary benefits awarded to employees retiring early.

These two cost categories are defined in BVACOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement.

Accounting standards requires part of the overheads relating to staff time spent on capital projects being treated as a revenue charge to the service rather than a charge to the capital project.

1.18 Property, Plant and Equipment

Assets that have physical substance and are held for use in the provision of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost
- all other assets – fair value, determined the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

Where decreases in value are identified, the revaluation loss is accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement

Assets included in the balance sheet at current value are revalued where there have been material changes in the value, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account. Thus there is no impact on the Council Tax.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Impairment is where an asset has lost value. Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where there is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by allocating the value of the asset over their useful lives. An exception is made for assets where the finite useful life cannot be determined, (i.e. land and certain Community Assets) and assets that are not yet available for use (i.e., assets under construction).

Depreciation is calculated on the following bases:

- operational buildings – straight-line allocation over 50 years (unless there is evidence to the contrary)
- vehicles – 25% reducing balance
- plant and equipment – straight line basis
- infrastructure – variable depending on the asset to a maximum of 40 years

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

1.19 Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that requires settlement by a transfer of economic benefits and a reliable estimate can be made of the amount of the obligation. For instance this includes redundancy payments for staff leaving after the Balance Sheet date, but where their redundancy has been agreed before the Balance Sheet date. Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

Contingent Liabilities

If a liability arises from an event which is too uncertain or the amount of the obligation cannot be reliably estimated, the liability is disclosed as a contingent liability as a note to the accounts

Contingent Assets

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts

1.20 Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement; they are included in the balance sheet as the General Fund Balance, Capital Reserve and Earmarked Reserves

When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to count against the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

However, there are other reserves, the Capital Adjustment Account, Revaluation Reserve, Financial Instruments Adjustment Account, Collection Fund Adjustment Account and Pensions Reserve, that cannot be used to finance expenditure.

- Capital Adjustment Account – these are capital resources set aside to meet past expenditure
- Revaluation reserve – the gains of valuation of assets not yet realised by sales
- Financial Instruments Adjustment Account – balancing account to allow for differences in statutory requirements and accounting requirements for borrowings and investments
- Collection Fund Adjustment Account – holds the difference between the income included in the Income and Expenditure Account and the amount required by regulation to be credited to the General Fund
- Pensions Reserve – balancing account to allow the pensions liability to be included in the balance sheet
- Accumulated Compensated Absences Adjustment Account – the value of untaken leave and other employee benefits
- Capital Grants Unapplied Account – capital grants that have been received but not used to offset expenditure

1.21 Revenue Expenditure funded from Capital under Statute

Revenue expenditure funded from capital under statute represents expenditure that may be capitalised under statutory provisions but does not result in the creation of tangible assets. Items incurred during the year have been written off as expenditure to the relevant service revenue account in the year. Where it has been determined to meet the cost of the item from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Statement of Movement on the General Fund Balance.

1.22 VAT

VAT is not included in the Comprehensive Income and Expenditure Account unless it is not recoverable, in which case it is charged to the relevant service. Historically some VAT relating to exempt services has not been recoverable;

CORPORATE GOVERNANCE PANEL

23 MARCH 2011

PROPOSED CHANGES TO THE CODE OF PROCUREMENT (Report by the Head of Financial Services)

1 BACKGROUND AND PURPOSE

- 1.1 The Code of Procurement is an important element of the Council's Constitution that details sound governance principles for key activities. It is important that it is a "live" document that adapts to the changing needs of the Council and so it is reviewed every year.
- 1.2 The purpose of this report is to allow the Panel to propose an amended Code to the Council.

2 CODE OF PROCUREMENT

- 2.1 The draft code is attached as Appendix A. Aside from minor changes to layout, the amendments are outlined below:

Competition (Section 5.5)

For purchases under £5k there is increased emphasis on the need for competition whenever the Head of Service considers there is a reasonable possibility of a saving.

Threshold Values (Section 5.5)

The tender threshold value for full formal tendering has been £30k since 1999. The proposed revision is to increase it to £50k to reflect inflation and avoid any circumstances where it would be an excessive burden given the nature of the procurement. However there may be rare occasions where it would be beneficial to the Council in terms of reduced cost or reduced risk to follow the full procedure. Heads of Service are therefore required to consider whether this is the case and respond accordingly on procurements of less than £50k.

3 RECOMMENDATION

- 3.1 The Panel is asked to recommend the revised Code to the Council.

ACCESS TO INFORMATION ACT 1985

Current Code of Procurement

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Huntingdonshire District Council

**CODE OF
PROCUREMENT**

DRAFT 2011

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 EU thresholds are:

Threshold	Supplies	Services	Works
£	£ 156,442	£ 156,442	£ 3,927,260
(Euros)	(€193,000)	(€193,000)	(€ 4,845,000)

(Thresholds as at 1 Jan 10)

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 Prior Indicative Notice (PIN). The publishing of a PIN does not commit the Council, but can reduce timescales if the requirement is subsequently advertised through Official Journal of the European Union (OJEU).

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

Threshold	Supplies	Services	Works
£	£ 607,935	£ 607,935	£ 3,927,260
(Euros)	(€750,000)	(€750,000)	(€ 4,845,000)

(Thresholds as at 1 Jan 10)

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

The Department of Communities and Local Government 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 and is detailed on the OJEU notice;
- ◆ Service Provider (contractor) Nationality;
- ◆ Award Procedure (from the OJEU notice); and
- ◆ 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 £ 5,000);
- ◆ 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;

- ◆ if applicable, the reasons why less than three contractors were selected to quote or tender;
- ◆ contract renewal date (if appropriate); and
- ◆ 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 the e-marketplace.
- ◆ A Procurement Card Order.
- ◆ A Manual Purchase Order.

4.2 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 SOURCING POLICY

5.1 The Council seeks 'Best Value' in all procurement activity. 'Best Value' being:

- ◆ The opportunity to obtain leverage (better prices and service) for volume.
- ◆ Regulatory compliance.
- ◆ Transparent and efficient procurement processes.
- ◆ Appropriate social, environmental and equality outcomes.
- ◆ Minimum procurement overhead.

5.2 Sourcing policy is determined by the needs of 'Best Value' and in order of preference is:

(a) Adopted catalogues or framework contracts. An adopted catalogue or 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 make available adopted catalogues or framework contracts on the e-marketplace or 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 e-marketplace using appropriate 'adopted' catalogue or framework contract. The Procurement Manager shall keep under review the

continued suitability of any such catalogues, contracts or framework agreements.

(b) Collaborative procurements with other public bodies or authorities.

(c) Council let corporate contracts.

5.3 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.

5.4 Tenders. 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 approved by the Procurement Manager and the contract is created in co-operation, agreed joint requirements or partnership.

(c) for purchases made at public auction;

(d) 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. The relevant Director or Head of Service shall report details of all work awarded 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.

5.5 Any procurement estimated to exceed £50,000, which is not covered by the exceptions in paragraph 5.4 above, must be referred to the Procurement Manager before the procurement process is commenced. If a Head of Service

does not wish to accept the Procurement Manager's advice on any significant aspect the matter will be determined by the relevant Director. The discussion will cover:

- ◆ Scope and objectives of the procurement;
- ◆ Budget and costing;
- ◆ Tender methods;
- ◆ Product and market information;
- ◆ Timescales; and
- ◆ Deliverables.

5.6 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 5.4.

Estimated Total Value of Procurement	Requirement
Up to £5,000	At least one written estimate or offer shall be obtained and recorded. Heads of Service will obtain competitive quotations (e-marketplace, email, web or paper) wherever there is a reasonable possibility that this could result in a saving to the council.
£5,001 to £50,000	At least 3 quotations or offers shall be invited, unless the Head of Service has complied in full with paragraph 6.1e of this Code. The Head of Service will consider whether the nature of the procurement is such that a full competitive tendering would be likely to be beneficial to the Council by reducing cost (by more than the cost of tendering) or risk.
£50,001 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 11.2.
Above the EU Threshold specified below	The appropriate EU procurement directive shall be complied with.

5.7 Total value is the cost of all elements of the procurement (eg: installation, testing, training, maintenance, etc). The Head of Service shall ensure that a procurement is not split or otherwise disaggregated and may choose to competitively tender requirements less than £50,000.

5.8 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 (eg the requirement is not an extract of a contractor's product specification).
- ◆ 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.

6. TENDER AND FORMAL QUOTATION PROCEDURES

6.1 Tendering and Formal Quotation Options

Heads of Service shall select one of the following procedures. If any alternative procedure is proposed then approval of the Cabinet is required before the proposed procedure is followed. In selecting contractors to invite to tender Heads of Service shall comply with paragraph 5.8.

