

A meeting of the **CORPORATE GOVERNANCE PANEL** will be held in **CIVIC SUITE 0.1A, PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, PE29 3TN** on **WEDNESDAY, 28 MARCH 2012** 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 7th December 2011.

**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. NEIGHBOURHOOD FORUMS WORKING GROUP (Pages 7 - 24)**

To consider a report by the Overview and Scrutiny Panel (Social Well-Being) on progress with the review of the Neighbourhood Forums in Huntingdonshire.

**Miss H Ali  
388006**

**4. TOWN AND PARISH COUNCIL CHARTER**

To receive an update from the Healthy Communities Manager on progress towards the development of a Town and Parish Council Charter.

**D Smith  
388377**

**5. GRANT CERTIFICATION 2010/11 (Pages 25 - 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**

**6. UPDATE ON 2010/11 FINAL ACCOUNTS**

To receive an update from the Head of Financial Services on the 2010/11 final accounts.

**S Couper  
388103**

**7. ANNUAL GOVERNANCE STATEMENT 2010/11 - ADDENDUM  
(Pages 39 - 40)**

To consider a report by the Head of Financial Services seeking the Panel's endorsement of changes to the Annual Governance Statement for 2010/11.

**S Couper  
388103**

8. **CLOSURE OF 2011/12 ACCOUNTS** (Pages 41 - 42)  
To receive a report from the Head of Financial Services on changes to be made to the final accounts process for 2011/12. **S Couper  
388103**
9. **PROGRESS REPORT ON ISSUES IDENTIFIED IN THE ANNUAL GOVERNANCE STATEMENT** (Pages 43 - 46)  
To consider a report by the Corporate Policy and Performance Manager providing an update on progress with the issues identified in the Annual Governance Statement. **H Thackray  
388035**
10. **INTERNAL AUDIT SERVICE: INTERIM PROGRESS REPORT** (Pages 47 - 58)  
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**
11. **RISK REGISTER** (Pages 59 - 68)  
To receive a report by the Audit and Risk Manager providing an update on the Risk Register. **D Harwood  
388115**
12. **REVIEW OF THE EFFECTIVENESS OF THE CORPORATE GOVERNANCE PANEL** (Pages 69 - 74)  
To receive a report by the Head of Financial Services outlining the findings of the Panel's review of the effectiveness of the Corporate Governance Panel. **S Couper  
388103**
13. **COUNCIL CONSTITUTION - FURTHER UPDATE** (Pages 75 - 120)  
To consider a joint report by the Heads of Legal and Democratic and Financial Services proposing further changes to the Council's Constitution. **Ms C Deller  
388007**
14. **TRAINING OF PANEL MEMBERS** (Pages 121 - 122)  
To consider a report by the Audit and Risk Manager on training opportunities for Panel Members. **D Harwood  
388115**

Dated this 20 day of March 2012



Head of Paid Service

## 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@huntingdonshire.gov.uk](mailto:Habbiba.Ali@huntingdonshire.gov.uk) if you have a general query on any Agenda Item, wish to tender your apologies for absence from the meeting, or would like information on any decision taken by the Panel.**

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

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

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

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

### ***Emergency Procedure***

*In the event of the fire alarm being sounded and on the instruction of the Meeting Administrator, all attendees are requested to vacate the building via the closest emergency exit.*

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# Agenda Item 1

## HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CORPORATE GOVERNANCE PANEL held in Civic Suite 0.1B, Pathfinder House, St Mary's Street, Huntingdon, PE29 3TN on Wednesday, 7 December 2011.

PRESENT: Councillor E R Butler – Chairman.

Councillors M G Baker, K J Churchill,  
R S Farrer, J A Gray, A R Jennings and  
P G Mitchell.

### 21. MINUTES

The Minutes of the meeting of the Panel held on 2nd November 2011 were approved as a correct record and signed by the Chairman.

### 22. MEMBERS' INTERESTS

No declarations were received.

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

*At 6:50pm, during discussion on this item, Councillor A R Jennings took his seat at the meeting.*

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 2010/11 financial year 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 for 2010/11, the Panel received details of new work areas undertaken by the Team which included the collection of debts arising from benefit overpayments, partnership working with employment and recruitment agencies and the recovery of social housing unlawfully sub-let or left empty by social tenants for long periods of time. In response to a question raised by a Member, the Panel received clarification on the performance levels of the Team and noted that the service provided was cost neutral to the Council.

With regard to the review of the whistleblowing policy and guidance, the Panel were informed that only minor changes had been required to reflect changes to the Council's Senior Management structure and that 23 allegations had been received through the various whistleblowing channels over the past year.

RESOLVED

- (a) that the work undertaken in respect of benefit fraud be

noted and the Team congratulated on their effectiveness; and

- (b) that it be noted the annual review of the whistleblowing policy and procedure has been undertaken with only minor changes being required to reflect changes to the Council's Senior Management structure.

#### **24. 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. Given that only minor changes had been required, the Panel

RESOLVED

- (a) that the Anti-Fraud and Corruption Strategy as appended to the report now submitted be approved; and
- (b) that further reviews of the Anti-Fraud and Corruption Strategy be undertaken on a triennial basis unless it is considered that an earlier review is required.

#### **25. NATIONAL FRAUD INITIATIVE**

With the aid of a report by the Audit and Risk Manager (a copy of which is appended in the Minute Book) the Panel received background information on the National Fraud Initiative, together with the work undertaken by the Council on the potentially fraudulent matches in data which had been provided by the Audit Commission. Members were informed that the exercise was conducted by the Council every two years.

In noting that the results of the data matching exercise had indicated a higher number of fraud cases and errors when compared to the previous exercise, the Panel were informed that two thirds of these cases related to the concessionary fares scheme which had subsequently been referred to Cambridgeshire County Council for investigation. In addition, the Panel were advised that whilst the number of matches identified by the Audit Commission had been high, the data matching exercise was not particularly sophisticated and largely related to minor mismatches in data. In noting that a total of 55 days across the authority had been spent reviewing and investigating the matches identified, it was

RESOLVED

that the work undertaken by the Council in respect of the 2010 National Fraud Initiative exercise be noted by the Panel.

#### **26. APPROVAL FOR PUBLICATION OF THE 2010/11 ACCOUNTS**

*At this point, (7.20pm) Councillor J A Gray took his seat at the meeting.*

*(Mr C McLaughlin and Ms H Clark, PricewaterhouseCoopers LLP were in attendance for consideration of this item).*

With the aid of a report prepared by the Head of Financial Services (a copy of which is appended in the Minute Book) the Panel were apprised with the processes for finalising and publishing the Council's accounts for 2010/11.

In introducing the report, the Head of Financial Services reported upon the efforts made by his staff and the Council's external auditors to complete the process for finalising the Council's accounts. The Panel were informed that delays had arisen which were attributable to the implementation of new International Financial Reporting Standards, which had required significant changes to be made to the way capital items were treated within the accounts. Owing to the fact that the Council had a wide variety of assets and the complexity of some of the building leases, a considerable amount of additional work had been required to backdate changes up to March 2009 and further, with one case having been investigated back to 1972. Additionally, the Panel were informed that the Council's new external auditors had commenced their work with the Council this year with a significant amount of time being spent explaining the Council's systems and practices and responding to challenges on treatments which had been accepted by the previous auditor. Furthermore, the Panel were advised by Mr C McLaughlin of PricewaterhouseCoopers LLP that new, more onerous, auditing standards had been introduced that year. Finally, it was reported by the Head of Financial Services that unforeseen staff issues had further contributed towards the delays.

The Panel received the external auditor's draft report relating to the 2010/11 audit and received an update from Mr C McLaughlin on the outstanding audit work required to be undertaken before the accounts could be finalised. Members have confirmed to the external auditor that no changes to the Council's systems and practices would be required in respect of the risk of fraud.

Owing to the delays with the publication of the accounts, the Panel concurred with a suggestion to amend the Annual Governance Statement. Proposed changes to the Statement were tabled at the meeting by the Head of Financial Services (a copy of which is also appended in the Minute Book).

Having reviewed the content of the draft Statement of Accounts, the Panel were informed that at least one change would be required. Members received assurances that work to the accounts would be finalised early in the New Year and acknowledged the need for the process to be reviewed in the ensuing year. In doing so, the Panel

#### RESOLVED

- (a) that amendments to the Annual Governance Statement be made to reflect the delay with the publication of the accounts;
- (b) that no changes to the Council's systems and practices in respect of the risk of fraud would be required;

- (c) that the Auditor's draft report appended as Annex A to the report now submitted be noted;
- (d) that approval of any further amendments to the Statement of Accounts be delegated to the Managing Director (Resources), following consultation with the Chairman of the Panel and the external auditor, subject to there being no "material" change and on the proviso that Panel Members would have an opportunity to comment or ask questions on the completed accounts and amendments to the accounting policies prior to the approval process;
- (e) that the Managing Director (Resources) and the Chairman of the Panel be authorised to sign the Letter of Representation as appended to Annex A of the report now submitted on behalf of the Council, with any changes being delegated to the Managing Director (Resources) following consultation with the Chairman of the Panel and the external auditor; and
- (f) to note that all issues raised by the external auditor to complete the process for finalising the 2010/11 accounts would be addressed by Officers and that a report outlining changes to the final accounts process be submitted to the Panel's March 2012 meeting.

## **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 amendments to the Risk Management Strategy which had been proposed to reflect the current established working practices employed by the Council. Whereupon, it was

RESOLVED

- (a) that the risk appetite for the Council be set as "high", with any health and safety risks set as "low"; and
- (b) that the Risk Management Strategy as appended to the report now submitted be approved.

## **28. REVIEW OF REGULATION OF INVESTIGATORY POWERS ACT (RIPA) POLICIES AND PROCEDURES**

Consideration was given to a joint report by the Heads of Legal and Democratic and Customer Services (a copy of which is appended in the Minute Book) proposing amendments to the Council's Regulation of Investigatory Powers Act (RIPA) Covert Surveillance Policy and Procedure and the content of a new Communications Data Policy and Procedure.

Having been informed that the review had been prompted following the outcome of an inspection by the Office of the Surveillance Commissioner, guidance issued by the Home Office and changes in



the operational structure of the Council, the Panel

RESOLVED

that Council be recommended to

- (a) endorse the amendments to the RIPA Covert Surveillance Policy and Procedure as appended to the report now attached;
- (b) endorse the content of a new RIPA Communications Data Policy and Procedure as appended to the report now attached; and
- (c) subject to recommendations (a) and (b) above, approve the consequential amendments to the constitutional functions of those Officers identified within the report now submitted.

**29. POLICY ON THE MANAGEMENT OF UNREASONABLE COMPLAINANT BEHAVIOUR**

With reference to a report by the Head of Legal and Democratic Services (a copy of which is appended in the Minute Book) the Panel gave consideration to the content of a revised Policy on the Management of Unreasonable Complainant Behaviour which had been prompted following the issue of guidance by the Local Government Ombudsman. Whereupon, it was

RESOLVED

that, subject to minor textual amendments, the Policy on the Management of Unreasonable Complainant Behaviour be endorsed by the Panel.

**30. TRAINING OF PANEL MEMBERS**

The Panel considered a report by the Head of Financial Services (a copy of which is appended in the Minute Book) regarding suggestions for training for Members based on the anticipated work programme for the Panel in 2012. In doing so, it was agreed that any future training requirements would be addressed by Members of the Panel on a meeting by meeting basis.

Chairman

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**NEIGHBOURHOOD FORUMS WORKING GROUP  
(Report of the Overview and Scrutiny Panel (Social Well-Being))**

**1. INTRODUCTION**

- 1.1 Members may be aware of the ongoing review of the Neighbourhood Forums in Huntingdonshire which is being undertaken by the Overview and Scrutiny Panel (Social Well-Being). The review had been prompted by the Cabinet at their meeting on 19th May 2011. At its meeting held on 1st November 2011, the Overview and Scrutiny Panel (Social Well-Being) decided to establish a Working Group comprising Councillors S J Criswell, J J Dutton, S M Van De Kerkhove and R J West, together with Mr R Coxhead, to undertake the review. Councillor S J Criswell was appointed as the Working Group's *rapporteur*. To date, the Working Group has met on five occasions.
- 1.2 The last meeting of the Neighbourhood Forums Working Group took place on 27th February 2012 when Councillors S J Criswell and R J West and Mr R Coxhead were present. Apologies for absence from the meeting were submitted on behalf of Councillors J J Dutton and S M Van De Kerkhove.
- 1.3 The Working Group has been reviewing the boundaries, elected Member representation for each area and the constitutional terms for new Neighbourhood Forum arrangements. This work has taken a significant amount of time to complete, but takes into account the consultation responses received from Town and Parish Councils which were presented to the Panel in November 2011, the preliminary views of the existing Neighbourhood Forums and the outcome of initial discussions with the Police and Cambridgeshire County Council. The Working Group has now completed this work and has sought the Panel's views on its recommendations to date. These were discussed and endorsed by the Panel at their meeting on 6th March 2012.
- 1.4 During the course of their investigations, the Working Group spent a considerable amount of time taking into account a number of factors and variables relating to any governance model that might be introduced within the District. It has been a challenge for the Working Group to address all these points and, having deliberated at some length on a number of these issues, the Working Group formed the view that a balance had to be struck to ensure that any new model introduced within the District would meet and address the issues raised. These are discussed further in the preceding sections of this report.
- 1.5 It is proposed that any new model is to be introduced in the next Municipal Year and reviewed after it has been in operation for a period of 12 months. Members of the Corporate Governance Panel are invited to comment on the proposals prior to its submission to the Cabinet in April. The Overview and Scrutiny Panel (Social Well-Being) will be seeking the Cabinet's support on the proposals, with a view to undertaking a consultation exercise with the Town and Parish Councils and Partners on the proposals thus far.