Option	Requirement
(a) Framework	All contractors on the framework (or lot if split into lots) shall be invited to tender/quote. No public notice is required and general Terms & Conditions are set in the original framework contract but additional Terms & Conditions specific to the requirement may be permitted. Vetting (paragraph 6.3) is not normally required as the contractor was vetted as part of the original framework competition.
(b) List of Approved	Tenders shall be invited from at least three contractors

Tenderers	selected from an approved list established in accordance with paragraph 7 of this Code. Vetting (paragraph 6.3) is not normally required as the contractor was vetted to join the list.
(c) Open Tenders and Quotations	<p>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 further information and documentation can be obtained, and state the closing date for the process. 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.</p> <p>An Invitation to Tender (ITT) or Request to Quote (RFQ) is sent to all contractors expressing an interest. All ITTs and RFQs shall include an appropriate questionnaire to permit</p> <p>vetting of contractors in accordance with paragraph 6.3 of this Code.</p>
(d) Restricted Tenders & Quotations	The requirement to advertise is the same as paragraph 6.1 (c) above. ITTs or RFQs are <i>restricted</i> to a shortlist of contractors selected after vetting in accordance with paragraph 6.3 of this Code
(e) Single Tenders / Quotations	<p>A Head of Service after consulting the Director of Central Services may obtain a single tender (or quotation – see paragraph 6.1 above) when:</p> <ul style="list-style-type: none"> • Prices are wholly controlled by trade organisations or government order and no reasonably satisfactory alternative is available. • 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.

	<ul style="list-style-type: none"> • 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"> • seek approval of 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 contractor.
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6.2 Invitations To Tenders and Requests for Quotations

Heads of Service shall ensure that all ITTs and RFQs include;

- (a) approved contract terms in accordance with paragraph 11.2 of this Code;
- (b) a statement regarding Freedom of Information Act 2000 (FOIA) compliance:

“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”.

6.3 Selection Criteria

- (a) The Head of Service shall undertake sufficient vetting to ensure that all contractors -

- ◆ comply with minimum standards of Insurance;
- ◆ have the necessary Health & Safety policy and performance and (where applicable) membership of the Contractor's Health and Safety Scheme or equivalent health and safety standard;
- ◆ are financial viable based on a risk based assessment;
- ◆ have an appropriate environmental policy;

- ◆ comply with equalities legislation and policy; and
- ◆ possess the experience and capacity required.

(b) The Procurement Manager shall provide an appropriate questionnaire for the purpose of vetting contractors.

6.4 Evaluation Criteria

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

(a) be based on a definite written specification, which shall include environmental performance (where relevant to the requirement) including:

- ◆ low energy and water consumption.
- ◆ elimination of substances hazardous to health and the environment.

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

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

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

6.5 Non-Traditional Procurement

If a Head of Service believes that by following one of the procurement procedures detailed in paragraph 5.6 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. LISTS OF APPROVED TENDERERS

7.1 The Council uses 2 types of list of approved contractors:

(a) Third party vetted lists of contractors that are compiled and maintained by an external organisation. Only external organisations approved by the Director of Central Services, after consultation with the Head of Financial Service and the other relevant Heads of Service shall be adopted. The Procurement Manager shall ensure that the external organisation and approved list of contractors is detailed in Procurement Protocols & Guidelines.

(b) Ad-hoc list of approved tenderers. 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 and copied to the Head of Financial Services seeking approval to source additional contractors or create an ad-hoc list of approved tenderers.

7.2 Subject to approval as required in paragraph 7.1(b) the Head of Service shall:

- ◆ issue a public notice inviting applications for inclusion on a specific approved list for the supply of goods, services or materials.
- ◆ vet (as detailed at paragraph 6.3) all contractors replying to the public notice or who have requested within the previous 12 months to be considered for work of a similar nature;
- ◆ only include contractors satisfactorily completing the checks;
- ◆ ensure the ad-hoc list shall only be used for seeking tenders for the supply of goods, services or materials specifically detailed within the original public notice;

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 any List of Approved Tenderers periodically and at least prior to the third anniversary of its initial or further adoption.

8. SUB-CONTRACTS AND NOMINATED SUPPLIERS

8.1 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.

8.2 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.

9. RECEIPT AND OPENING OF TENDERS AND QUOTATIONS

9.1 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", the Unique Reference Number (URN) from the Contracts Register followed by the subject to which it relates; or
- ◆ the tender or quotation has been received via the e-marketplace 'sealed quote' facility; 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.

9.2 Further to paragraph 9.1 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 Head of Democratic and 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 and can only be accessed by the Director of Central Services or officers specifically appointed by him.

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

9.4 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).

9.5 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.

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

9.7 Any tenders or quotations received after the specified time shall be returned promptly to the contractor by the Head of Democratic and 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.

10. ACCEPTANCE OF TENDERS AND QUOTATIONS

10.1 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.

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

10.3 If the lowest priced, or most economically advantageous exceeds £50,000

-

- ◆ 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.

10.4 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.

10.5 Where post-tender negotiations have been undertaken in accordance with paragraph 10.6 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.

10.6. 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.

11. TERMS OF BUSINESS AND THE FORM OF CONTRACTS

11.1 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 Manager shall be informed, except for -

- ◆ Any contract where the estimated total value is likely to exceed £50,000, paragraph 11.2 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.

11.2 Every contract that exceeds £50,000 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).

11.3 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.

11.4 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 £50,000 shall be forwarded by the Head of Legal and Estates. Where the total value of the contract is less than £50,000 the relevant Head of Services shall make arrangements for the retention of all the original documentation.

11.5 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).

11.6 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.

12. LETTERS OF INTENT

12.1 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.

12.2 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.

13. RETENTION OF DOCUMENTS

13.1 Heads of Service shall ensure that every contract or quotation 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.

13.2 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.

14. FREEDOM OF INFORMATION ACT 2000 (FOIA)

14.1 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.

15. CONSULTANTS

15.1 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.

16. PROCUREMENT TRAINING

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

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

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

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PROGRESS REPORT ON ISSUES IDENTIFIED IN THE ANNUAL GOVERNANCE STATEMENT

(Report by the Head of People, Performance & Partnerships)

1. INTRODUCTION

- 1.1 The Council's assurance framework requires that the Panel receive update reports on governance issues. This report deals with the issues identified in the annual governance statement reported to this Panel on 28th September 2010.

2. REVIEW OF GOVERNANCE ACTION PLAN

- 2.1 At the September 2010 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 further assurance by way of progress to date on all the actions (internal and external) identified in the Council improvement plan, reported to Cabinet quarterly.

3. RISK ASSURANCE

- 3.1 A report on progress regarding Risk Management appears separately on the Agenda

4. RECOMMENDATIONS

- 4.1 The Panel are recommended to note the:

(a) progress made to implement the actions plans arising from the annual governance statement and the Council improvement plan.

BACKGROUND PAPERS

Code of Governance
Annual Governance Statement September 2010
Council Improvement Plan
Risk register

Contact Officer:

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ANNEX A

Issues identified in AGS Sept 2010	Progress to date
Identifying budget savings in order to balance the budget, as identified in the Financial Forecast report which considers the Council position until 2024/2025.	The budget being considered by members in February identifies the savings required for 2011/12 and a significant proportion of those required for later years. It also identifies the amount still to be identified. Debate will continue on the savings for 2012/13 onwards so that the budget in February 2012 will identify even more of the future savings required.
Complaints – Number of complaints and time taken to resolve.	This measure came out of an audit of the feedback system. The precise recommendation was that we should monitor the rate at which we respond to complainants within the timescales specified in the Feedback Procedure. We have not been able to do this to date as the old Respond system could not produce this information. We now have a new IT system, which went live on 11 th Feb 2011. We will be able to produce this information in the future.
The continued need to ensure that the code of Procurement is fully complied with	The Procurement Manager delivers training on a monthly basis covering compliance and best practice as part of an ongoing programme. Extensive guidance is available to officers on the intranet (procurement homepage). Ad-hoc advice is provided to a wide range of projects and specific support to identified high spend or complex projects.
Preparing for any new inspection regime.	The new single data set being proposed by the coalition government is still being consulted on. We are currently reviewing our Corporate Plan (Growing Success) to focus on six priority areas where we will report our progress to residents and members. In addition, work has started to review the quarterly divisional performance reports from Heads of Service to COMT

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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 as at March 2011
Natural Resources	The Council should ensure that information and analysis about its environmental footprint is made publicly available.	Use of Resources 2007/08			Head of Environmental Services	The Carbon Management report went to O & S (Environment Well-Being) in September 2010. The Growing Awareness (community) plan was reported to COMT in Sept and Cabinet in Dec 2010
Governance	Procurement	Governance Assurance framework (AGS Sept 2009)	improve the level of compliance of the Code of Procurement	level of compliance improved – no breaches of the code	Head of Financial Services	Audit review carried out for the Directors of Central Services and Commerce & Technology in May 2010 to determine the level of compliance with the Code. It identified a significant improvement with a few minor breaches.
	Huntingdonshire Strategic Partnership Evaluation	Governance Assurance framework (AGS Sept 2009)	Consideration will be given to how the Audit Commission guidance to help in the assessment of the Governance arrangements can be implemented in conjunction with the Councils own Partnership framework	Improved partnership working	Member: Ken Churchill and Head of People, Performance and Partnerships	Review of Strategic Partnership complete and will be reported to COMT in due course.
	Audit Letter recommendations	Governance Assurance framework	maintain focus on service performance in order to improve the rate	Improved performance and better outcome	Member: Ken Churchill and Head of	Review of the Councils corporate plan Growing Success currently being

Subject	Area of Focus	Reference	Proposed Action	Outcome	Lead Members and Officer	Progress as at March 2011
		(AGS Sept 2009)	of improvement and tackle areas of comparative under performance; and Develop a stronger focus on outcomes measures.	measures	People, Performance and Partnerships	undertaken a report will go to Cabinet on 17th March 2011
	Scrutiny Annual Report	Governance Assurance framework (AGS Sept 2009)	to ensure an Overview and Scrutiny annual report reflecting their work during 2009/10 is prepared to for publication		Member: Ken Churchill and Head of Democratic & Central Services	The Scrutiny Annual report was produced at the end of the Municipal year and reported to the June Scrutiny Panels and Council.
Financial planning	Demonstrating the Outcomes from Stakeholder Engagement in Financial Planning	Use of Resources 2008/09	We have undertaken and continue to undertake consultation on the priorities for Huntingdonshire. The council will continue to do this and develop its engagement		Head of People, Performance and Partnerships and Head of Financial Services	“Voice your choice” – participatory budgeting pilots undertaken summer 2009. Neighbourhood Forums commenced. A survey on access to service undertaken via District Wide in Jan 2010. Budget consultation was undertaken in August 2010
	Using Service Reviews to Challenge Service Delivery	Use of Resources 2008/09	The Council has embarked on a two-fold transformation programme “Balancing the budget, securing our future” this is the council’s long term plan to achieving savings and efficiencies whilst still maintaining or improving essential and priority services	understanding of costs and performance and achieve efficiencies in its activities	Directors of Central Services and Commerce and Technology	Balancing the Budget proposals have been reported to Overview and Scrutiny (Economic Well-Being) and Cabinet and approved at full Council in February 2011
Financial reporting	Improving the Annual Accounts Review Process	Use of Resources 2008/09	We will strengthen the processes for reviewing our financial statements prior to their approval.	financial reporting is timely, reliable and meets the needs of internal users,	Head of Financial Services	Improvements included in the 2009/2010 closedown programme

Subject	Area of Focus	Reference	Proposed Action	Outcome	Lead Members and Officer	Progress as at March 2011
				stakeholders and local people		
Financial reporting	Demonstrating External Accountability	Use of Resources 2008/09	We will publish all the information that would be included in an Annual report periodically in District Wide, the Council's magazine distributed to all households in the district. The same information will also be available to view, all in one location on the internet	Residents and stakeholders more aware via Council annual report	Head of People, Performance and Partnerships and Head of Financial Services	Progress against targets for the objectives in Growing Success were published with the annual Financial data in the September 2010 edition of District Wide.
Commissioning and procurement	Improving Strengthening procurement processes and contract management	Use of Resources 2008/09	Directors of Central Services and Commerce and Technology have undertaken to report back the Corporate Governance Panel on compliance with the Code and the Council has initiated improvements to the procurement process.	Compliance with the code of procurement	Directors of Central Services and Commerce and Technology	<p>Directors reported back to CGP in December 2009 with an action plan. The following items have been delivered against that plan.</p> <ul style="list-style-type: none"> • Projected procurement dates have been supplied by managers for current and next year. • Revised strategy produced; impact of Spending Review incorporated in new draft. • Full cycle of procurement training delivered; re-fresher training ongoing. • Procurement Code reviewed and approved by Council.

Subject	Area of Focus	Reference	Proposed Action	Outcome	Lead Members and Officer	Progress as at March 2011
						<ul style="list-style-type: none"> • Review of suppliers/groups-categories is a permanent ongoing review. Savings have already resulted on stationery, printing and clothing. • Improvements to the Contract Register and the Procurement website have been completed. <p>E-Marketplace up and running for stationery. Further products will be rolled out over the coming months.</p>
Use of data	Look to integrate our financial and non-financial performance reporting	Use of Resources 2008/09	An exercise by Heads of Service to breakdown their budgets by Corporate objective has been undertaken. This has been reported to Members of the Corporate Plan working group at the same time as they consider the quarterly performance reports. Further consideration will be given as to how we can integrated performance reports.	Integrated financial and performance reports	Head of Financial Services and Head of People, Performance and Partnerships	Budget split by corporate objective reported to corporate plan working group (Sept and Nov 09) along with performance data relating to corporate objectives. Further integrated budget/performance reporting being considered.
Data quality	Spot-checking Performance Indicators	Use of Resources 2008/09	Managers will be reminded of the need to spot check their data and confirm this has been done. Other spot checks will be undertaken as	Accurate, consistent data	Head of People, Performance and Partnerships	H of S requested to nominate an officer to undertake spot checks. The results now included in the quarterly performance reports.

Subject	Area of Focus	Reference	Proposed Action	Outcome	Lead Members and Officer	Progress as at March 2011
			<p>part of the general service or reviews by internal Audit as and when appropriate.</p> <p>The quarterly performance reports to COMT and O & S and Cabinet now include a statement from the Head of Service confirming that the data has been collected in accordance with the appropriate Divisions' data measure templates</p>			<p>From Sept 09 all quarterly reports to COMT, Overview and Scrutiny and Cabinet include a statement on the quality of the data from the appropriate Head of Service</p>
Promote and demonstrate the principles and values of good governance	Demonstrating Outcomes from Partnership arrangements and their effectiveness	Use of Resources 2008/09	District Wide will contain articles on Partnership achievements	Residents and stakeholders aware of Partnership achievements	Head of People, Performance and Partnerships	Articles were published in the winter 2008 edition of District Wide relating to LPSA partnership funding. Further articles relating to partnership achievements included in the January 2010 edition
Workforce planning	Long-term workforce planning linked to corporate and business planning	Use of Resources 2008/09	This is being addressed via the review of and delivery of the HR strategy.	Strategic approach to workforce planning	Head of People, Performance and Partnerships	<p>Strategy approved by Employment Panel (Dec 09) and action plan being implemented. As part of the voluntary release scheme plans have been drawn up with Head of Service of changes in staffing requirements over the next three years.</p> <p>[IN PROGRESS]</p>

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RISK REGISTER

(Report by the Audit & Risk Manager)

1. Purpose

- 1.1 To inform the Panel of the changes that have been made to the risk register in the period from September 2010 to February 2011 and the current residual risk scores.

2. Updating of the Risk Register

- 2.1 Since the last meeting of the Panel, the register has been reviewed by Heads of Service and Activity Managers. They have also considered the effectiveness of the controls that are in place to manage those risks and updated the sources of assurance available to manage those controls. This information will help the Panel when it considers the annual governance statement.
- 2.2 The process by which the register is reviewed by Heads of Service is now well established and dovetails with the COMT quarterly performance reporting timetable. A similar review process has been introduced with Activity Managers, albeit on a six monthly basis.
- 2.3 All changes to the register are reviewed by the Audit & Risk Manager. This allows general over-sight and challenge of the risk entries and the inherent and residual scoring. The full risk register is available on the risk management intranet site.

3. Current Register

- 3.1 Since the last report to the Panel in September 2010, the following changes have been made to the risk register:
- 2 new register entries
 - 0 Corporate
 - 2 Operational
 - No risks have been deleted.
- 3.2 The attached annexes show the reduction in risk achieved by the controls that managers have in place for both Corporate and Operational risks. Risks with a “very high” residual risk are listed separately.

3.3 430 significant controls are recorded in the register as at 28 February, in respect of 149 individual risk entries, covering both corporate and operational risks. The levels of assurance are as follows.

Total No of Controls	Assurance Level			
	Substantial	Adequate	Limited	None
430	271	137	19	3
	63%	32%	4%	1%

78% of the assurances have been updated in the past six months and 98% in the last nine months.

3.4 As the risk register has become more robust, the Internal Audit Service have been able to place greater reliance on its contents. This in turn has led to them reviewing and challenging both the controls listed and the controls assurance ratings. If the work carried out by internal audit suggests that either the controls listed in the register or the assurance opinions are not appropriate then Heads of Service are requested to re-evaluate the risk register entries. This process helps to maintain a register that is both relevant and reliable and gives the Panel assurance that information presented to it is a fairly reflection of the current management of risk.

3.5 The risk management strategy requires the Cabinet to consider each of the very high residual risks to identify whether they should be further mitigated by cost-effective and affordable actions. Four of the five very high residual risks in the register were considered by Cabinet in July 2010. It is intended that risk option form for the remaining risk will be presented to Cabinet shortly.