## **2. PROPOSED BOUNDARY AREAS AND ELECTED MEMBER REPRESENTATION**

- 2.1 A map defining the proposed boundary areas for the Local Joint Committees (LJC) is attached as **Appendix A**. An attempt has been made to identify areas that are smaller and more localised than the existing Neighbourhood Forums. Members of the Working Group have been mindful of localism and the opportunities that the LJCs would present in this respect and are therefore proposing nine new areas within the District. Under the present arrangements, there are five Neighbourhood Forums. As has been said, the areas reflect the views of Town and Parish Councils on whom they considered to be part of their local communities.
- 2.2 At their meeting in December 2011, the Overview and Scrutiny Panel (Social Well-Being) endorsed a recommendation that the Cabinet should adopt the Shape Your Place initiative within Huntingdonshire. The initiative seeks to promote community engagement by enabling local public bodies to establish dialogue with a sector of local residents that might not utilise the existing Neighbourhood Forums. This was subsequently endorsed by the Cabinet at its January 2012 meeting. The initiative will be launched on 1st July 2012 and a drop in session for Members will be held prior to the April meeting of the Council on the 25th April 2012 to introduce it. It is intended that the boundaries for Shape Your Place will, as far as possible, be co-terminus with those proposed for the LJCs. This has been achieved, though some Shape Your Place areas will cover more than one LJC. There is a need to finalise the boundaries for the LJCs to enable Cambridgeshire County Council to commence designing the Huntingdonshire Shape Your Place website.
- 2.3 The boundary areas could not be considered in isolation from the elected Member representation for each proposed area. **Appendix B** provides a breakdown highlighting the Towns and Parishes which fall in each area together with the District Wards and relevant County Council Divisions. It has been difficult for the Working Group to ensure a consistent split in Member representation, however, the view has been taken that localism and the geographical identities of settlements should be the overriding factor in determining the boundaries for the proposed Local Joint Committees.

## **3. LOCAL JOINT COMMITTEES – CONSTITUTIONAL TERMS**

- 3.1 Members of the Working Group have considered at some length the constitutional terms for the LJCs which are attached as **Appendix C**. These have been subject to review by the Head of Legal and Democratic Services and the Managing Director (Communities, Partnerships and Projects) has had prior sight of them.
- 3.2 The constitution has been designed in such a way that it will be flexible enough to allow the LJCs to operate as they see fit. The Committees do not have to undertake all of the functions proposed, and they can adapt their own arrangements in accordance with local need.
- 3.3 The likely business to be discussed at LJC meetings might include the following:-
- community liaison between the three tiers of local government, NHS, Police, Fire and other Partners;
  - matters for decision;
  - budget monitoring;
  - open public form – for members of the public to raise issues of local concern;
  - potential duties that might be devolved down from Area Joint Committees;

- management of funds that might be devolved down through the Community Infrastructure Levy, New Homes Bonus and Community Energy Fund;
  - neighbourhood planning; and
  - local authority and partner consultations.
- 3.4 Given the possibility that the LJC's might have decision making responsibilities delegated to them, consideration has been given to a range of options relating to representation, voting and decision making. Section 7 of the constitution covers voting arrangements. The options considered by the Working Group include:-
- Various models of appointment to the LJC's;
  - Differential voting rights through weighting or veto;
  - Differential voting rights by restricting the items on which Members may vote;
  - Conditioning the way matters are delegated to the Local Joint Committee;
  - Insisting on unanimous decisions; and
  - Insisting on a minimum percentage on decisions – for e.g. 75%.
- 3.5 Each of the options has been considered and it has been concluded that Town and Parish Councils should be entitled to one seat each. The relevant District and County Members will make up the rest of the LJC membership.
- 3.6 The Working Group proposes that Town and Parish Council nominations should be Councillors who are not also the relevant District or County Member for that area. Additionally, it is suggested that the Town and Parish Councils should be requested to nominate a substitute as it is felt that they should be represented at all times, particularly if any budgetary or financial decisions are to be made.
- 3.7 In terms of voting, the Working Group has concluded that all of those with a seat on the LJC should be entitled to one vote each. "Twin-hatters" (i.e. Members who are both the relevant District Councillor and County Councillor) should receive two votes each.
- 3.8 Voting will be determined by way of a simple majority of votes either for or against a proposal, with the Chairman having a casting vote if necessary. The Working Group has considered whether votes should be weighted for each local authority tier, but has concluded that this option might prove to be too complex in practice given that views could be divided within a local authority tier. In addition, it is felt that the chosen option demonstrates commitment to localism.
- 3.9 The Working Group suggests that, when necessary, voting could be conditioned when a matter is delegated to LJC's. For example, if a decision is delegated it might be that it is taken by an Executive Councillor after consultation with an LJC. There need to be clear rules on what decisions can be made by the Committees. Work in this respect will follow at a later stage in the Working Group's investigations.
- 3.10 It is proposed that the LJC's should meet at least two times a year, with other meetings being called upon as necessary (Section 5 of the constitution). The Working Group has discussed the servicing of the meetings (Section 10 of the constitution) and has suggested that, in the spirit of localism, secretarial functions should be shared with the Town and Parish Councils within the area, perhaps on a rota basis. Officer support from both the District and County Councils are further being proposed, the duties of which are outlined within Section 11 of the constitution.

Officers are currently investigating the likely costs of providing this support, which will be made available in time for the Cabinet's April 2012 meeting.

#### 4. TIMESCALES FOR IMPLEMENTATION

4.1 The table below is an indication of the likely timescales for the implementation of any new model introduced within the District.

Corporate Governance Panel	28th March 2012
Cabinet	19th April 2012
Consultation period with Town and Parish Councils and Partners	30th April to 8th June 2012 (6 weeks)
Working Group to meet to analyse responses received	Meeting to take place between 11th and 22nd June 2012
Overview and Scrutiny Panel (Social Well-Being)	3rd July 2012
Cabinet	19th July 2012
Launch of LJC Meetings	September 2012

#### 5. CONCLUSION AND RECOMMENDATIONS

5.1 The Working Group has spent a significant amount of time reviewing the boundaries for the proposed LJCs whilst being mindful of elected Member representation for each area and their constitutional terms. There is a need to consult the Town and Parish Councils on the LJCs to gain their views on the proposals and, if they are to be introduced, all the local authorities who are to be represented on them will have to complete various formalities. The Overview and Scrutiny Panel (Social Well-Being) has had an opportunity to consider and comment on the proposals thus far and endorsed the Working Group's recommendations at their meeting on the 6th March 2012.

5.2 The Corporate Governance Panel is therefore requested to consider and comment on the proposed boundaries, composition, voting and constitution for Local Joint Committees prior to its submission to the Cabinet in April 2012.

**Contact Officer:** Miss H Ali, Democratic Services Officer  
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✉ [Habbiba.Ali@huntingdonshire.gov.uk](mailto:Habbiba.Ali@huntingdonshire.gov.uk)

## **BACKGROUND INFORMATION**

Minutes and Reports of Overview and Scrutiny Panel (Social Well-Being) held on 6th September, 1st November and 6th December 2011 and 3rd January, 7th February and 6th March 2012.



Neighbourhood Forums Working File held by Democratic Services Section.

# Proposed Local Joint Committee

March 2012



**Key**

-  County Ward
-  District Ward





**DIVISION, WARD AND PARISH BREAKDOWN FOR PROPOSED LOCAL JOINT COMMITTEES**

AREA	PARISHES	DISTRICT WARDS	COUNTY WARD(S)
<b>1</b>  <b>20 Seats</b>	Sibson-cum Stibbington Water Newton Alwalton Chesterton Elton Haddon Morborne Folksworth and Washingley Stilton Denton and Caldecote Holme Yaxley Farcet	Elton and Folksworth (1) Yaxley and Farcet (3) Stilton (1)	Norman Cross (2)
	<b>13 PARISHES</b>	<b>5 DISTRICT MEMBERS</b>  <b>Guyatt</b> Banerjee, Butler and Watt Mitchell	<b>2 COUNTY MEMBERS</b>  <b>Guyatt</b> McGuire, M
		Sawtry (2)	Sawtry and Ellington (1)
		<b>2 DISTRICT MEMBERS</b>	<b>1 COUNTY MEMBER</b>
<b>2</b>  <b>11 Seats</b>	Sawtry Glatton Conington Little Gidding Great Gidding Winwick Hamerton and Steeple Gidding Upton and Coppingford		
	<b>8 PARISHES</b>		
	<b>% Split</b> Parish - 65% District - 25% County - 10%		
	<b>% Split</b> Parish - 73% District - 18% County - 9%		



**DIVISION, WARD AND PARISH BREAKDOWN FOR PROPOSED LOCAL JOINT COMMITTEES**

<p>4</p>	<p>Godmanchester Brampton Huntingdon Alconbury Alconbury Weston The Stukeleys</p> <p><b>6 PARISHES</b></p>	<p>Godmanchester (2) Brampton (2) Huntingdon East (3) Huntingdon North (2) Huntingdon West (2) Alconbury and The Stukeleys (1)</p> <p><b>12 DISTRICT MEMBERS</b></p> <p>Hyams and Godley <b>Downes</b> and Jordan Akthar, Greenall and Shellens <b>Dutton</b> and Mackender-Lawrence Cawley and Sanderson Baker, K</p>	<p>Huntingdon (2) Godmanchester and Huntingdon East (2) Brampton and Kimbolton (1)</p> <p><b>5 COUNTY MEMBERS</b></p> <p>Brown and Kadic <b>Dutton</b> and Wilson <b>Downes</b></p>
<p>5</p>	<p>Little Paxton St Neots Hail Weston</p> <p><b>3 PARISHES</b></p>	<p>Little Paxton (1) Kimbolton and Staughton (1) St Neots Eaton Ford (2) St Neots Eaton Socon (2) St Neots Priory Park (2) St Neots Eynesbury (3)</p> <p><b>11 DISTRICT MEMBERS</b></p> <p><b>Churchill</b> Gray <b>Farrer</b> and <b>Harty</b> Harrison and Jennings Chapman and Longford Hansard, Ursell and Van De Kerkhove</p>	<p>Little Paxton and St Neots North (2) Brampton and Kimbolton (1) St Neots Eaton Socon and Eynesbury (2)</p> <p><b>5 COUNTY MEMBERS</b></p> <p><b>Harty</b> and <b>Churchill</b> Downes Hutton and <b>Farrer</b></p>
<p><b>23 Seats</b></p>	<p><b>% Split</b> <b>Parish - 26%</b> <b>District - 52%</b> <b>County - 22%</b></p>		
<p><b>19 Seats</b></p>	<p><b>% Split</b> <b>Parish - 16%</b> <b>District - 58%</b> <b>County - 26%</b></p>		

**DIVISION, WARD AND PARISH BREAKDOWN FOR PROPOSED LOCAL JOINT COMMITTEES**

<p>6</p>	<p>Buckden Diddington Southoe and Midloe Offord Cluny Offord Darcy Great Paxton Toseland Yelling Abbotsley Great Gransden Waresley-cum-Tetworth</p> <p><b>11 PARISHES</b></p>	<p>Gransden and The Offords (2) Buckden (1)</p> <p><b>3 DISTRICT MEMBERS</b></p> <p>Boddington and <b>West</b> Clough</p>	<p>Buckden, Gransden and The Offords (1)</p> <p><b>1 COUNTY MEMBER</b></p> <p><b>West</b></p>	
<p><b>15 Seats</b></p> <p><i>% Split</i> Parish - 73% District - 20% County - 7%</p>	<p>7</p>	<p>Ramsey Warboys Bury Wistow Upwood and The Raveleys Abbots Ripton Kings Ripton Woodwalton</p> <p><b>8 PARISHES</b></p>	<p>Ramsey (3) Warboys and Bury (2) Upwood and The Raveleys (1)</p> <p><b>6 DISTRICT MEMBERS</b></p> <p>Curtis, <b>Reeve</b> and Swales Bucknell and Ward Howe</p>	<p>Warboys and Upwood (1) Ramsey (1)</p> <p><b>2 COUNTY MEMBERS</b></p> <p>Lucas <b>Reeve</b></p>
<p><b>16 Seats</b></p> <p><i>% Split</i> Parish - 50% District - 37% County - 13%</p>				