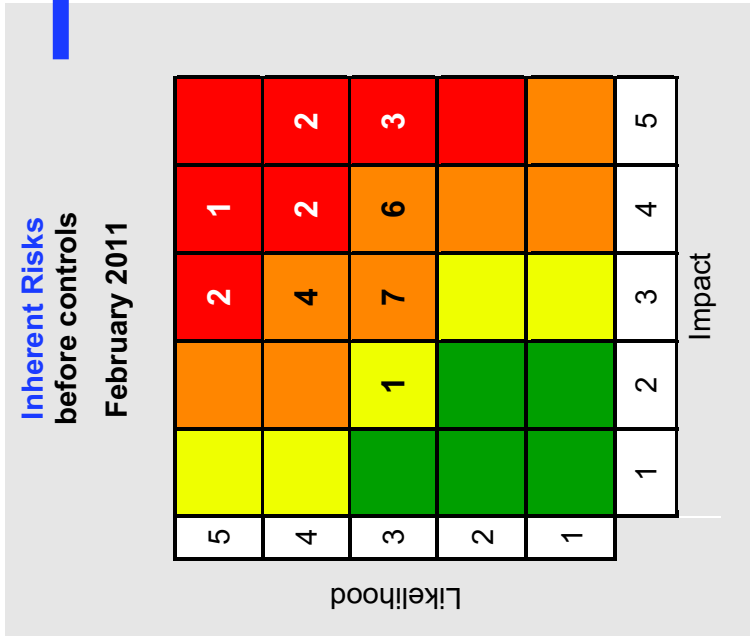
4. Recommendation

4.1 It is recommended that the Panel note the report.

ACCESS TO INFORMATION ACT 1985 Risk Register

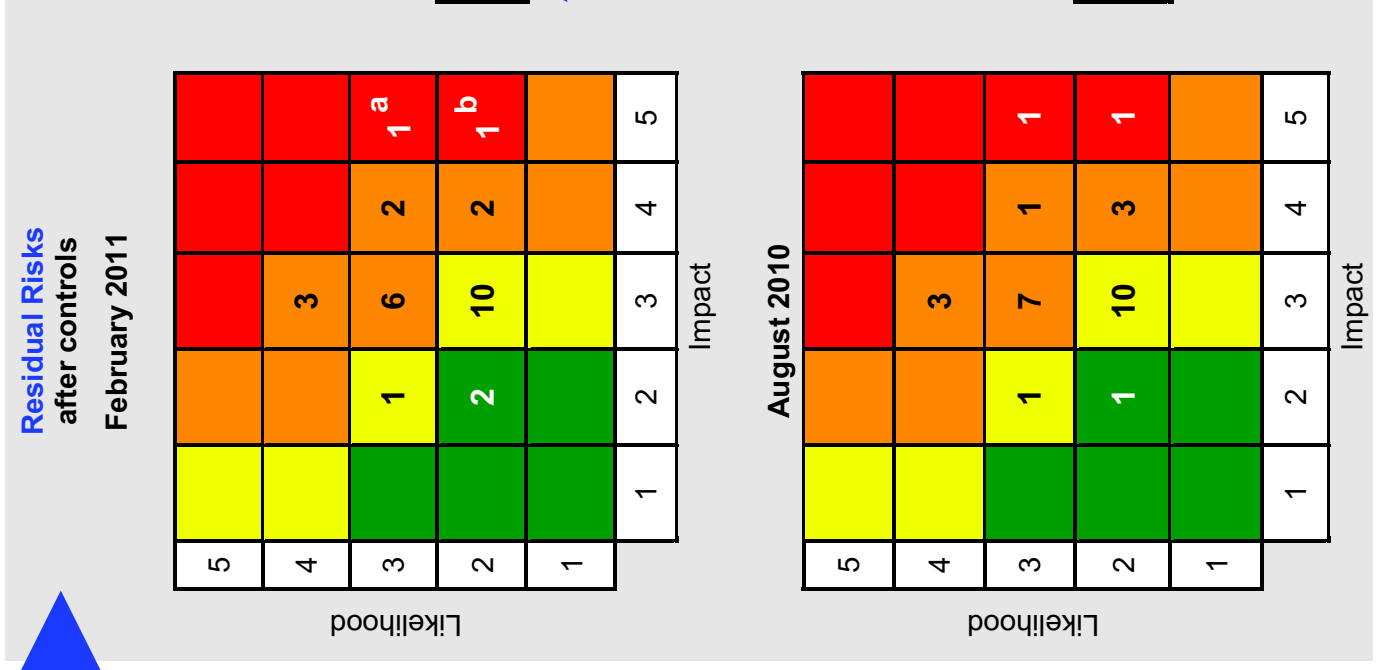
Contact Officer: David Harwood, Audit & Risk Manager ☎ 01480 388115

Corporate Risks



Residual risk scores rely on the identified controls working effectively.

CGP and COMT rely on internal audit and managers' 'assurance' statements to judge whether this is the case.



		Feb 2010	Aug 2010	Accepted by Cabinet
	'Very High' Residual Risks			
130 a	Failure to achieve financial savings			July 2010
47 b	Investment decisions not appropriate			July 2010

Corporate

Operational Risks

Inherent Risks before controls February 2011

5		1	5	6	1
4		7	14	7	2
3	1	6	32	22	3
2		4	5	2	2
1					1
	1	2	3	4	5

Likelihood

Impact

Residual risk scores rely on the identified controls working effectively.

CGP and COMT rely on internal audit and managers' 'assurance' statements to judge whether this is the case.

Residual Risks after controls February 2011

5	1				
4	2	3	6		
3	2	16	11	4	
2	1	21	32	12	3 ^c
1		2	3	1	1
	1	2	3	4	5

Likelihood

Impact

total
121

+ 2

Total
119

August 2010

5	1				
4	2	3	6		
3	2	16	11	4	
2	1	20	32	12	2
1		2	3	1	1
	1	2	3	4	5

Likelihood

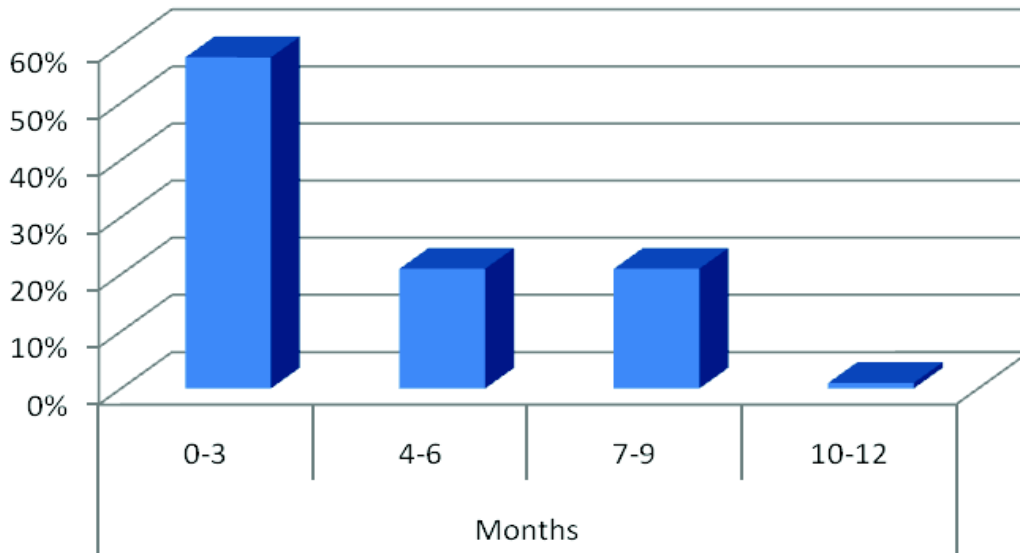
Impact

	'Very High' Residual Risks	Feb 2010	Aug 2010	Accepted by Cabinet
15 c	ICT security is breached			July 2010
58 c	Information or data is lost			July 2010
223 c	MMI run-off			-----

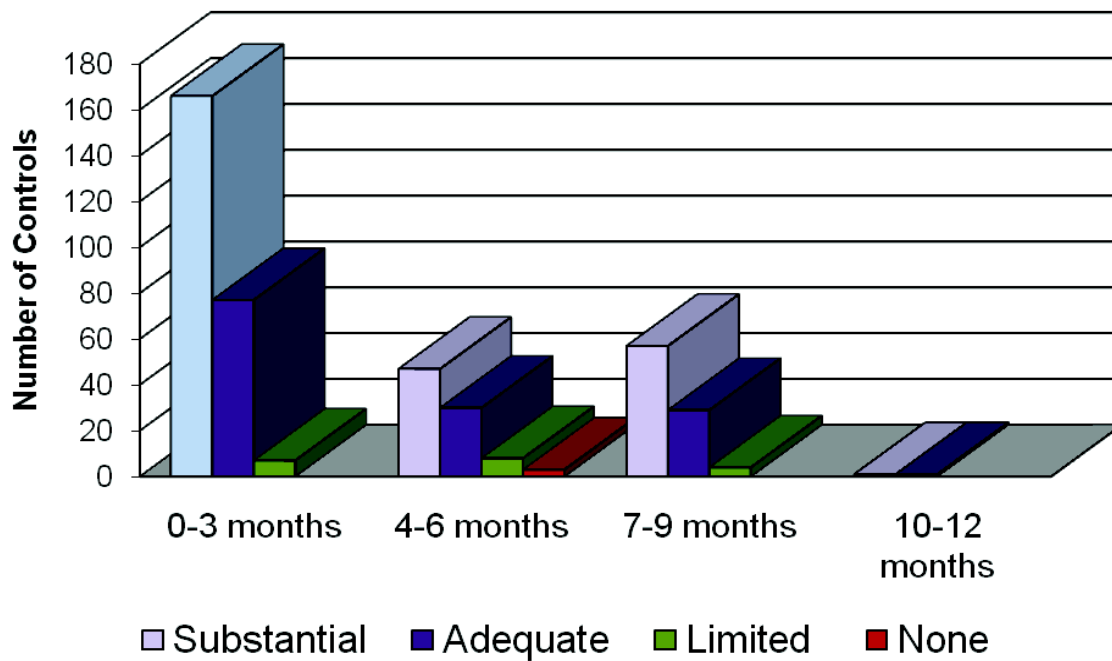
Operational

Assurance Details

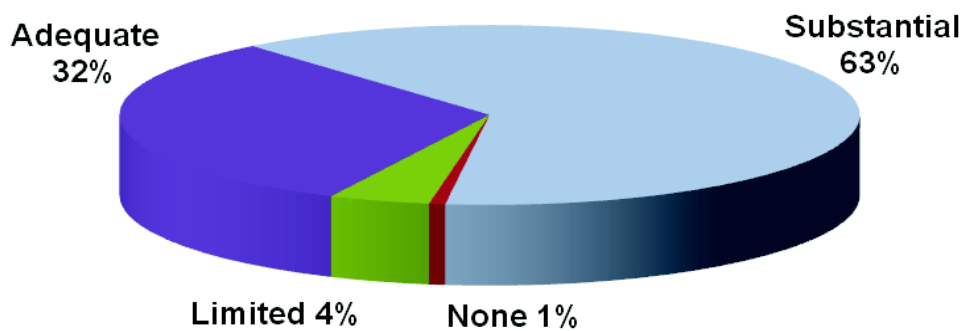
Controls Assurance : Months since last update



Controls Assurance Rating by Months since last Updated



Assurance Type by % age



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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 2010 to January 2011, on the progress made to deliver the annual audit plan for the period ending July 2011 and associated performance issues.

2. Delivery of 2010/11 Audit Plan

- 2.1 Members will recall that the audit year runs from August to July to fit more closely with the governance reporting year and the Panel receives the proposed audit plan at its June meeting.
- 2.2 The 2010/11 audit plan contained 35 audit reviews. It is anticipated that two audits will need to be removed from the current years plan (car mileage payments and corporate governance arrangements). This is due to one audit from the 2009/10 plan having to be completed in the current audit year and auditors involvement in following up a particular issue raised as a result of a “whistle blowing”.
- 2.3 A further two audits have been omitted as changing circumstances within the service areas no longer require the reviews to be completed – these are the implementation of the Citrix remote network access solution and the review of development control decisions. Whilst substitute audits from the strategic audit plan are available to replace these reviews, they have not yet been assigned.
- 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. Resourcing the Audit Plan

- 3.1 The report to the June 2010 meeting outlined a number of options that were available to deliver the strategic and annual audit plans with a reduced staffing structure.
- 3.2 One of the options - focusing the audit on the most significant aspects and omit consideration of items that were of marginal risk - has been taken forward under the overall heading of ‘lean auditing’.

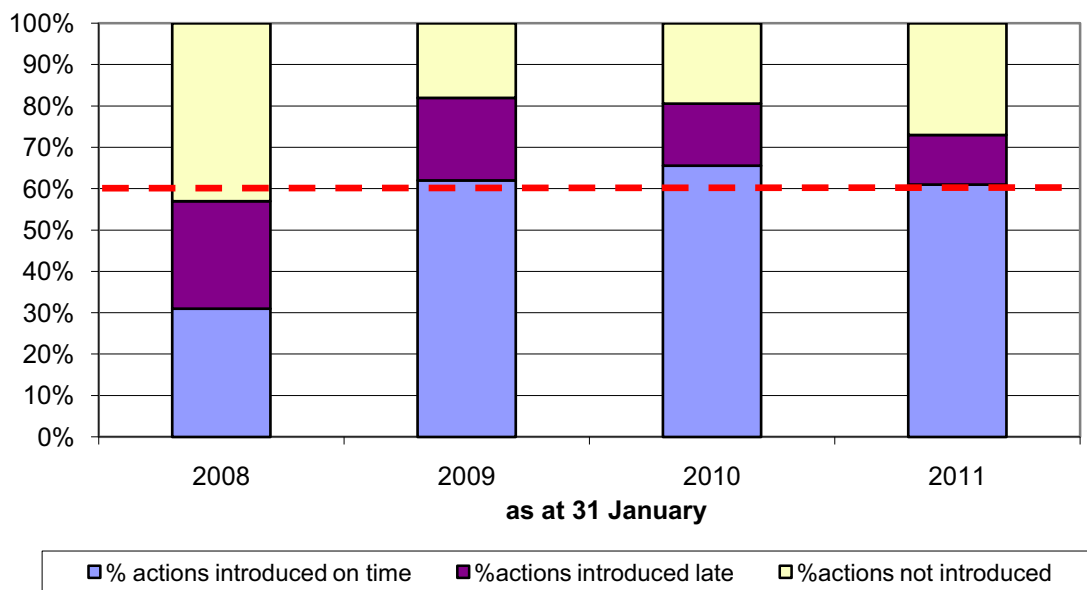
‘Lean auditing’ concepts have been discussed with members of the internal audit team and it is anticipated that changes to internal audits own working practices together with tighter focused reviews will bring about the time savings anticipated.

- 3.3 Another of the options, 'light touch' self assessment reviews, has not yet been evaluated.
- 3.4 It was also explained that reducing the staffing levels of the service would leave a shortfall of approximately 55 days in each of the four years of the strategic audit plan. It was intended to cover this shortfall by using Deloitte's, our computer audit partner. A member of the audit team who works part-time has however increased their working hours to cover this shortfall. This has produced a small financial saving.

4. Implementation of Agreed Actions

4.1 The performance indicator included in the internal audit service plan, that 60% of agreed actions should be implemented on time has been achieved. Performance is reported to COMT each quarter. The graph below illustrates comparative performance from January 2008 to January 2011.

Status of Agreed Audit Actions



- 4.2 Performance has been as high as 72%, but it has been gradually decreasing over the past six months and currently stands at 61%.
- 4.3 The table at Annex B shows the split between red and amber actions and by Directorate.
- 4.4 Whilst there are two red actions outstanding at 31 January, work has already commenced on introducing the agreed improvement to controls. For that reason they have not been reported separately.

5. Internal Audit's Performance

- 5.1 Information in respect of the performance of the internal audit service is attached at Annex C.

6. Recommendation

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

ACCESS TO INFORMATION ACT 1985

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 2010 to 31 January 2011**

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							
No reviews in this period							
Other systems reviews							
Budgetary Control	✓✓				0	0	
Economic Development	✓✓				0	3	
Edwards & Blake catering contract		✓			0	0	
Job Evaluation Scheme		✓			0	1	
Electoral Registration		✓			0	2	
Planning Services Income		✓			0	4	
Gifts & Hospitality register and interests		✓			0	4	
Staff Travel and Subsistence ²		✓			0	4	
Supermarket car park cost recovery			✗		4	1	
Homelessness			✗		3	9	
National & Local Performance Indicators ²			✗		2	0	
Computer Audit							
Application reviews :							
@Marketplace		✓			0	4	
Main financial system		✓			0	3	
Service Developed ICT systems			✗		1	3	

¹ 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 any such instances.

² Draft or final report issued as at 31 January 2011.

In addition to the reviews listed above, internal audit also spent a substantial amount of time involved in a fraud related review. The review has been completed and resulted in improved procedures in respect of time recording and management review.

The output from the 2010 NFI exercise has also been received in the period and work has started on reviewing the data matches to identify potential cases of fraud or overpayment. A full report detailing the outcome of the review will be presented to a future meeting.

Issued identified from previous reports

Previous reports to the Panel have identified a number of issues of concern. A review of these has been undertaken and current progress is detailed below.

Data Encryption

Panel will recall that 15 laptops were stolen from Pathfinder House in 2009 following a burglary. Internal audit made a number of recommendations to improve both data and building security. Whilst the majority of the recommendations have been introduced, one of the most important, regarding the introduction of data encryption is still outstanding.

Since the burglary occurred, one further laptop has been lost and a Blackberry stolen, but subsequently recovered.

It was originally envisaged that all laptops and portable IT devices would be encrypted by February 2010. This did not happen due to problems with the encryption software. These issues have now been resolved.

138 laptops have been encrypted and the remaining laptops will be encrypted with the next few weeks. Encryption of USB sticks and portable storage devices is due to start in March and will be undertaken on a departmental basis (starting with those departments that hold sensitive personal data). It is expected to be completed by the end of July.

Establishment Control

Ensuring the accuracy of the payroll to reduce the opportunity for fraud is a key control. HR agreed that by September 2010 establishment information will be sent to managers at regular intervals for review purposes.

A report has been prepared and the format and content discussed with internal audit. HR expect the report to be issued by the end of the month, if not before.

Internet Monitoring

An audit completed in January 2008 contained only one red action. This was almost identical to an action that was agreed in November 2005, but not introduced. "There should be a formal [internet usage] review system in place along with prescribed actions to be taken when cases of internet abuse are discovered. Regular reports of 'Top 20 Users' should be sent to relevant managers on a monthly basis. These managers should then provide assurance to the Head of HR that the usage is appropriate".

The current software used to monitor internet usage is not capable of retrieving the level of detail required so as to allow the action to be implemented. A replacement product is due to be installed. It is expected this will allow detailed reports to be prepared and monitoring undertaken.

LEVELS OF ASSURANCE - DEFINITIONS

Substantial Assurance	✓✓	<p><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></p>
Adequate Assurance	✓	<p><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></p>
Limited Assurance	✗	<p><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></p>
Little Assurance	✗✗	<p><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></p>

**Implementation of Agreed Actions
Summary of the Actions Database as at 31 January 2011**

	Status of Action						TOTAL
	Introduced on time		Introduced Late		Not Introduced		
Red Action	10		1		2 ^a		13
Amber Action	75		16		35		126
Total	85		17		37		139
% age	61%		12%		27%		
	<i>Red</i>	<i>Amber</i>	<i>Red</i>	<i>Amber</i>	<i>Red</i>	<i>Amber</i>	
Central Services	6	22	1	6	1	15	51
Commerce & Technology	1	49	0	9	1	14	74
Operational Services	3	4	0	1	0	6	14
Total	10	75	1	16	2	35	139

^a The two red actions have been partially introduced.

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 to be undertaken in the quarter ending July 2011. The findings from this review will be taken into account when the annual assurance opinion is formulated.