**DIVISION, WARD AND PARISH BREAKDOWN FOR PROPOSED LOCAL JOINT COMMITTEES**

<p>8</p>	<p>Fenstanton Hilton Hemingford Abbots Hemingford Grey Houghton and Wyton St Ives Holywell-cum-Needlingworth Wyton-on-the-Hill</p> <p><b>8 PARISHES</b></p>	<p>The Hemingfords (2) St Ives West (1) St Ives South (2) St Ives East (2) Fenstanton (1) Upwood and The Raveleys (1) Earith (2)</p> <p><b>11 DISTRICT MEMBERS</b></p> <p><b>Bates</b> and Williams Dew, J Davies and Dew, D Ablewhite and Reynolds, D Harlock Howe Godfrey and Rogers</p>	<p>The Hemingfords and Fenstanton (1) St Ives (2) Warboys and Upwood (1)</p> <p><b>4 COUNTY MEMBERS</b></p> <p><b>Bates</b> Pegram and Reynolds, K Lucas</p>
<p>9</p>	<p>Old Hurst Woodhurst Pidley-cum-Fenton Somersham Colne Earith Bluntisham Broughton</p> <p><b>8 PARISHES</b></p>	<p>Somersham (2) Earith (2)</p> <p><b>4 DISTRICT MEMBERS</b></p> <p><b>Criswell</b> and Bull Godfrey and Rogers</p>	<p>Somersham and Earith (1)</p> <p><b>1 COUNTY MEMBER</b></p> <p><b>Criswell</b></p>
<p><b>23 Seats</b></p>	<p><b>% Split</b> <b>Parish - 35%</b> <b>District - 48%</b> <b>County - 17%</b></p>		
<p><b>13 Seats</b></p>	<p><b>% Split</b> <b>Parish - 61%</b> <b>District - 31%</b> <b>County - 8%</b></p>		

**DIVISION, WARD AND PARISH BREAKDOWN FOR PROPOSED LOCAL JOINT COMMITTEES**

**NB - Those in red denote "twin-hatters"**

District Wards Covering Duplicate Areas:	Upwood and The Raveleys x 2 Brampton x 2 Kimbolton and Staughton x 2 Earith x 2
------------------------------------------------	------------------------------------------------------------------------------------------

County Wards Covering Duplicate Areas:	Sawtry and Ellington x 2 Warboys and Upwood x 2 Brampton and Kimbolton x 3
----------------------------------------------	----------------------------------------------------------------------------------

## HUNTINGDONSHIRE LOCAL JOINT COMMITTEES

### CONSTITUTION

#### 1. Composition

1.1 The Local Joint Committees (LJCs) will be constituted in accordance with Sections 101 and 102 of the Local Government Act 1972 and will be Joint Committees for decision making.

1.2 Committees will be established across the District on the boundaries delineated in Appendix 1. The boundaries will be kept under regular review.

#### 2. Membership

2.1 Membership shall be drawn from representatives of Cambridgeshire County Council (CCC), Huntingdonshire District Council (HDC) and Town and Parish Councils from the Electoral Division(s) and Ward(s) within the LJC area - such representatives to be determined by each relevant authority.

2.2 Members will be appointed by the nominating authorities on an annual basis prior to its first meeting in each Municipal Year. A constituent authority shall not appoint, as a voting Member or substitute, a person who is not a Member of that authority. Membership will cease if, for whatever reason, Membership of the nominating authority ceases.

2.3 Each representative will have equal voting rights.

2.4 Town and Parish Council substitutes at meetings will be allowed provided the Secretary is informed at least 3 working days prior to a meeting.

2.5 Substitutes should be nominated at the same time as the Town and Parish Council representatives and will have the same voting rights as the Member that they replace and will count towards the establishment of a quorum.

#### 3. Functions

3.1 The purpose of the LJCs is to enable transparent strategic decision making at a localised level but not to detract from public engagement with Town and Parish Councils who should be the normal point of engagement. In doing so, it will also:

- (a) engage the public at a more strategic level than Town or Parish Councils;
- (b) promote and enhance local democracy;
- (c) facilitate closer working between the three tiers of local government and other public and community services within the LJC area;
- (d) enable Town and Parish Councils, the County Council, the District Council and the Police and public sector and voluntary sector Partners (including interested Community Groups), where appropriate, to discuss and address issues of current or future concern to the LJC area;

## APPENDIX C

- (e) make plans and related decisions for the LJC area (or constituent parts of the LJC area) based on need/evidence, including community views represented and captured through existing or additional work and virtual social mediums such as 'Shape Your Place';
- (f) undertake or enable consultations (outside of the LJC meeting) to ensure the community is consulted as widely as possible, including organising special public meetings where these are indicated/agreed as being needed in the LJC area (or constituent parts of the LJC area);
- (g) determine expenditure of any delegated budget. This must be spent within policy to improve service standards. It could also be used to support the delivery of service improvements identified in Parish plans or to provide grants to local voluntary organisations;
- (h) provide a reporting mechanism to the Town and Parish Councils in paragraph 2.1 above by requesting them to attend local meetings and scrutinise service delivery within the LJC area - i.e. the LJC's will have a strong role in the performance management of services in local communities;
- (i) act as a decision maker with regard to the local delivery of a range of services and to prioritise resource allocation in their area within existing standards and policy;
- (j) where they cannot be resolved by the LJC, refer matters of concern regarding service to the relevant Overview and Scrutiny Committee/Panel or of policy to Cabinet and for the Chairman to have the right to speak at those bodies of CCC and HDC in order to represent the views of the LJC;
- (k) act as a formal consultation mechanism for CCC, HDC and other public and community services over and above that undertaken with individual Town and Parish Councils;
- (l) facilitate partnership working between the County, District, Town and Parish Councils within an LJC area;
- (m) assist with neighbourhood planning/preparation of community plans/liaison on Parish plans;
- (n) liaise with the Police, Fire, NHS, other public bodies and community groups;
- (o) provide a mechanism to enable Councils to pursue the localism agenda – in the wider sense of organising communities into action as well as acting as a conduit for the upward transmission of views;
- (p) consult on and prioritise any funds that might be devolved relating to the Community Infrastructure Levy and the New Homes Bonus; and
- (q) carry out any functions delegated by CCC and HDC.



In addition to this framework, each LJC will have the freedom to customise or develop their activities according to local need.

**4. Budgets**

- 4.1 Where the LJC has a delegated budget, its administration will be subject to local authority audit procedures.

**5. Meetings and Chairing of Meetings**

- 5.1 Each LJC will meet at least two times each year with other meetings being called as necessary with the prior agreement of the Chairman or if more than half the Members of the Committee are in favour.
- 5.2 The Chairman and Vice-Chairman of an LJC will be appointed annually. The Chairman and Vice-Chairman will be from amongst the membership of the LJC – preferably from a Town and Parish Council.
- 5.3 Ordinary meetings will take place in the local area.
- 5.4 An invitation to attend together with the Agenda for each meeting and the Minutes of the previous meeting will be sent to each Member no less than five working days before each meeting.
- 5.5 At least ten working days notice will also be given to the public of the time and place of each meeting by posting details at HDC's offices and on its website. Copies of such notice will also be sent to CCC and each Town and Parish Council in the area and will be widely publicised.
- 5.6 All meetings of the LJC will normally be open to the press and public.
- 5.7 Members of the public are encouraged to attend LJC meetings, to contribute to discussions and raise issues of local concern. There will be a separate item on the Agenda for each meeting for this purpose. Members of the public who are speaking will be encouraged to be concise and avoid repetition, thereby ensuring sufficient opportunity for others to contribute.
- 5.8 The Chairman of the LJC may invite any person to attend a meeting for the purpose of making a presentation or participating in discussion on any item relevant to that body's functions.
- 5.9 Town and Parish Councils are encouraged to receive reports on the work of the LJC.

**6. Public Participation**

- 6.1 So as to encourage public participation and engagement in the business of the LJC, Members and Officers shall ensure local people are informed, involved and consulted about any issues relevant to the LJC (excluding regulatory matters).
- 6.2 Each LJC meeting will decide how best to achieve this objective.

**7. Voting**

- 7.1 Any matter will be decided by a simple majority of all voting members of the LJC present at the time the question is put. Any elected Members are entitled to vote at LJC meetings.
- 7.2 In the event of an equality of votes for and against, the Chairman will have a casting vote, but there will be no restriction on how he/she chooses to exercise this right.
- 7.3 Members who are both the relevant District Councillor and County Councillor will have two votes each.
- 7.4 Some decisions will be delegated to an Executive Member of CCC or HDC. In these instances the delegation will remain but the decision maker will take into account the views expressed by the LJC.

**8. Quorum**

- 8.1 The quorum for all meetings will be at least one third of voting Members to include representatives from more than one tier of local government.

**9. Minutes**

- 9.1 The Minutes of all meetings will take the form of a decision list. This will be presented to the Chairman to sign at the next scheduled meeting.
- 9.2 The Chairman will move that the Minutes of the previous meeting be signed as a correct record and no discussion shall take place on their content except with regard to their accuracy.

**10. Secretary**

- 10.1 Secretarial functions will be shared between the Members of the LJC.
- 10.2 The responsibilities of the Secretary in respect of the business of the LJCs will be to ensure meetings are serviced and also specifically:
  - (a) to provide advice and support to Members in relation to the conduct of meetings;
  - (b) to liaise with the Chairman, other Members and District and County support Officers to identify the matters to be included on the Agenda for each meeting; and
  - (c) to produce a decision list following the deliberations of each meeting and circulate this to all participants within ten working days of the meeting.

**11. Officer Support**

11.1 CCC and HDC will both provide Officer support for each LJC.

11.2 The duties of the Officers in respect of the business of LJCs will be:

- (a) to assist the Chairman to set the Agenda for each meeting;
- (b) to collate and dispatch all relevant papers and publicise the date, time and venue for each meeting;
- (c) to ensure that, where appropriate, reports are produced and that all Members, Officers and Partners who are invited to meetings are aware of the purpose of their attendance;
- (d) to provide general advice and support to Members;
- (e) to support the Chairman and Members in engaging and consulting local residents;
- (f) to ensure that all necessary actions are taken promptly to implement decisions;
- (g) to monitor the implementation of decisions and report back to the community and, where appropriate, refer any decision to CCC, HDC, Partner or Town and Parish Council bodies for further consideration;
- (h) to circulate details of actions taken in advance of the next meeting; and
- (i) to produce a schedule of dates and venues for meetings.

**12. Conduct at Meetings**

12.1 High standards of conduct are expected from the representatives of public sector and voluntary sector organisations at LJC meetings. Elected Members must abide by the Members Code of Conduct of their respective authority when engaged in the business of the LJCs. They should apply the rules concerning the declaration of interests at LJC meetings.

12.2 Where it is clear that a decision in which a Town or Parish representative has such an interest in a matter likely to arise at a particular meeting, the substitute Member (with no interest to declare) may attend that LJC meeting or a part of the meeting in his/her place.

12.3 Where a Town or Parish Council Member of the LJC has failed to attend 2 consecutive LJC meetings, the seat will be declared vacant. In the event of the vacancy occurring in respect of one of the authorities listed in section 2 above, another representative will be appointed to sit on the LJC by the relevant authority.

12.4 Members of the public speaking at LJC meetings should not engage in personal criticism or slanderous comment or use the LJC as a means of pursuing personal objectives.

**13. Expenses**

- 13.1 Voting Members and substitutes shall be entitled to recover from the nominating authority by which they are appointed any expenses they incur in connection with the discharge of the LJC's functions (for example travel expenses) according to their authority's own policy.

**14. Review**

- 14.1 This Constitution will be reviewed after 12 months at a meeting to which all Members of all LJC's in Huntingdonshire will be invited.

**15. Interpretation**

- 15.1 The decision of the Chairman on the interpretation of this Constitution shall be final.

CORPORATE GOVERNANCE PANEL

28 MARCH 2012

## GRANT CERTIFICATION 2010/11

(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 and will be presented to the Panel by PWC.