Internal Audit Performance

1. External audit view of internal audit

Target: Adequate or better
Achieved: Satisfied

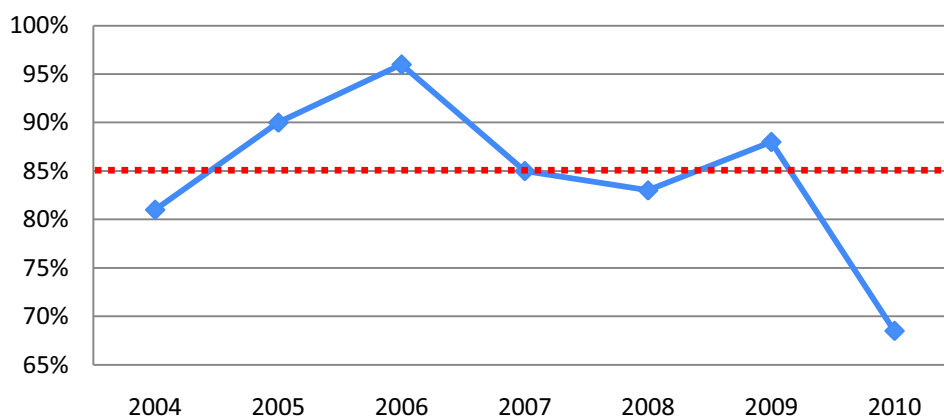
- 1.1 The external auditor reported in the 2009/10 Annual Audit Letter that the 'scope and conduct of internal audit work was appropriate to support our work in auditing the Council's 2009/10 accounts'.

2. Customer Satisfaction

Target: 85% or more of auditees rating service quality as good or better.
Achieved: 12 months to January 2011 - 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 annual customer satisfaction survey has shown a drop in the level of management customer satisfaction with the service. Only 68% of returns judged the service as being good or better.

Manager Satisfaction



- 2.3 The reasons for the fall appear to be linked to the survey scoring mechanism changing. The category below Good changed from average to acceptable. Whilst this in itself may seem of little consequence a further question asked managers to say how much, if at all, the service had changed in the last year. This resulted in 94% of replies saying the service was at the same level as the previous year. The 2011 survey is currently being undertaken. The results will be reviewed and discussed with managers to identify any on-going issues.

3. Introduction of Agreed Actions

3.1 See paragraph 4 of the main report.

4. Service delivery targets

Target: 80% or more of service delivery targets achieved.

Achieved: 12 months to January 2011 – 70%

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.

4.3 It is disappointing that the 80% target has not been achieved. It is evident from a review of the data that supports the target that the move towards part-time working has affected the ability of staff to meet deadlines, particularly around the area of completion of the fieldwork. This area will continue to be closely monitored with the aim of improving performance.

5. Service Developments

5.1 The following developments are planned for the next six months

- The introduction of a new 'agreed actions' management system;
- A review of the internal audit service against the Cipfa Code of Practice;
- Assisting the Panel undertake a review of its effectiveness, as agreed by the Panel in September 2008;
- Continuous auditing of systems susceptible to fraud is to be investigated; and
- Completion of the e-learning fraud material.

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**ELAG
EMPLOYMENT PANEL
CORPORATE GOVERNANCE PANEL**

**13TH JANUARY 2011
2ND FEBRUARY 2011
23RD MARCH 2011**

EMPLOYEES' CODE OF CONDUCT (Report by the Head of Democratic & Central Services)

1. INTRODUCTION

- 1.1 The Local Government Act 2000 made provision for a Code of Conduct for local government employees. The code was intended to set out minimum standards of conduct expected from employees in local authorities and form part of their terms and conditions of employment.
- 1.2 A local code of conduct for the Council's employees was adopted in September 2003. At that time the Standards Board for England had indicated that a model code of conduct would not be issued for some time and that authorities which had not adopted a code should draft their own for implementation during the interim period. To date the Government has still to produce a statutory code, although consultation papers were issued by the former Office of the Deputy Prime Minister in 2004 and the Department for Communities and Local Government in 2008. The Government are currently considering the responses received and have not yet made any further proposals in respect of a code with nationwide application.

2. INTERNAL AUDIT REPORT – REGISTER OF INTERESTS

- 2.1 The Council's code of conduct requires employees to register any outside interests or activities in which they are engaged which may affect their work with the Council and to declare if they receive any gifts or hospitality from any external source. Registers are held by the District Council's Monitoring Officer and employees are regularly reminded of the need to ensure that they register any relevant matters.
- 2.2 An audit of the Employees' Register of Interests was recently undertaken. Overall the audit concluded that the process for registering interests was generally well managed. However the report suggested that the code of conduct should be reviewed to ensure that it reflects best practice and clearly identifies what an employee is required to disclose.

3. REVIEW OF EMPLOYEES CODE OF CONDUCT

3.1 To address the issues raised in the audit report, the code has been compared with those of a number of other local authorities in Cambridgeshire including South Cambs and East Cambs District Councils and Cambridge City Council. Comparisons also were made with the codes of two other authorities.

3.2 In general terms the Huntingdonshire Code is similar to those of other authorities to which it was compared. However the review did identify three distinct areas upon which the Council's code makes no reference

–

- ◆ declaration of criminal offences;
- ◆ development proposals submitted by officers; and
- ◆ use of internet, intranet & e-mail facilities.

Whilst the District Council does have other policies relating to the development proposals and IT use, it is suggested that, in the interests of clarity, the code be amended to ensure that suitable references are made in the document to these issues. The relevant Heads of Service have been consulted on the proposed wording.

3.3 In addition, a report detailing the outcome of a review of the Council's Anti Fraud & Corruption Strategy has recently been considered by the Corporate Governance Panel. This report also proposed changes to the Employees' Code of Conduct and the recommendations of the Panel have been incorporated into the current review.

4. PROPOSED CHANGES

Declaration of Criminal Offences

4.1 From the review of other codes of conduct, it became apparent in Leicestershire, employees are required to inform senior officers if they are convicted of a criminal offence whilst employed by the Council. The Council's employees who work with children, young people and vulnerable adults are already subject to regular checks with the Criminal Records Bureau. However convictions may take place however in the intervening period between CRB checks and not all employees are subject to scrutiny in this way. Some convictions may be relevant to an employee's job with the Council and may require a review of certain job particulars. It is therefore proposed that employees be required to notify their Head of Service of all convictions incurred with the exception of parking or motoring offences. The latter will not apply in the case of a loss of driving licence either as a result of a single conviction or the accumulation of penalty points.

Development Proposals Submitted by Officers

- 4.2 To reflect good practice in the planning process and the need to ensure that the processes by which decisions are made are designed in such a way to avoid accusations of impropriety, a number of changes are proposed to the code (See Section 16).
- 4.3 The Council's scheme of delegation already states that where an application for planning permission is received from a member of staff who is involved in the planning process (or their partner), this will be determined by the Development Management Panel. This requirement has now been incorporated into the revised code and in addition, officers will be formally required to notify the Monitoring Officer when they have submitted an application to avoid any suggestion of improper practice.
- 4.4 To further promote transparency in planning matters, the revised code also suggests that where an officer who is not involved in the planning process submits an application on their own behalf, that employee should be required to disclose this in writing to the Monitoring Officer and the Head of Planning Services to ensure that the application is handled in a manner that avoids suspicion that preference or bias could be shown.
- 4.5 A review of the codes adopted by other authorities suggested that employees should not be involved in the submission of an application for planning consent or building regulation approval, unless they had a private legal interest in the land in question. Whilst the District Council's Code does not go this far, changes have been made to prohibit an officer from acting as an agent for any applicant in a paid capacity to avoid any conflict of interests.

Use of Internet, Intranet & E-mail Facilities

- 4.6 The inclusion of a new section relating to the use of internet, intranet and e-mail facilities is intended to reflect the provisions of the ICT usage policies which have been previously adopted by the Council. This provides an opportunity to combine restrictions in these areas of activity with other employee conduct matters. (See Section 17)

Changes proposed by the Corporate Governance Panel

- 4.7 At their meeting on 8th December 2010, the Corporate Governance Panel considered the outcome of a recent review of the Council's Anti-Fraud & Corruption Strategy together with details of proposed legislative changes for dealing with bribery. The Bill, which is expected to be enacted in April 2011, proposes a new corporate offence which

exposes commercial organisations to criminal liability for failing to prevent bribery. Although local authorities are not classed in the Bill as commercial organisations, this could apply in the case of a company wholly owned by a local authority, owned in partnership with a private company under PFI arrangements.

- 4.8 The report considered by the Corporate Governance Panel made reference to the need to review the Employees Code of Conduct once guidance has been issued to commercial organisations by the Government as to the steps that they can take to prevent bribery. A consultation exercise has recently concluded and guidance is expected to be published in the New Year in advance of the Act coming into force in April 2011. Section 12.1 of the District Council's Code strictly prohibits Fraud and Corruption but further consideration may need to be given to the section relating to hospitality and gifts.
- 4.9 Currently, the Code of Conduct contains a number of provisions that clearly explain how the receipt of gifts and hospitality will be treated. However there is no distinction made between hospitality which is routine and inexpensive or that which could be regarded as being more generous. Recent Government advice suggests that the latter could be construed as being intended to influence a person to act improperly but provides no further guidance as to when hospitality is deemed to become "lavish or extraordinary".
- 4.10 The Code of Conduct currently requires hospitality in excess of £25 to be recorded, however the Corporate Governance Panel have recommended that the Code be amended to provide further clarification with regard to the acceptance of hospitality. These changes have been incorporated into Section 14.8
- 4.11 In the event that minor changes are required following the publication of the new guidance on the Bribery Act later in January 2011, the Panel may want to consider delegating authority to the Head of Law, Property & Governance to further vary the Employees' Code of Conduct after consultation with the Chairmen of the Employment and Corporate Government Panels. If it is considered that the proposals are more than of a minor nature then the changes will be brought back to Panel.

Other Changes

- 4.12 In reviewing the Code, the opportunity has also been taken to make amendments of a more minor nature to the document to reflect changes in job titles and to recognise other policies which are complementary to the Code. (Sections 1.2, 3.5, 12.4, 12.5). Minor changes have also been included to emphasise the serious nature of disclosing information of a confidential nature and that any offers of hospitality should not be accepted on a regular or frequent basis

(Section 2.2). The intention of the changes is to emphasise that disciplinary action might be taken if confidential information is disclosed.

- 4.13 To help employees identify what they are required to declare and how this should be done, a list of the declaration forms which are available from the Democratic & Central Services Section has also been included (Section 17.1).

5. RECOMMENDATIONS

- 5.1 The views of the Employee Liaison Advisory Group are invited on the document.
- 5.2 The Employment Panel are invited to endorse the revised Employees Code of Conduct, subject to any comments raised by the Employee Liaison Advisory Group.
- 5.3 The Corporate Governance Panel are asked to endorse the necessary change to the Constitution.
- 5.4 That the Head of Law, Property and Governance be authorised to make minor changes to the Employees Code of Conduct following publication of guidelines on the Bribery Act in consultation with the Chairmen of the Employment and Corporate Governance Panels.

Contact Officer: Mrs C Bulman, Democratic Services Officer
☎ (01480) 388234
✉ Claire.Bulman@huntsdc.gov.uk

BACKGROUND INFORMATION

Huntingdonshire District Council – Employees Code of Conduct
Leicestershire County Council – Officers Code of Conduct
East Cambridgeshire District Council – Officers Code of Conduct
South Cambridgeshire District Council – Officers Code of Conduct
Cambridge City Council – Officer Code of Conduct
London Borough of Barnet – Officers Code of Conduct

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Employees' Code Of Conduct

The purpose of this Code is to lay down guidelines which will maintain and improve standards and help to protect employees from misunderstanding or criticism. The Code applies to all employees of the District Council.

Employees should note and observe the guidelines set out in the following Code. If an employee is in any doubt about the proper course of action they should seek the advice of the Monitoring Officer or, in his absence, the Deputy Monitoring Officer.

Contravention of this Code may result in disciplinary action being taken.

1. Standards

1.1 Huntingdonshire District Council's employees are expected to give the highest possible standard of service to the public and, where it forms part of their duties, provide appropriate advice to Councillors and colleagues with impartiality. Public confidence in the integrity of employees collectively or individually may be damaged if there is any suspicion that they may be influenced in any way by improper motives. Employees are expected to raise any question of potential impropriety through the agreed whistle-blowing procedure without fear of reprimand.

1.2 *The Council has published codes of financial management and procurement which describe important rules and standards. Copies of these documents are available on the intranet, and all employees are required to comply with them.*

1.3 *All Employees are required to inform their Head of Service if they are convicted of any criminal offence while employed by the Council, except for parking offences or motoring offences. Employees who are required to use their car for work purposes should also inform their Head of Service if their driving licence has been suspended either as a result of a single offence or an accumulation of penalty points.*

2. Disclosure of Information

- 2.1 The Council is committed to open government. The law requires that certain types of information must be available to Councillors, auditors, Government departments, service users and the public. The Freedom of Information Act 2000 and the Publication Scheme made by the Council under the Act provides the route through which information may be sought by the public on other matters. Employees should make themselves aware of categories of information which are available to the public and those which must not be disclosed and act accordingly.
- 2.2 Employees should not use any information obtained in the course of their employment for personal gain or benefit, nor should they pass this on to others who may use it in such a way. ***Making unauthorised use of confidential information is a serious offence, and may be subject to disciplinary proceedings.***
- 2.3 Any particular information received by an employee from a Councillor which is personal to that Councillor and does not relate to the business of the Council should not be divulged by the employee without the prior approval of that Councillor, except where such disclosure is required or sanctioned by law.

3. Political Neutrality

- 3.1 Employees serve the Council as a whole. It follows that they must serve all Councillors and not just those of a particular group. The individual rights of all Councillors must be respected.
- 3.2 Subject to the Council's Protocol on Member/Employee relations, employees may also be invited to advise political groups. They should do so in ways which do not compromise their political neutrality.
- 3.3 Employees, whether designated as occupying politically restricted posts or not, must follow every lawful policy of the Council and must not allow their own political opinions to interfere with their work. It is important that employees – particularly senior officers - are seen to be politically neutral on matters on which the Council is called upon to make decisions.
- 3.4 Unless they hold a dispensation, Council employees holding politically restricted posts, as defined in the Local Government and Housing Act 1989, are disqualified from membership of any local authority, other than a town or parish council, from being an MP or MEP and are subject to prescribed restrictions on their political activity.
- 3.5 ***The Head of People, Performance & Partnerships*** will maintain and keep up to date a register of politically restricted posts. He/she will also advise on the steps which need to be taken to apply for a dispensation from a 'political restriction' designation.
- 3.6 Employees may be properly required in the course of their official duties to explain a decision of the Council, or the Cabinet or one of its panels or committee on a particular matter. Here, the employee is acting only as a spokesperson for the Council on a matter on which it has already formed its

views and no breach of political neutrality should arise. The possibility of conflict leading to weakening of public confidence in the Council or its employees would arise where an employee publicly voices or associates themselves with an expression of opinion which runs counter to that of the Council.

4. Relationships with Councillors

- 4.1 Employees are responsible to the Council through their line manager. For some, their role includes giving advice to Councillors and colleagues alike. Mutual respect between employees and Councillors is essential to good local government. Close personal familiarity between employees and individual Councillors can damage this relationship and prove embarrassing to other employees and Councillors. This should therefore be avoided.

5. THE LOCAL COMMUNITY AND SERVICE USERS

- 5.1 Employees should always remember their responsibilities to the community they serve and ensure courteous, efficient and impartial service delivery to all groups and individuals within that community as defined by the policies of the Council.

6. Contractors

- 6.1 All relationships of a business or private nature with external contractors, or potential contractors, should be declared to the Monitoring Officer. Orders and contracts must be awarded on merit, by fair competition against other tenders, and no special favour should be shown to businesses run by, for example, friends, partners or relatives in the tendering process. No part of the local community should be discriminated against.
- 6.2 Employees who engage or supervise contractors and have previously had or currently have a relationship in a private or domestic capacity with those contractors, must declare that relationship to the Monitoring Officer as soon as this comes to their attention. The Monitoring Officer will maintain a register for this purpose.

7. Appointments and Other Employment Matters

- 7.1 Employees involved in the recruitment and appointment process should ensure that appointments are made on the basis of merit. It would be unlawful for an employee to make an appointment which was based on anything other than the ability of the candidate to undertake the duties of the post. In order to avoid any possible accusation of bias, employees must not be involved in an appointment where they, their partners or close relatives are related to an applicant, or have a close personal relationship outside work with him or her.
- 7.2 Similarly, employees should not be involved in decisions relating to discipline, promotion or pay adjustments for any employee who is a relative, partner or with whom they have a close personal relationship outside work.

8. OUTSIDE COMMITMENTS

- 8.1 Employees above Grade 9 must obtain the express consent of their Chief Officer or Head of Service before engaging in any other employment. All officers should notify the Monitoring Officer if they hold any other appointment. The Monitoring Officer will maintain a register of outside employment for this purpose. Any officer may appeal under the Council's grievance procedure against the refusal

of a Chief Officer or Head of Service to give consent for this purpose.

- 8.2 Employees who are entitled to take on outside employment should not accept employment which, in the view of the Council, would conflict or would have a detrimental effect on the Council's interests, would undermine the professional integrity of the Council, any of its services or of the employee concerned, or in any other way would weaken public confidence in the conduct of the Council's business.
- 8.3 Similarly work should not be taken outside the Council which conflicts or overlaps with an employee's position within the Council. The Council is the employee's principal employer and an employee should avoid any possible conflict in terms of the loyalty and attention to duty expected of him/her by the Council on the one hand and from any other outside employer on the other.
- 8.4 Employees involved in any outside employment or business with a firm which may be competing with the Council's own services for work should under no circumstances use any information obtained from their Council employment which might assist the outside firm or in any other way put themselves in a position where there is a conflict of interest.
- 8.5 Employees should follow such rules as the Council may make on the ownership of intellectual property or copyright created during their employment. Intellectual property is a general term that includes inventions, creative writings and drawings. If these are created by an employee during the course of his/her employment with the Council, then as a general rule they belong to the employer (ie. the Council). However, intellectual property is covered by various legislation and each case will be considered on its merits.
- 8.6 Any employee of the Council wishing to take out a patent for an invention which is, or would be, in any way related to the benefit of the Council's operations shall, after obtaining provisional protection, obtain the permission of the Council via his/her Chief Officer before taking any further steps. The request for permission shall then be dealt with by the Cabinet according to the circumstances of the case.