### 2. CONTENT

- 2.1 The Report refers to the audit of 3 claims amounting to over £90M.
- 2.2 There were no issues with two of the claims - NNDR (£51M) and Disabled Facilities Grants (£0.5M).
- 2.3 The Benefits Claim (£40M) is by far the most complex and covers the processing of over 7,000 new claims per year and over 41,000 changes to claimant's circumstances.
- 2.4 This claim has to be submitted by 31 May and it is common for authorities to still be reviewing the figures after that date for subsequent adjustment. This process and the audit of the claim led to the audited claim being reduced by £9,159 due to:
  - The Council getting a fix for a software bug identified before 31 May which, when installed, led to a reduction in the claim of just under £11k.
  - PWC identifying 4 errors of a one-off nature amounting to an increase in the claim of £1,713.
- 2.5 PWC also reported three areas of concern to the Department for Work and Pensions as follows:
  - **Insufficient evidence.** An adjustment of £74 to an old item for which the original paper records had been destroyed under the normal retention policy. The Council considered the item valid based on the computer data held and the DWP have subsequently accepted this. ***The circumstances of such a historic adjustment where the paper records have been destroyed is probably unique so no action is proposed.***
  - **Inaccurate income assessment calculations.** PWC found one error which led to an over claim of 23p in the first sample of 20 cases. They therefore undertook a further sample check of 40 cases and found 4 errors amounting to just over £40 but,

because of the differing impacts of various types of item, this led to the Council under claiming by just £8.15. ***Despite the low values, steps were immediately taken to increase the level of checking carried out on claims with earnings in order to identify and attempt to eradicate further occurrences.***

- **Manual adjustments.** The software that the Council uses (along with about 140 other authorities) does not always provide a totally balanced summary for completing the Claim. In previous years there have been small variations which have been adjusted in DWP's favour. This year there were two cells on the claim out of balance, one of £33 and one of £113. There has to be an adjustment because the computerised claim form can only be submitted if it balances. This year, the adjustment was made in the Council's favour. If the adjustment had been significant additional investigations would have been undertaken to try and identify the relevant items. ***In future, any small balancing items that do not warrant the resources to resolve will be adjusted in the DWP's favour.***

### 3. FEES

- 3.1 Information relating to the level of fees charged for the review of grant claims can be found in Appendix A of the Grant Certification Report

### 4. RECOMMENDATION

- 4.1 The Panel are recommended to note the Auditor's report and the action already taken or planned.

### BACKGROUND INFORMATION

Claims and relevant working papers

**Contact Office:** Steve Couper, Head of Financial Services ☎ 01480 388103  
Julia Barber, Head of Customer Services ☎ 01480 388105

# ***Certification Report (2010/11)*** Report to those charged with governance

*Certification Report to  
those charged with  
governance 2010/11*

February 2012





Corporate Governance Panel  
Huntingdonshire District Council  
Pathfinder House  
St Mary's Street  
Huntingdon  
PE29 3TN

16 February 2012

Ladies and Gentlemen

**Subject: Certification Report (2010/11)**

We are pleased to present our Annual Certification Report summarising the results of our 2010/11 certification work. We look forward to presenting it to members on 28 March 2012. The purpose of this report is to provide a high level overview of the results of certification work we have undertaken at Huntingdonshire District Council on 2010/11 claims and returns that is accessible for members and other interested stakeholders. Fees for 2010/11 certification work are summarised in Appendix A.

**Results of Certification work**

During the period June to November 2011 we certified three claims and returns worth a total of £91,816,167.80. Of these, one claim (Housing and Council Tax benefits subsidy: BEN 01) was amended following certification work undertaken and this claim also required a qualification letter to set out a number of issues arising from the certification of this claim. The qualification letter was issued to the Department of Work and Pensions and to the Council on 29 November 2011.

We ask the Corporate Governance Panel to consider the details as set out in the attached report.

Yours faithfully,

PricewaterhouseCoopers LLP

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# *Introduction*

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# ***Introduction***

## ***Scope of work***

Grant-paying bodies pay billions of pounds in grants and subsidies each year to local authorities and often require certification, by an appropriately qualified auditor, of the claims and returns submitted to them. Certification work is not an audit but a different kind of assurance engagement. This involves applying prescribed tests, as set out within Certification Instructions (“CIs”) issued to us by the Audit Commission, which are designed to give reasonable assurance that claims and returns are fairly stated and in accordance with specified terms and conditions.

The Audit Commission is required by law to make certification arrangements for grant-paying bodies when requested to do so and sets thresholds for claim and return certification, as well as the prescribed tests which we as local government appointed auditors must undertake. We certify claims and returns as they arise throughout the year to meet the certified claim/return submission deadlines set by grant-paying bodies.

We consider the results of certification work when performing other Code of Audit Practice work at the Council, including for our conclusions on the financial statements and on value for money.

## ***Code of Audit Practice and Statement of Responsibilities of Auditors and of Audited Bodies***

In March 2010 the Audit Commission issued a revised version of the ‘Statement of responsibilities of auditors and of audited bodies’. It is available from the Chief Executive of each audited body and on the Audit Commission’s website. The purpose of the statement is to assist auditors and audited bodies by explaining where the responsibilities of auditors begin and end and what is to be expected of the audited body in certain areas. Our reports and management letters are prepared in the context of this Statement. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the audited body and no responsibility is taken by auditors to any member or officer in their individual capacity or to any third party.

## ***Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns***

In November 2010 the Audit Commission updated the ‘Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns’. This is available from the Audit Commission’s website.

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The purpose of this statement is to summarise the Audit Commission's framework for making certification arrangements and to assist grant-paying bodies, authorities, and the Audit Commission's appointed auditors by summarising their respective responsibilities and explaining where their different responsibilities begin and end.

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# *Results of Certification Work*

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# Results of Certification Work

## Claims and returns certified

A summary of the claims and returns certified during the year is set out below. In one case a qualification letter was required to set out a range of issues arising from the certification of the claim. This claim was also amended following the certification work undertaken. All deadlines for submission of certified claims and returns were met.

Claims and returns certified in 2010/11						
CI Reference	Title	Form	Original Value (£)	Final Value (£)	Amendment (£)	Qualification
BEN01	Housing and Council Tax Benefit	MPF720A	40,503,841	40,494,682	-9,159	Qualification letter issued
LA01	National Non Domestic Rates Return	NNDR3	50,869,485.80	50,869,485.80	n/a	No
HOU21	Disabled Facilities Grant	DFG 2010D3	452,000	452,000	n/a	No

## Issues arising

Our work on the Housing and Council Tax Benefit subsidy (“BEN01”) (certification deadline 30 November 2011) was conducted in accordance with the relevant certification instructions which require errors and other issues identified to be reported in a qualification letter. A copy of the qualification letter was issued to the Department of Work and Pensions and to the Council on 29 November 2011.

The issues identified during the audit of the Housing and Council Tax Benefit claims have been summarised in the table below. We recommend that the Council work towards addressing these issues, including identification of the reasons for the occurrence of the issues identified.

## Issues arising

<b>Claim/ Return (deadline)</b>	<b>Issue</b>	<b>Risk to the Council</b>	<b>Recommendation</b>
Housing and council tax benefits subsidy (BEN 01) (30 Nov 2011)	<p>We identified examples of the following:</p> <ul style="list-style-type: none"> <li>• Insufficient evidence to support claimant details;</li> <li>• Over and under payment of benefit due to inaccurate income assessment calculations; and</li> <li>• Unsupported manual adjustments made to ensure that the in year reconciliation cells match the related expenditure cells.</li> </ul>	<p>These issues could have a financial impact on the subsidy amount receivable from the DwP. Due to the issues identified we were required to perform additional testing and this has had an impact on the grant certification fee.</p>	<p>We recommend that the Council considers the reasoning behind why the errors identified in our testing occurred to ensure that appropriate action can be taken to prevent these instances occurring in the future.</p>

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# *Appendices*



# Appendix A

## *Certification Fees*

The fees for certification of each claim/return are set out below:

Claim/Return	2010/11 (£)	2009/10* (£)	Comment
BEN01 – Housing and Council tax benefit subsidy	30,560	17,839	Increase due to errors identified in 2010/11 where we were required to perform additional testing.
HOU21 – Disabled facilities	1,000	618	-
LA01 – National non-domestic rates return	6,000	4,108	-
Total	37,560	22,565	

\* Fees billed in 2009/10 have been taken from the 2009/10 grant certification report presented by Grant Thornton.

The fees for 2010/11 reflect our initial risk assessment of the Council and the additional time required to gain an understanding of the Council's current performance and arrangements in place for certification in our first year of audit. The fee for BEN01 – Housing and Council tax benefit subsidy includes the fee for the additional testing requirement.

It may be possible to reduce fees should the Council improve its performance by:

- **Review:** improving accuracy of claims/returns submitted for certification requiring independent review; and
- **Documentation:** improving working papers and quality of evidence available to support the claim/return.

We are happy to discuss how we may assist further with improvement, for example we can perform specific focussed, risk-based work in this area should that be helpful.

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**CORPORATE GOVERNANCE PANEL**

**28 MARCH 2012**

**ANNUAL GOVERNANCE STATEMENT 2010/11- ADDENDUM  
(Report by the Head of Financial Services)**

**1. INTRODUCTION**

- 1.1 The Annual Governance Statement was discussed at the Panel's September meeting and subject to incorporation of the amendments highlighted by the Panel and consent by the Chairman to the final wording, the Chairman was authorised to sign the Statement for 2011.

**2. UPDATE**

- 2.1 PWC have suggested, and your Officers agree that there should be an addendum to Section 17 "Governance Issues" of the Statement to reflect the difficulties experienced with finalising the 2010/11 accounts. It is therefore proposed that the following highlighted wording be added.

**"17. Governance Issues**

While generally satisfied with the effectiveness of corporate governance arrangements and the internal control environment, as part of continuing efforts to improve governance arrangements the Council has identified the following issues for attention in the forthcoming year –

- Review of the Councils Corporate Plan
- Review of the Councils Performance Management Framework
- Review of the Constitution and Scheme of Delegation
- Adequacy of Business Continuity arrangements
- **Adequacy of the arrangements for timely completion of the Council's final accounts**

During the coming year steps will be taken to address these issues to further enhance the Council's Governance arrangements. In these circumstances we are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation through the Council's Improvement Plan and as part of our next annual review."

**3. RECOMMENDATION**

- 3.1 The Panel are recommended to agree to the above addition to the Annual Governance Statement.

**BACKGROUND INFORMATION**

Previous Panel Reports and updates.

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

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## **CLOSURE OF 2011/12 ACCOUNTS (Report by the Head of Financial Services)**

### **1 BACKGROUND**

- 1.1** The Panel are well aware of the significant problems experienced in producing a set of final accounts of acceptable standard for 2010/11. The problems reflected a rare combination of circumstances including the ill health and subsequent voluntary redundancy of a key member of staff, the introduction of IFRS and the lack of continuity due to a change of external auditors.
- 1.2** However impossible it would be for last year's circumstances to be repeated it is necessary to explain to the Panel the differences and the changes in place for the 2011/12 accounts in order to provide appropriate reassurance.

### **2 2011/12 ACCOUNTS**

- 2.1** There are two types of changes dealt with below. The first type I have termed "fundamental" in that they relate to things that are intrinsically different for 2011/12. The second category are termed "procedural" and reflect changes to our processes.

#### **2.2 Fundamental Changes**

- IFRS is in place and there will be an audited set of accounts on this new basis. Therefore the emphasis is on any minor items that were not important enough to deal with and any changes during 2011/12.
- There is no additional work from restating previous years.
- Knowledge and understanding of IFRS requirements are significantly higher as a result of this year's experience which included assistance from external experts at various stages.
- PWC will have a significant knowledge of the Council and will be better able to provide advice on any difficulty.
- The Accountancy Team has been restructured following the voluntary redundancy and a Technical Team created to pull together a range of tasks including capital. This team is headed by a qualified accountant who has now gained significant experience of capital and IFRS issues, partly from this year's experience and partly from attending training courses. This team will provide support to the Accountancy Manager in the completion of the accounts so that the work is spread more evenly.

## **2.3 Procedural Changes**

- Development of a capital asset register that will highlight the required accounting entries.
- Making use of the suite of spreadsheets from another Authority to simplify the production of the financial statements.
- Specific stages have been identified in the process where a review will take place to identify whether any technical difficulties are emerging. If they do we will promptly obtain the necessary assistance.
- Increasing the value, below which, adjustments for debtors and creditors are ignored as immaterial. This will reduce the volume of entries and allow this element of the process to be completed more quickly thus providing more time for the remaining stages.
- A more detailed timetable to cover certain areas where difficulty was experienced last year with weekly review of progress with the Head of Service. Again, external assistance will be obtained if there is any indication of problems emerging.
- Identification, during March, of all of the asset valuations that will be required and the basis on which they need to be made, thus enabling the valuer to program the work at an earlier date.
- Early discussion with the Auditor to agree the amount of detail required in the electronic file of working papers to make the audit more efficient.

**2.4** There is however one significant change not covered above and this relates to the Accountancy Manager having given notice to leave in September to take up a personal vocation. The Panel should recall that the accounts are due to be passed to the auditor by the end of June and then presented to the Panel once audited at its September meeting. Thus the accounts are expected to be completed before she leaves. However, the post will be advertised promptly, and the extended notice should provide the opportunity for some overlap with the current post holder, thus minimising any potential problems.

## **3 CONCLUSION**

**3.1** Fundamental changes from the position last year minimise the chances of delay and of inaccurate accounts in 2011/12. Further process changes have been planned to reduce the likelihood still further.