Unless the Cabinet is satisfied that the invention is in no way connected with the official work performed by the employee concerned, permission to proceed with the application for a patent shall be subject to equitable conditions as may be imposed by the Council. Such conditions will have regard to;

- 8.7
- (a) the use of the invention by the Council; and
 - (b) the share of any royalties to be received by the Council in the event of its commercial exploitation or the outright sale of the patent.

9. PERSONAL INTERESTS

- 9.1 Employees must declare to the Monitoring Officer any financial or non-financial interests that they consider could bring about conflict with the Council's interests. These shall be entered in a register maintained for the purpose.
- 9.2 Non-financial interests, eg. an involvement in voluntary and community groups can, in certain circumstances, give rise to conflicts of interest between the voluntary role and the official role, just as much as paid employment or business interests. Personal interests could include involvement with an organisation

receiving grant aid from the Council, involvement with an organisation or pressure group which may seek to influence Council policy etc.

10. EQUALITY ISSUES

- 10.1 Employees shall ensure that all customers and other colleagues are treated with fairness and equity.
- 10.2 The Council has compiled its own policies relating to equality issues in addition to the requirements of the law and has made staff aware of these.

11. SEPARATION OF ROLES DURING TENDERING

- 11.1 Employees involved in the tendering process and dealing with contractors should be clear on the separation of client and contractor roles within the Council.
- 11.2 Employees who have both a client and contractor responsibility must be aware of the need for accountability and openness.
- 11.3 Employees in contractor or client units must exercise fairness and impartiality when dealing with all customers, suppliers, other contractors and sub contractors.
- 11.4 Employees who are privy to confidential information on tenders or costs for either internal or external contracts should not disclose that information to any unauthorised party or organisation.
- 11.5 Employees contemplating a management buyout should, as soon as they have formed a definite intent, inform their line manager and withdraw from the contract awarding processes.
- 11.6 Employees shall ensure that no special favour is shown to current or recent former employees or their partners, close relatives or associates in awarding contracts.

12. FRAUD AND CORRUPTION

- 12.1 Fraud means obtaining or attempting to obtain a material advantage, by unfair or wrongful means, e.g. making false representations. The Council will not tolerate behaviour of this kind and will take prompt action whenever fraud is suspected. Employees should be aware that it is a serious criminal offence for them to receive or give any gift, loan, fee, reward or advantage for doing, or not doing, anything or showing favour, or disfavour, to any person in their official capacity. Employees should ensure that they are able to demonstrate transparency and openness in the decisions that they take.
- 12.2 The procedures by which the Council selects developers or consultants for schemes and for the supply of goods and services should be clearly defined and publicly known.
- 12.3 If an employee knows that a contract in which he/she has a pecuniary interest is before the Council, he/she must give notice without delay of his/her interest to the Monitoring Officer who will maintain a register of pecuniary interests for this purpose.

12.4 *The Council has its own Anti-Fraud & Corruption Policy which provides details of the Council's approach to tackling fraud, corruption and theft.*

12.5 *The Council is committed to the highest possible standards of openness, probity and accountability. It is committed to dealing with fraud and other forms of malpractice. In line with those commitments, employees and others with serious concerns about any aspect of the Council's work are encouraged to come forward and voice those concerns internally at an early stage without fear of reprisal. The Council has its own Whistle Blowing Policy & Procedure which provides further details and guidance.*

13. USE OF FINANCIAL RESOURCES

13.1 Employees must ensure that they use public funds entrusted to them in a responsible and lawful manner. Those who are involved in the process of procurement should strive to ensure value for money to the local community and the avoidance of legal challenge to the Council.

13.2 Compliance with the Council's Code of Financial Management and Code of Procurement is essential for all employees involved in the use or collection of public funds.

13.3 Employees who have concerns over the lawfulness of certain actions should express their concerns immediately to the Monitoring Officer.

14. HOSPITALITY AND GIFTS

14.1 Employees shall only accept offers of hospitality if there is a genuine need to impart information, to develop partnership working or represent the Council in the community. Offers to attend purely social or sporting functions should only be accepted when these are an explicit part of the life of the community, where there are clear opportunities to network with partners or stakeholders or where the Council should be seen to be represented. They should be authorised by the employee's Chief Officer or Head of Service and notified to the Monitoring Officer who shall maintain a register for this purpose.

- 14.2 When hospitality has to be declined, those making the offer shall be courteously, but firmly informed of the procedures and standards which the Council operates.
- 14.3 When receiving hospitality, employees should be particularly sensitive as to its timing in relation to decisions which the Council may be taking which affect those providing the hospitality.
- 14.4 Acceptance by employees of hospitality through attendance at relevant conferences and courses is acceptable where it is clear that the hospitality is corporate rather than personal. Travel costs should usually be met by the Authority.
- 14.5 Where visits to inspect equipment etc. are required, employees should ensure that the Council meets the cost of such visits to avoid jeopardising the integrity of subsequent purchasing decisions.
- 14.6 Employees should not accept significant personal gifts from contractors and outside suppliers, although gifts of a token value (such as pens, diaries, etc) may be kept. In the event of an employee receiving a gift without notice or warning, the matter should be reported to the Monitoring Officer, who will be responsible for deciding what action should be taken.
- 14.7 Employees must be aware that it is a serious criminal offence to corruptly receive or give any gift, loan, fee, reward or advantage for doing or not doing anything or showing favour or disfavour to any person in their official capacity.
- 14.8 An employee in receipt of any hospitality or gift in excess of £25 must notify the Monitoring Officer who will maintain a register of hospitality and gifts accepted by employees. ***An employee shall not accept any hospitality or gift that could be thought by a reasonable person to be lavish or extraordinary for an employee of the Council to receive.***
- 14.9 Circumstances may arise where a service user leaves a gift in their will to a specific employee to show their appreciation for the services they have received. Employees who are offered gifts or bequests should explain the Council's policy and decline to accept. Where bequests are not made known until the reading of a will the bequest should be immediately notified to the Chief Officer or Head of Service. All bequests must be returned to the estate of the deceased.

15. SPONSORSHIP GIVING AND RECEIVING

- 15.1 When an outside organisation wishes to sponsor or is seeking to sponsor a Council activity, whether by invitation, tender, negotiation or voluntarily, the rules concerning acceptance of gifts of hospitality will apply. Particular care must be taken when dealing with contractors or potential contractors.
- 15.2 Where the Council wishes to sponsor an event or service, neither an employee nor any partner, spouse or relative must benefit from such sponsorship in a direct way without there being full disclosure to the

Monitoring Officer.

- 15.3 Similarly, where the Council through sponsorship, grant aid, financial or other means gives support in the community, employees should ensure that impartial advice is given and that there is no conflict of interest involved.
- 15.4 The Monitoring Officer will maintain a register where there is disclosure relating to sponsorship.

16 DEVELOPMENT PROPOSALS SUBMITTED BY OFFICERS

16.1 *It is important that the processes by which planning decisions are made are developed in such a way to avoid accusations of impropriety.*

16.2 *Where an employee submits an application on his/her own personal behalf the employee should disclose this in writing to the Monitoring Officer and the Head of Planning Services to ensure that the application is handled in a manner that avoids any possibility of suspicion that preference or bias is shown.*

16.3 *Applications received for planning permission or other consents from a member of staff (or their spouse/partner) who is involved in the planning or development process will be determined by the Development Management Panel. Officers should take no part in the processing of their own application and should inform the Council's Monitoring Officer at the earliest opportunity of the fact that they or their partner have submitted an application.*

Employees who are not employed within the Planning Division may by virtue of their involvement with a voluntary group, or as a friend or neighbour of the applicant have an involvement in a planning

application. To avoid accusations of any conflict with the Council's interests, those employees will be required to register their interest in the application / consent with the Monitoring Officer. Employees should not act as an agent for individuals (including a company, group, or body) in a paid capacity.

17. USE OF INTERNET, INTRANET AND E-MAIL FACILITIES

17.1 *The Council's e-mail, internet, web access and intranet facilities are provided primarily to assist Council business.*

17.2 *Personal use of e-mail and the intranet is allowed provided that it does not interfere with the efficient running of the section / service. However employees' use of these systems are subject to the provisions of the Guidance Documents available on the intranet. Any violation or abuse of the provisions of this policy will be subject to disciplinary action.*

17.3 *Up to date information of the Council's e-mail and internet usage policy is available on the intranet and should be reviewed regularly by users of the Council's internet and e-mail facilities.*

16. DEBT

16.1 You should never place yourself in debt or under an obligation to someone if it may influence your work in any way. If you encounter a situation where your work brings you into contact with someone to whom you are in debt, you should immediately report the matter to your Chief Officer or Head of Service.

17. REGISTERS

17.1 All registers maintained by the Monitoring Officer under this code will be made available for inspection by Councillors and employees of the Council and by any statutory external audit agency responsible for auditing the Council's accounts and procedures.

Copies of the following declaration forms are available from the Human

Resources and Democratic & Central Services Intranet Pages:-

<http://teams.huntsdc.gov.uk/admin/default.aspx>

- ◆ **Register of employees in receipt of hospitality or gifts in excess of £25**
- ◆ **Register of financial or non-financial interests that could bring about conflict with the Council's interests**
- ◆ **Register of employees engaging in any other employment**
- ◆ **Register of pecuniary interest in contracts before the Council**
- ◆ **Register of relationships of a business or private nature with external or private contractors**
- ◆ **Register of sponsorship received or given from or to an outside organisation**

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