## **4 RECOMMENDATION**

**4.1** The Panel is asked to note the action taken to ensure the final accounts process runs smoothly for 2011/12.

## **ACCESS TO INFORMATION ACT 1985**

None

### **Contact Officers:**

**Steve Couper,** Head of Financial Services

**☎ 01480 388103**

## PROGRESS REPORT ON ISSUES IDENTIFIED IN THE ANNUAL GOVERNANCE STATEMENT

(Report by Corporate Policy & Performance Manager)

### 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 27<sup>th</sup> September 2011.

### 2. REVIEW OF GOVERNANCE ACTION PLAN

- 2.1 At the September 2011 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.

### 3. RECOMMENDATIONS

- 3.1 The Panel are recommended to note the:
- (a) progress made to implement the actions plans arising from the annual governance statement.

### BACKGROUND PAPERS

Code of Governance  
Annual Governance Statement September 2011

Contact Officer: **Howard Thackray, Corporate Policy & Performance Manager**  
 **01480 388035**

## ANNEX A

<b>Issues identified in AGS Sept 2010</b>	<b>Progress to date</b>
Review of the Councils Corporate Plan	The review of the Council's corporate plan is underway. Further development will be informed by the Councils Performance Management Framework as described below.
Review of the Councils Performance Management Framework	Work is currently being undertaken with Heads of Service to identify a basket of corporate measures that reflect the key activities within each division. Where possible, this data will include actual, historical and trend information. It is anticipated these measures will be available for collection from April 2012
Review of the Constitution and Scheme of Delegation	<p><i>A report reviewing the Constitution and Scheme of Delegations was submitted to Corporate Governance Panel and full Council in November 2011 that: _</i></p> <p><i>amended the terms of Reference for Overview and Scrutiny;</i></p> <p><i>prohibited any member appointed from serving on the Development Management Panel, the Licensing Committee and the Licensing and protection Panels until they had undertaken the relevant training; and</i></p> <p><i>gave delegated authority to the Head of Legal &amp; Democratic Services, after consultation with the Chairman of CGP, to make any other necessary amendments to the Scheme of Delegations following the current review.</i></p> <p><i>Following receipt of comments from Heads of Service and Managing Directors an amended Constitution and Scheme of Delegation has been produced. Although the 2012 Constitution has now been published on the Council's Intranet/Internet, the Scheme of Delegation is still under review by the Head of Legal &amp; Democratic Services. Any changes to the scheme will be referred to the Chairman of the Corporate Governance Panel in accordance with the above resolution.</i></p>



Adequacy of Business Continuity arrangements

Objective; To develop a new BC Plan (first issue to be published in August 2012) which will be built by drawing on examples of “best practice” from other authorities. Progress has been made in the following areas:

- Have discussed approaches with other Authorities – the Head of IMD has met with Business Continuity officers at both Cambridgeshire CC and South Cambridgeshire DC. SCDC, in particular, has provided a copy of their BC Plan and this will be used as a template for a complete re-working of the existing HDC Service Recovery Plan.
- Re-established a team of BC Coordinators and their deputies for each service
- Setting up an SMS distribution mechanism so we can communicate more efficiently in the absence of email in a BC situation
- Established a [Business Continuity Intranet site](#) - this will continue to evolve
- Successfully planned for, executed and reviewed the business continuity for the strike on the 30<sup>th</sup> November and, more recently, 2 “snow” days

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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 2011 to February 2012, on the progress made to deliver the annual audit plan for the period ending July 2012 and associated performance issues.

**2. Delivery of 2011/12 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. The 2011/12 audit plan, excluding IT audit, contained 28 audit reviews.
- 2.2 As is the norm, a number of changes have been made to the plan to take account of changing circumstances within services and responding to requests for advice and assistance. Consequentially the following amendments to the audit plan have been made:

<b>Omissions</b>	<b>Days</b>	<b>Reasoning</b>
Internet use & monitoring	10	New firewall to be implemented towards latter part of audit year. Expectation that review will be included in 2012/13 audit plan.
Staff recruitment	10	Removed due to drop in recruitment and the likelihood of major service changes during the 2012/13 financial year.
Legal debt collection & recovery	8	Postponed to 2012/13 audit plan year at the request of the Head of Service because of restructuring and an unavoidable delay in filling the new post.
Repairs & maintenance of property	6	Following initial planning meeting, decision to postpone review taken by Internal Audit Manager due to services updating current IT systems to enable appropriate data to be recorded.
<b>Additions</b>		
Voluntary redundancy	10	Review of pay calculations and management considerations that supported voluntary redundancy of employees.
Monitoring of abuse emails	3	Review of action taken to deal with emails forwarded by employees to the Abuse email box.
HR & Payroll follow-up review & payments in lieu of worked hours	5	Due to likelihood of major service changes during 2011/12 financial year, a follow-up review of previously agreed audit actions was undertaken.
	10	This identified a number of issues, consequently a separate audit on salary payments in lieu of worked hours has commenced.

- 2.3 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.

Revisions to the plan noted above, have resulted in the audit plan remaining unchanged at 28 audits. As at the 28 February, 9 reviews have been the completed or reports issued and a further 9 reviews were underway. Accepting that no unforeseen events occur it is anticipated that the full audit plan will be delivered.

- 2.4 The Internal Audit & Risk Manager has had no constraints placed upon him in respect of determining overall audit coverage, audit methodology, the delivery of the audit plan or proposing actions for improvement or forming opinions on individual audit reports issued.

### **3. IT audit coverage**

- 3.1 Due to the specialist nature of IT audit, it is delivered by an external provider who is appointed following a competitive tendering process. The contract for the service ended in June 2011. Whilst discussions had taken place with neighbouring authorities over a number of months both prior to and after June to undertake a joint tendering exercise, these authorities took the decision in August not to proceed along this route.
- 3.2 The size of the IT audit contract is such that it was required to be let in accordance with EU rules. This would have taken a minimum of 10 weeks and required the preparation of detailed tender documents etc. A decision was therefore taken to procure via the London Audit & Anti-Fraud Partnership contract, which had been let in accordance with EU rules. This contact, which runs until March 2014, had been awarded to Deloitte's.
- 3.3 The IT audit plan has been agreed and is listed in Annex B for information.

### **4. Implementation of Agreed Actions**

- 4.1 The Management Team have set a target of 60% of agreed actions should be implemented on time, based on a rolling 12 month period. Performance is reported to the Management Team each quarter. For the year ending February 2012 the figure achieved was only 53 %.
- 4.2 The table at Annex C shows the split between red and amber actions and by Head of Service.

## **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

Audit actions database

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 2011 to 29 February 2012**

Audit area	Level of assurance				Agreed action status		
	Substantial	Adequate	Limited	Little	Red	Amber	The risk identified has been accepted by the Manager <sup>1</sup>
<b>Key Financial Systems</b>							
Council Tax - continuous monitoring	----	---	---	----			
Accounts Payable standing data			x		0	1	
<b>Other systems reviews</b>							
Staff Travel and Subsistence	✓✓				0	1	
Corporate Governance Arrangements		✓			---	---	
National & Local Performance Indicators		✓			1	0	1 - red
Countryside Services Visitor Centre		✓			0	2	
Land Charges		✓			0	3	
Delivering the web strategy		✓			0	5	
Monitoring of Abuse emails			x		0	1	
<b>Computer Audit</b>							
Application review : ResourceLink		✓			0	3	
DR, Backup & server room controls		✓			0	4	
Business Continuity Planning <sup>2</sup>			x		2	0	

<sup>1</sup> 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.

<sup>2</sup> Draft or final report issued as at 29 February 2012.

In addition to the reviews listed above, internal audit have also been involved in a number of other initiatives and reviews. These include reviewing the output from the National Fraud Initiative (reported to Panel in December) , managing whistleblowing allegations, reviewing the IT usage documents in respect of non-HDC employees accessing the IT network under shared service arrangements, advising on controls with regard to the Home Improvement Agency shared service and considering the assurance provisions required for the Panel with regard to the potential for a shared HR & Payroll service. Guidance has also been provided on a wide variety of control and fraud issues.

The audits have also identified a number of efficiency savings which difficult to quantify in financial terms have led to improvements in processes.

### 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.

## **Code of Procurement**

There are still breaches taking place with regard to receiving and opening tenders and quotations. Changes are being proposed to the Code of Procurement so that Heads of Service have to advise the Internal Audit & Risk Manager of the time for the opening of quotations. A member of Internal Audit will occasionally attend the quotation openings to ensure that the Code is being complied with. This procedure change should ensure that no tenders or quotations are opened incorrectly and reduce further the opportunity for fraud or error to occur.

## **Establishment Control**

Ensuring the accuracy of the payroll to reduce the opportunity for fraud is a key control. Following a number of delays, in September 2011 reports were sent to Heads of Service listing employees within their services and requesting positive confirmation that the reports were correct. It is disappointing to note that not all Heads of Service confirmed that the establishment in their service area was correct. A further report is due to be issued next month.

## **Internet Monitoring**

Since January 2008 and possibly earlier, there has been no regular monitoring of employee's use of the internet. This is partially due to staffing issues in HR and the poor quality monitoring reports available from our current software. One manager has raised their concerns about the lack of robust monitoring on a number of occasions and the lack of useful evidence that would allow them to identify cases of internet abuse and take appropriate disciplinary action. A replacement product is due to be installed which will allow detailed reports to be prepared and monitoring undertaken.

An audit review of this area was planned for the current year but has been postponed until the software has been installed and is working effectively.

## **Business Continuity**

Last September, I raised a concern about the lack of an up to date business continuity plan being sufficiently serious so as warrant inclusion in the annual governance statement.

A report elsewhere on the agenda (Progress report on issues identified in the Annual Governance Statement) refers to progress that has been made with addressing the concerns raised. It is intended that a revised Business Continuity plan will be agreed by August 2012.

## LEVELS OF ASSURANCE - DEFINITIONS

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



## **Audit Plan 2011/12 Computer audit provision**

### **Virtualisation and Network Infrastructure: C Hall**

The Council is moving its server farm onto virtual servers. This review will examine the adequacy and effectiveness of the key controls relating to the Server Virtualisation and VMware environment by assessment of the following areas:

- Governance Strategy and Risk Management
- Resilience
- Security Settings
- Capacity Management and Administration

In order for the Virtual Environment to be effective there also needs to be strong management of a secure Network Infrastructure, therefore as part of this audit will also examine the adequacy and effectiveness of the key controls relating to the Network Infrastructure by assessment of the following areas:

- Logical access
- Network support
- Network monitoring
- Network Strategy
- Network device security
- Remote access security
- Firewalls

### **Community Infrastructure Levy (CIL) SharePoint application: C Hall**

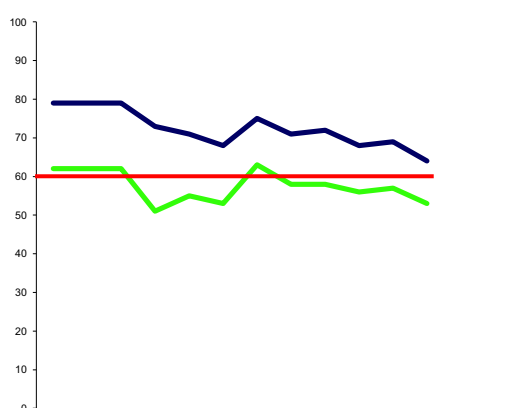
In order to manage the collection of CIL a SharePoint based software application has been developed. There is an expectation that this system will be marketed to other authorities. The review will cover access controls, data input, data processing, data output, interfaces, management trails, backup and support maintenance.

### **Penetration Testing: C Hall**

The Council is wholly reliant on its IT network and infrastructure in the delivery of its services. This review, using a number of attack and penetration techniques will simulate attacks from external and internal malicious users, seeking to identify vulnerabilities and weaknesses within the internal IT infrastructure. A review of this kind was last conducted in 2004.

**Implementation of Agreed Actions  
Summary of the Actions Database as at 29 February 2012**

	Status of Action						TOTAL
	Introduced on time		Introduced Late		Not introduced		
Red Action	0		1		5		6
Amber Action	43		8		24		75
<b>Total</b>	<b>43</b>		<b>9</b>		<b>29</b>		<b>81</b>
<b>% age</b>	<b>53%</b>		<b>11%</b>		<b>36%</b>		
<b>Head of Service</b>	<i>Red</i>	<i>Amber</i>	<i>Red</i>	<i>Amber</i>	<i>Red</i>	<i>Amber</i>	
Financial Services	0	19	1	0	5	10	<b>35</b>
Info Management Division	0	1	0	0	0	2	<b>3</b>
Operations	0	7	0	2	0	2	<b>11</b>
Environ & Comm Health	0	2	0	0	0	0	<b>2</b>
Housing	0	3	0	0	0	0	<b>3</b>
Law & Democratic Services	0	4	0	2	0	0	<b>6</b>
Corporate Team	0	2	0	2	0	6	<b>10</b>
General Manager, Leisure	0	2	0	0	0	4	<b>6</b>
Customer Services	0	3	0	1	0	0	<b>4</b>
Planning Services	0	0	0	1	0	0	<b>1</b>
<b>Total</b>	0	43	1	8	5	24	<b>81</b>



The chart shows actual performance for the year ending February 2012.

Red line = 60% target

Blue = %age actions introduced both on time and late

Green = %age of actions introduced on time

A sample of actions that have been reported as being completed are checked 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 2012. 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: No view expressed.

The Council's external auditors, PriceWaterhouseCoopers, have requested sight of a number of internal audit reports on key financial systems to gain an understanding of the internal control framework. As 2010/11 is their first year of appointment, they have undertaken their own tests on key controls within the financial systems and as such have not yet had cause to place any reliance on the work of internal audit for their work.

### 2. Customer Satisfaction

Target: 85% or more of auditees rating service quality as good or better.  
 Achieved: 12 months to February 2012 - 100% (from 12 responses)

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 – very good, good, acceptable, requires improvement or unacceptable. Target information is calculated on a rolling twelve month basis rather than by financial year.

The Head of Financial Services annual customer satisfaction survey is due to be conducted in the next month. The results will be reported to the September meeting.

### 3. Introduction of Agreed Actions

See paragraph 4 of the main report.

### 4. Service delivery targets

Target: 80% or more of service delivery targets achieved.  
 Achieved: 12 months to February 2012 – 75% (83% excl. IT reviews)

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

Performance indicators are prepared monthly. The targets are also reflected in staff's key performance development targets within the annual appraisal process.

It is disappointing that the 80% target has not been achieved overall. 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. There have also been delays in the response to IT related audit reports which have affected the figure. 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
- Continue with the innovative approach to continuous auditing
  - Undergo an external assessment against the Cipfa Code of Audit Practice
  - Deliver changes within the action plan arising from the 2011 review of the internal audit service
  - Review internal audits own performance indicators to ensure that they remain fit for purpose.

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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 September 2011 to 13 March 2012 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.
- 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.
- 2.4 This report includes six Annexes, which provide information on

#### Annex

- |   |                                                            |
|---|------------------------------------------------------------|
| 1 | Risk matrix – inherent to residual scoring: Corporate risk |
| 2 | : Operational risk                                         |
| 3 | Risk register amendments                                   |
| 4 | Assurance on controls for very high inherent risks         |
| 5 | Risks with no controls                                     |
| 6 | Risks with controls that are not working effectively       |

### 3. Current Register

- 3.1 Since the last report to the Panel in September 2011, 2 risks have been added, and 5 risk deleted from the register. See Annex 3.
- 3.2 The annexes 1 and 2 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.

- 3.3 431 significant controls are recorded in the register as at 5 March, in respect of 148 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
431	272	134	19	6
	63%	31%	5%	1%

56% of the assurances have been updated in the past six months (78% at August 2011). 2% of assurances are more than twelve months old (1% at August 2011).

- 3.4 As the risk register has become more robust, the Internal Audit Service have been able to place greater reliance on its content. 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. It is intended that risk option forms will be presented to the May Cabinet meeting in respect of the seven risks that fall into this category.

#### 4. Recommendation

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

#### ACCESS TO INFORMATION ACT 1985

Risk Register

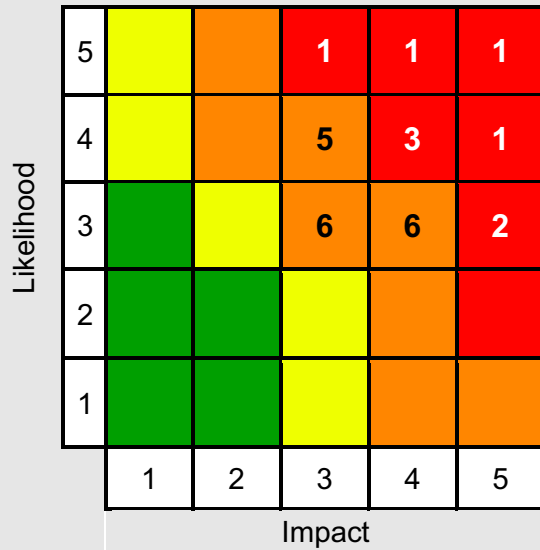
**Contact Officer:** David Harwood, Audit & Risk Manager ☎ 01480 388115



# Corporate Risks

# Annex 1

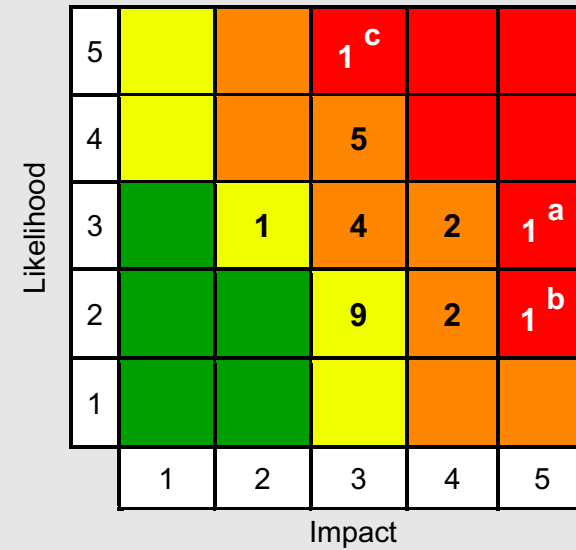
**Inherent Risks  
before controls  
February 2012**



*Residual risk scores rely on the identified controls working effectively.*

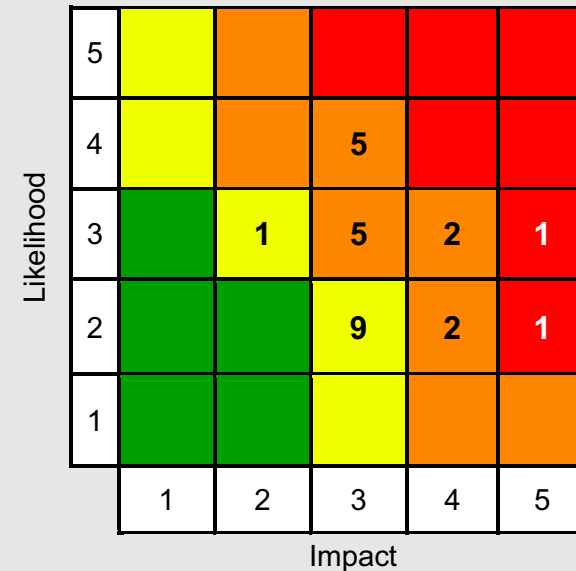
*CGP and COMT rely on internal audit and managers' 'assurance' statements to judge whether this is the case.*

**Residual Risks  
after controls  
February 2012**



total  
**26**

**August 2011**



total  
**26**

-0

	'Very High' Residual Risks	Aug 2011	Feb 2012	Accepted by Cabinet
130 a	Failure to achieve financial savings	3 / 5	3 / 5	July 2010
47 b	Investment decisions not appropriate	2 / 5	2 / 5	July 2010
146 c	Climate change preparations poor	4 / 3	5 / 3	-----

# Operational Risks

# Annex 2

**Inherent Risks  
before controls  
February 2012**

Likelihood	5	1	4	6	2	
	4	7	15	9	2	
	3	1	7	30	20	3
	2	4	6	2	2	
	1				1	
		1	2	3	4	5
		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 2012**

Likelihood	5	1				
	4	1	2	8	1 <sup>a</sup>	
	3	2	17	9	3	
	2	1	22	34	10	3 <sup>b</sup>
	1	2	4	1	1	
		1	2	3	4	5
		Impact				

total  
**122**

**August 2011**

Likelihood	5	1				
	4	1	3	7		
	3	2	17	8	3	
	2	1	23	36	12	3
	1	2	4	1	1	
		1	2	3	4	5
		Impact				

Total  
**125**

- 3

	'Very High' Residual Risks	Aug 2011	Feb 2012	Accepted by Cabinet
6 a	Bus Cont plans inadequate	2 / 4	4 / 4	-----
15 b	ICT security is breached	2 / 5	2 / 5	July 2010
58 b	Information or data is lost	2 / 5	2 / 5	July 2010
223 b	MMI run-off	2 / 5	2 / 5	-----

**Operational**

## Summary of Risk Register Amendments 1 September 2011 – 5 March 2012

Annex 3

	Additions	Deletions
<b>Corporate</b>	1	1
<b>Operational</b>	1	4

### Corporate

Risk Ref	Risk Title	Created	Deleted	Inherent Risk Priority	Residual Risk Priority
233	April 2013 changes arising from central government reforms that require additional resource and could lead to poorer performance or financial shortfalls.	28/02/12	---	Very High	High
155	The Benefits service is compromised because the council does not meet CoCo requirements and is unable to connect to Government Connect.	---	28/02/12	High	Low

### Operational

Risk Ref	Risk Title	Created	Deleted	Inherent Risk Priority	Residual Risk Priority
163	Government Connect Code of Connection rules restrict flexibility of ICT provision	---	06/10/11	Very High	Medium
187	An interruption in Anite/ Flare /Femis systems prevents key Home Improvement Agency functions being carried out.	---	02/03/12	High	Medium
219	Working practices and time may not be monitored leading to errors not being identified and non-compliance with the Working-time Directive and other legislative regulations	---	07/02/12	High	Medium
225	Redundancy programme leads to an overstretching of resources and loss of key talent	---	07/02/12	High	High
232	Delivery of the Home Improvement Agency via shared service arrangements is not adequately managed leading to poor performance and the dissatisfaction of its customers.	10/02/12	---	Medium	Low

## Assurance Details

## Annex 4

Corporate Objective	Risk No	Inherent Risk	No of Controls	Residual Risk	Assurance Level				Assurance Provider		Area of Panel Assurance <sup>1</sup>	Assurance shortfall	Risk Type	
					Substantial	Adequate	Limited	None	Management	Other			Corporate	Operational
<b>A clean, 'green' and attractive place</b>														
Climate change strategy	146		2					2			a	X	✓	
Loss of vehicle fleet operating licence	192		3		2	1			3					✓
Council Carbon Management Plan	205		1		1				1					✓
Failure to deliver environmental policy/strategy	30		6			2	2	2	4		a		✓	
<b>Developing communities sustainably</b>														
Changes to house prices	52		2				2		2		a		✓	
<b>Housing that meets individuals' needs</b>														
Increasing Housing Benefit claims	143		1		1				1		g			✓
Emergency re-housing of expatriates	149		2			2			2				✓	
Increased homelessness	148		1			1			1		a		✓	
<b>Safe, vibrant and inclusive communities</b>														
Reduced CCTV service	230		2				2		2		a			✓
<b>To improve our systems and practices</b>														
ICT security breached	15		8		6	2			8		g			✓
Service recovery/business continuity ineffective	6		4		2	1	1		4		g			✓
Information or data is lost	58		4			4			4		g			✓
Theft	140		4		4				4		g			✓
Power loss to main servers	177		6		4	2			6					✓
Breach of Data Protection Act	217		4		4				4		c			✓
Project management ineffective	48		3		2	1			3		e			✓
Unencrypted data is sent externally	122		4		2	2			4		g			✓
Increasing insurance premiums	126		3		1	1	1		3					✓
Ineffective site security	32		3			2	1		3		g			✓

<sup>1</sup> The areas that Panel require specific assurance upon are listed at the end of this section.

## Assurance Details

## Annex 4

Corporate Objective	Risk No	Inherent Risk	No of Controls	Residual Risk	Assurance Level				Assurance Provider		Area of Panel Assurance <sup>1</sup>	Assurance shortfall	Risk Type	
					Substantial	Adequate	Limited	None	Management	Other			Corporate	Operational
Sensitive HB info e-sent via insecurely means	191		1		1				1					✓
Fraud occurs	75		5		1	4			4	1	g			✓
Loss of use of admin buildings	229		3		2		1		3		g			✓
Loss of access/structure: Pathfinder House	145		3		2	1			3		g			✓
Assets not properly maintained	186		3			2	1		3		g			✓
Partnerships are not effective	74		2			2			2		k	✓		
<b>To learn and develop</b>														
Increasing staff accidents	14		6			6			6		g			✓
Serious injury or death of customers or staff	16		5			5			5		g			✓
Reliance on key IT staff	25		6		4	1	1		6		g			✓
Bailiff contract (Health & Safety)	31		3		1	2			3					✓
<b>To maintain sound finances</b>														
Investment decisions not appropriate	47		9		6	2		1	8		d		✓	
Failure to achieve financial savings	130		2		1	1			2		d		✓	
Budget estimates are inaccurate	24		5			5			5		d			✓
Reduced land charges income	153		1		1				1					✓
Finance reforms in 2013	233		1			1			1			✓		
S106 Agreements are not monitored	208		3		3				3					✓

- a. Delivery of the Council's corporate objectives
- b. The effectiveness of the Constitution
- c. Ability to identify, assess and respond to legislation, meeting statutory obligations
- d. Effectiveness of financial management arrangements
- e. Robustness of the performance management system
- f. The effectiveness of the risk management strategy
- g. Robust systems of internal control & the effectiveness of key controls
- h. Adequacy of the internal audit service
- j. Partnerships are efficient and effectively delivering service objectives

## Risk Register entries : No Controls

## Annex 5

Risk Ref	Risk Title	Inherent Risk Priority	Residual Risk Priority	Actions being considered	Date to be introduced
Head of Environmental Management					
154	Lack of skilled/trained staff and funds mean failure to deliver expanding environmental agenda	<b>High</b>	<b>High</b>	Identify skills required & target resource to key environmental areas and projects.	April 2012
214	Warmer, wetter winters and hotter summers with reduced rainfall resulting in an increased likelihood of subsidence and ground heave.			Develop a tree policy to consider the trees we currently own and how they will be managed in future	June 2011
		<b>Low</b>	<b>Low</b>	Is there a programme in place to identify buildings susceptible to subsidence risk? Is there a schedule of regular maintenance checks to identify any damage? Is preventative work carried out where required?	May 2011
				All trees selected for any planting site, be it a paved street, grass verge, park, or open space is carefully chosen with regard given to its suitability to the area, based on growth habits, nutritional requirements, resistance to disease, the local landscape, future management requirements, potential for damage to adjacent properties and ultimate tree height and spread.	June 2011
215	Warmer summer weather and outdoor lifestyle increases the scope for outdoor activity leading to an increase in tourism and increased opportunity for leisure	<b>Low</b>	<b>Low</b>	None	

## Risk Register entries : No Controls

## Annex 5

Risk Ref	Risk Title	Inherent Risk Priority	Residual Risk Priority	Actions being considered	Date to be introduced
Head of Planning Services					
152	Economic downturn and the related potential shortfall in anticipated developer activity due to reduced market liquidity and availability of credit undermines the delivery of new homes, new employment opportunities and community facilities.	<b>High</b>	<b>High</b>	None	
Head of Financial Services					
223	MMI Ltd are unable to 'run-off' outstanding liabilities from reserves leading to call on Council to meet funding shortfall.	<b>Very High</b>	<b>Very High</b>	Upon receipt of annual report from MMI, Audit Manager to discuss need for reserve with HOFS annually, so a decision can be taken as to how to treat the reserve in the accounts.	June 2012

## Risk Assurance Shortfall

## Annex 6

Risk Ref	Risk Title	Inherent Risk Priority	Residual Risk Priority	Controls considered effective	Controls not considered effective
Head of Environmental Management					
146	Failure to prepare for and adapt to climate change already occurring, resulting in wasted investment , costs of emergency action and retrofitting buildings with adaptation measures.	<b>Very High</b>	<b>Very High</b>	None	Local Climate Impact Programme on services and wider District being developed.  Adaptation to climate change.



### **REVIEW OF THE EFFECTIVENESS OF THE CORPORATE GOVERNANCE PANEL (Report by the Head of Financial Services )**

#### **1. INTRODUCTION**

- 1.1 In September 2011 the Panel considered a report that detailed the outcomes of a review of their own effectiveness. Due to a number of the members being newly appointed to the Panel in May 2011, Panel members felt that more experience was required before they would be able to take a considered view on some specific questions within the effectiveness review.

#### **2. OUTCOME OF THE REVIEW**

- 2.1 Five Members of the Panel were able to attend on 29 February. They were supported by the Head of Financial Services and the Audit & Risk Manager.
- 2.2 The remaining 10 questions, from the original 72 were considered. The questions and the conclusions reached following the review are shown in Annex A. Arising from the discussions the Panel felt that its current terms of reference should be reviewed. A working group met on 7 March to propose changes to the terms of reference, which are considered elsewhere on the agenda.
- 2.3 From their own experiences the Panel members were concerned that the corporate governance impact of issues is not always given sufficient consideration by both Members and Officers when making decisions. It is therefore recommended that the Chief Officers' Management Team bring this concern to the attention of officers so that all decisions properly take account of the impact on the Council's system of Corporate Governance.
- 2.4 The Panel also recognised the benefits of maintaining some continuity in the membership of the Panel given the fairly technical nature of some of the Panel's responsibilities. This would allow Members to gain a fuller understanding of governance issues within the Council and so contribute to the Council's performance. It was decided to draw this to the attention of the Executive Leader.
- 2.5 The Panel discussed a suggestion from the Chief Officer's Management Team on the concept of proposing that other Panels and Member bodies be invited to undertake their own reviews of their effectiveness. Given the benefits that the Panel considered had resulted from their own review they felt that the process should be extended and would recommend this to the Council. The Panel would also like see the

outcome of these reviews so that they can consider the effect upon the annual corporate governance review.

### **3. RECOMMENDATIONS**

3.1 The Panel is recommended to:

- Note the results of the second stage of the effectiveness review in Annex A.
- Ask the Chief Officers' Management Team to ensure that any significant impact on the Council's systems of Corporate Governance be properly considered when any officer or member decisions are made.
- Recommend to Council that effectiveness reviews be undertaken by all Panels and other Member bodies and that the results of the reviews be copied to the Corporate Governance Panel.

#### **ACCESS TO INFORMATION ACT 1985**

Self assessment review papers

CIPFA publication – Audit Committees: Practical Guidance for Local Authorities

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

## Questions considered and conclusions reached

	Areas for Consideration	Panel's Response
	<b>Terms of Reference</b>	
4	Are the Panel content that their responsibilities and the making or endorsing of decisions are appropriate and do not cause any conflict of interests?	Yes.  If the Chairman of another Panel or an Executive Councillor became a member of the CGP then conflicts might occur. This needs to be made known to the Executive Leader of the Council.
7	Is the Panel satisfied that it has sufficient authority and resources to fulfill its terms of reference and perform its role effectively and independently?	A change will be proposed to the Terms of Reference so that the Panel has the ability to request Officers and Executive Councillors to attend to assist them in their decisions.
8	Should the ToR allow the Panel to: <ul style="list-style-type: none"> <li>• co-opt individuals who would provide specialist skills that members do not have?;</li> <li>• procure specialist advice to support them in relation to particular pieces of Panel business?</li> </ul>	Yes.  A change will be proposed to the Terms of Reference.
	<b>Risk Management</b>	
9	Does the Panel review the risk register at least annually?	The Panel currently receive information on key issues and risks facing the Council.  A copy of the register was handed to Members at the (29 February) meeting. Members will consider and discuss the register at the March meeting when a report on risk management was to be considered.
12	How does the Panel satisfy itself that the risk management ethos is being embedded into all areas of the Council?	See information at the end of this table.
	<b>Corporate Governance</b>	

## Questions considered and conclusions reached

	Areas for Consideration	Panel's Response
17	Does the Panel consider that the system of reporting gives early warning of control failures and emerging risks?	Panel continued to find this question difficult to answer. They felt that it was inevitable that there will always be issues where early warning will not be possible but that the proposals in item 56 below may create some improvement.
	<b>Internal Audit Process</b>	
24	Are the Panel satisfied with the level of information provided to them in support of the annual internal audit opinion?	Yes.
	<b>Membership</b>	
56	Are Panel members clear as to their role and responsibilities and how they support the Council?	<p>There are concerns that the Panel is largely reactive, rather than being part of the decision making process.</p> <p>A change will be proposed to the Terms of Reference to highlight the need for Corporate Governance decisions to be given appropriate weight when decisions are made.</p> <p>The Chief Officers' Management Team should bring this concern to the attention of officers so that all decisions properly take account of the impact on the Council's system of Corporate Governance.</p>
59	Is the Panel satisfied that its members have the necessary skills and experience to do its job? Have all Panel members' skills and experiences been assessed and training given for identified gaps? Is there an induction course for new Panel members?	<p>Issues for future meetings is a standing item on the agenda to allow requests for additional training.</p> <p>The Panel wish to have the importance of continuity of membership recognised, so as to allow Members to gain a full understanding of governance issues within the Council.</p>
	<b>Meetings</b>	
66	Has the Panel considered how it integrates with other committees that may have responsibility for risk management and internal control?	The Panel supports the proposal from COMT that other Panels and Member bodies should undertake their own effectiveness review. Panel would like see the outcome of these reviews.

## Supporting information to question 12.

How does the Panel satisfy itself that the risk management ethos is being embedded into all areas of the Council?

The suggested issues for consideration have been taken from the Cipfa document [A Toolkit for Local Authority Audit Committees](#)

Issues for consideration	Response
<p>Are all staff aware of the risk management strategy?            Has it been promoted in newsletters?            Has it been promoted on the intranet?</p>	<p>A short booklet on the Council's approach to risk management is handed to all staff when they complete induction training. The strategy was included in material issued to staff upon its launch. There is a separate risk management intranet page that includes the strategy, and guidance booklets for staff, managers and Members.</p>
<p>Have training sessions been run on risk management?            Have they included middle managers and other staff?</p>	<p>All Activity Managers and above have received training on risk management. The approach taken to date has been to discuss risk management on a one to one basis with Heads of Service and in small groups with Activity Managers.</p> <p>No general training on risk management has been provided to other staff, apart from through the publicity material issued.</p>
<p>Have all staff been consulted on the risks the authority faces?</p>	<p>No, not through the risk management service. It was decided that managers would be responsible for consulting their staff and deciding on the risks that should be included within their section of the risk register.</p>
<p>Do all services have their own risk management plan?             Is it linked to their service plan?</p>	<p>Yes.             Yes.</p>

<b>Issues for consideration</b>	<b>Response</b>
<p>Is risk management part of all planning and decision making processes? Are risks considered before the authority enters into any new activity?</p>	<p>There is some evidence of formal consideration but it is sometimes not as detailed as it could be.</p>
<p>Are the authority's risk management processes benchmarked against sector best practice?</p>	<p>Benchmarking was undertaken in 2009 through the Cipfa/ALARM risk benchmarking group. The information received from that exercise was considered to be of a poor quality and it was decided that the group should be allowed to establish itself before further benchmarking was carried out.</p>
<p>Is a common definition of risk used across the authority?</p>	<p>Yes, within risk management strategy.</p>
<p>Do all staff understand their role in risk management?  Do staff have clearly defined responsibilities and accountabilities for risk management?</p>	<p>The risk management strategy explains responsibilities and accountabilities. For example all staff should understand their responsibility to take reasonable care in carrying out their work such that risks are as far as reasonably possible minimised for the Council, colleagues, the public or themselves. To co-operate with management and colleagues in matters relating to the mitigation of risk. To inform their line-manager promptly of any risks they become aware of.</p>
<p>Have key performance indicators (KPIs) been set for key areas of activity? Do reporting mechanisms allow for reporting against these KPIs?</p>	<p>Yes. KPI's are agreed by COMT and regularly reviewed to ensure they remain appropriate and Heads of Service report on performance to COMT each quarter.</p>
<p>Is innovation encouraged? Is there a no blame culture? Is support given when things go wrong?</p>	<p>COMT are supportive of service delivery innovation. The sharing of services and selling expertise are both recent examples. It is accepted that innovation brings with it a number of risks.</p>

**CORPORATE GOVERNANCE PANEL**

**28TH MARCH 2012**

**COUNCIL**

**25TH APRIL 2012**

**COUNCIL CONSTITUTION – FURTHER UPDATE  
(Joint Report by the Heads of Legal and Democratic Services  
and Financial Services)**

**1. INTRODUCTION**

- 1.1 Members will recall that, in accordance with its terms of reference, the Corporate Governance Panel undertook its biennial review of the Constitution at a meeting held on 2nd November 2011 and subsequently made a series of recommendations which were approved by the Council.
- 1.2 At that time, it was noted that any proposed modifications to the Codes of Financial Management and Procurement would be reported to the Panel at its March 2012 meeting. Proposals to vary both Codes are now enclosed within this report.
- 1.3 Because of continuing changes to the structure of the Council and working practices, several other “constitutional” issues have arisen since the November meeting and it would be expedient if these also were considered by the Panel and, if appropriate, adjustments made to the Constitution at an earlier stage than perhaps was originally anticipated.
- 1.4 Members may wish to refer to the Constitution which is available electronically on both the Council’s website and intranet and in hard copy in the Members’ Room.

**2. CODES OF FINANCIAL MANAGEMENT AND PROCUREMENT  
(Pages 251 – 283)**

- 2.1 The Code of Financial Management and Code of Procurement are important elements of the Council’s Constitution that detail sound governance principles for key activities. It is important that they are dynamic documents that adapt to the changing needs of the Council and so they are reviewed each year.

**(a) Code of Financial Management**

- 2.2 The draft code is attached as Appendix A and includes some minor changes to tidy up the wording, changes to job titles and some more significant changes outlined below:



**Interests ( para. 1.7)**

Revision to the definition of interests and involvement of the Monitoring Officer.

❖ **Budget Manager (para. 1.12)**

The use of the term Budget Manager throughout the document.

❖ **Budget Manager extra responsibilities (para. 1.12)**

- effective financial and resource management and the prevention of fraud and corruption;
- Internal Audit & Risk Manager of all suspected or notified cases of fraud, corruption or impropriety.

❖ **Promptly Report (para. 3.1)**

A requirement to report any significant issues to COMT promptly.

❖ **Controllable Budget (para. 3.6)**

Change of emphasis to focus on the controllable budget.

❖ **Bank Credit Rating (para. 4.1)**

Reference is made to an “appropriate” credit rating as there is now much more movement in ratings with only one high street bank (Barclays) now having a rating above “A”.

❖ **Money Laundering (para. 4.2)**

A limitation on cash that will be accepted.

❖ **Capital Definition (para. 6.3)**

Clarification of “de minimis” limits.

❖ **Valuations (para. 6.7)**

Revised need for periodic valuations due to IFRS.

(b) **Code of Procurement**

- 2.3 The draft code is attached as Appendix B and includes some minor changes to tidy up the wording and revise EU thresholds as well as some more significant changes outlined below:

❖ **EU Thresholds (Sections 2.1 and 2.2)**



The revised (increased) EU thresholds have been incorporated into the tables. The new thresholds were effective from 1 Jan 2012 and details were circulated to all Activity Managers in the New Year.

❖ **Sourcing Policy (Section 5.6)**

A simple revision of the thresholds is proposed to encourage effective competition without adding to the procedural burden with a change to the ‘informal’ procurement processes.

The table below shows a summary of the proposed changes to procurement thresholds:

<b>Estimated Total Value of Procurement</b>		
<b>Existing Thresholds</b>	<b>Proposed Thresholds</b>	<b>Summary of the Requirement</b>
Up to £5,000	Up to £1,000	Single quote.
	£1,001 to £5,000	At least 3 written offers invited.

❖ **Quotation opening (Section 9.4 - 2nd bullet)**

The Internal Audit & Risk Manager wishes to be notified of the time and place appointed for the opening to ensure appropriate control and sample checks can take place.

❖ **Post Tender Debriefs (Section 13)**

It is a statutory requirement to offer post-tender debriefs for EU level competitions and it is increasingly common for suppliers to request debriefs for other contracts. As the debrief is the first occasion a supplier may become aware of an alleged breach of procedure it is also the usual starting point for a legal challenge. The new section requires Heads of Service to maintain records of evaluations, provide debriefs where requested and seek the Procurement Manager’s advice regarding debriefs for contracts (>£50k).

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

**3. PART 4 RULES OF PROCEDURE: COUNCIL PROCEDURE RULES (STANDING ORDERS), DEVELOPMENT MANAGEMENT**

## **APPLICATIONS – PUBLIC SPEAKING AT DEVELOPMENT MANAGEMENT PANEL (Pages 202 and 210 – 212)**

- 3.1 Rule 27 (a) and Annex (iii) cover the procedure for public speaking on planning applications at Development Management Panel.
- 3.2 The scheme for public speaking was introduced in 2007 and then subjected to review by the Overview and Scrutiny Panel (Service Support) after one year's operation (in July 2008). Several minor adjustments to the scheme were made as a result.
- 3.3 Although the current arrangements generally appear to be working satisfactorily, issues continue to arise in relation to those individuals/organisations that are permitted to address the Panel.
- 3.4 Currently the scheme permits 'Other Members (including from neighbouring authorities where applicable)' to speak. This provision was put in place to allow Members to address the Panel if proposed development had an impact on neighbouring wards. In practice, it has presented an opportunity for Members with arguably limited connection (and possibly some interest) to speak on an application. Whilst it remains appropriate for the scheme to allow 'Other Members' to speak, it is considered prudent, in the light of experience, for this category of speaker only to be permitted to address the Panel at the discretion of the Chairman and only if they can demonstrate a material planning interest.
- 3.4 There also appears to be continuing confusion as to the ability of County Councillors to speak at Panel meetings. Having regard to the other opportunities which exist for County Councillors to make representations, it was never the intention that County Councillors should be permitted to speak at District Council Panel meetings. However, this understanding was never formally written into the scheme. For clarity, therefore, it is proposed that the scheme be adjusted so it specifically states that County Councillors should not be permitted to speak at Panel meetings.
- 3.5 Lastly and more recently, the Panel has been required to consider major applications of strategic importance to the economic development of the District ie. the proposed enterprise zone at Alconbury and the re-development of Chequers Court in Huntingdon. On these occasions, the Executive Leader as Portfolio Holder for Strategic Economic Development has asked to address the Panel and this request has had to be accommodated by a special Panel resolution. As there may be further occasions, in the future, when it might be equally as valuable to the Panel to receive representations from a relevant Portfolio Holder, it is proposed that the scheme be extended to enable an Executive Councillor to address the Panel on proposed development matters which are considered to be of strategic importance to the Huntingdonshire District.
- 3.6 **In conclusion, it is recommended that Annex (iii) to the Council Procedure Rules (Standing Orders) be amended as follows:-**

**“Who is permitted to speak to the Panel?**

The Planning Officer will give a short presentation to the Panel outlining the details of the proposal, after this the following individuals/organisations are permitted to address the Panel in the following order:-

- ◆ a representative of the Town or Parish Council or Parish Meeting;
- ◆ Ward Members;
- ◆ Other Members (*including from neighbouring authorities, where applicable, at the discretion of the Chairman and only if they can demonstrate a material planning interest in an application*);
- ◆ objectors to the application;
- ◆ supporters of the application\*;
- ◆ the applicant or agent for the application;

\*Supporters of an application may speak on any application but will only be permitted to do so if an applicant or his representative decides not to speak or to use less than the time permitted. In any case, the time limit of three minutes for speaking in support of an application should not be exceeded.

\*\* the relevant Executive Councillor or Portfolio Holder shall be permitted to address the Panel on those occasions when development applications, considered to be of strategic importance to Huntingdonshire, are to be determined by the Panel.

\*\*\* Membership of Cambridgeshire County Council shall not entitle a Councillor to address the Panel.”

4. **TABLE 2 – RESPONSIBILITY FOR COUNCIL FUNCTIONS: CORPORATE GOVERNANCE PANEL – PROPOSED CHANGES TO TERMS OF REFERENCE AND MEMBERSHIP (Page 72)**
  - 4.1 Following a review by the Panel of its own effectiveness, its terms of reference have been revised to improve clarity and these are attached at Appendix C.
  - 4.2 The significant changes are evident in paragraph 2 which highlight the need for all decision makers to ensure they take account of the impact that their decision could have on corporate governance. Paragraphs 13 and 14 provide the ability for the Panel to gain any internal or external assistance they require to carry out their responsibilities.
  - 4.3 **The Panel are requested to recommend to Council the adoption of revised terms of reference as set out in Appendix C to the report.**
5. **PART 4 – RULES OF PROCEDURE, COUNCIL PROCEDURE RULES (STANDING ORDERS) – ANNUAL STATE OF THE DISTRICT ADDRESS (Paragraph 12, Page 197)**
  - 5.1 There is provision within the Council Procedure Rules (Standing Orders) for the Executive Leader to address the Council at its Autumn

meeting on the State of the District. Since the introduction of the 2000 Local Government Act, this address has been presented to the Council by the elected Leaders with varying degrees of success. Due to limited interest, the address has not been repeated in recent years.

- 5.2 The Panel may recall that at the Council meeting in December 2011, the Executive Leader and Executive Councillors chose to give presentations on the achievements of their respective portfolio areas over the previous six months. The Executive Leader then took the opportunity to describe the Council's 'direction of travel' and priorities in the twelve months ahead. An opportunity for questions and answers followed. This presentation took the place of the Council debate and occurred in advance of the Agenda Item on the draft revenue budget. It was well received and the Council Programme Group which comprises the Chairman and Vice-Chairman of the Council, the Deputy Leader and Group Leaders has subsequently commended the format and suggested that it should continue to feature on the Agenda for the December Council meeting.
- 5.3 **The Panel may wish to consider whether the Council should retain provision for a State of the District Debate in the Council Procedure Rules or whether any new arrangement should formally take its place.**

*(In terms of the current practice elsewhere in the County, there is now no provision for 'state of the district' debate in South or East Cambridgeshire. The practice is under review by Fenland District Council and whilst remaining in the Constitution, Peterborough City Council do not appear to have held a debate for over 2 years. A section remains in the Constitution of Cambridgeshire County Council which states that 'the Chairman, in consultation with the Leader **may** convene meetings of the County to discuss matters relating to the state of the County.)*

## **6. RECOMMENDATION**

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

## **BACKGROUND DOCUMENTS**

Huntingdonshire District Council Constitution.

### **Contact Officer:**

Christine Deller, Democratic Services Manager - Tel: 01480 388007.

**Huntingdonshire District Council**

**CODE OF FINANCIAL  
MANAGEMENT**

**DRAFT 2012**



## **1. FINANCIAL RESPONSIBILITIES**

### **1.1 General**

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

### **1.2 The Council**

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

Will approve the Council's Treasury Management Strategy.

Will approve changes to this Code.

### **1.3 The Corporate Governance Panel**

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

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

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

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

Will approve the Council's final accounts.

Will consider reports from the external auditor.

Will recommend changes to this Code to the Council.

### **1.4 The Cabinet**

Will propose to the Council:

- the Financial Strategy
- the MTP
- the annual budget and council tax level
- a combined annual report including the Treasury Management Strategy, Treasury Management Policy and Prudential Indicators,

after considering the views of the appropriate Overview and Scrutiny Panel and representatives of the business community.

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

## 1.5 **Overview and Scrutiny Panels**

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

## 1.6 **Panels, Working Groups or Committees**

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

## 1.7 **Members and Employees**

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

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

Any member or employee who is involved in a transaction with the Council, or who has an *interest* in a transaction between a third party and the Council, shall declare the nature and amount to the Council's Monitoring Officer before any decision on the matter is made by the Council. The Monitoring Officer will advise the member or employee of any actions they should or must take.

For the purpose of this section an *interest* also includes any interest of a member of your family or a close associate or acquaintance. This shall be interpreted as anyone whom a reasonable member of the public might think you would be prepared to favour or disadvantage.

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

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

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

## 1.10 **The Managing Director (Resources), as Chief Finance Officer** or, in his/her absence, the Head of Financial Services

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



the Local Government Act 1972, section 114 of the Local Government Act 1988 and the Accounts and Audit Regulations).

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

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

#### **1.11 The Head of Financial Services, as Deputy to the Chief Financial Officer**

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

#### **1.12 Budget Managers (Heads of Service and Chief Officers)**

The Council's management structure is based on Heads of Service, Chief Officers and the Corporate Office Manager taking responsibility for a service and its related budget. For the purpose of this Code they are referred to as Budget Managers. Whilst they retain ultimate responsibility they will often delegate appropriate tasks to their employees.

The Budget Manager responsible for a budget :

- will be responsible for effective financial and resource management and the prevention of fraud and corruption within the service
- will be responsible for informing the Internal Audit & Risk Manager of all suspected or notified cases of fraud, corruption or impropriety
- may incur financial commitments and liabilities in accordance with this Code, the Council's Scheme of Delegation and resources allocated in budgets that have been released subject to Annex B. In particular they may make purchases of goods and services, subject to the requirements of the Code of Procurement, and employ staff, in accordance with the Officer Employment Procedure Rules. Annex B deals with the implications of the turnover contingency and includes the requirement that, when an employee leaves, they will determine whether:
  - the post is kept vacant for a period before a decision is made,
  - the post can be deleted,
  - a restructuring should be proposed,
  - joint working with another body should be considered
  - the post should be filled at the end of a defined period,
  - it should be filled as soon as possible,
  - it should be filled as soon as possible and temporary employees or consultants are engaged to provide cover in the meantime.
- will be responsible for regular and effective monitoring and forecasting of the financial position relating to their services.
- will be responsible for proper financial and resource management and the prevention of fraud and corruption within the services and functions under their control.

- will determine the inherent risks, within their services, to the achievement of the Council's priorities and establish, maintain and document adequate systems of risk management and internal control, in consultation with the Internal Audit Service, and ensure that relevant employees or Members are familiar with such systems.
- will be responsible for providing in a timely manner, the information necessary to ensure that the final accounts can be completed by the statutory deadlines.
- will be responsible for annually reviewing their services to identify any aspects where surplus capacity could be utilised to reduce the net cost of the Council's services. All identified opportunities shall be introduced unless Cabinet or both the Executive Councillor for Finance and of the relevant service consider it would not be appropriate.
- will be responsible for seeking improvements in the efficiency of their services.
- will be responsible for identifying opportunities and then bidding for grants or contributions from other bodies to support the achievement of the Council objectives through their services.
- will be responsible for maximising the income from fees and charges relating to their service in accordance with Annex C.

### 1.13 **Internal Audit**

Will be responsible for providing an independent and objective opinion on internal control, risk management and governance systems. In accordance with its terms of reference it shall undertake audit reviews that focus on areas of greatest risk to the Council's control environment as contained within a programme agreed annually by the Managing Director (Resources) after consultation with Budget Managers.

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

## 2. **FINANCIAL AND SERVICE PLANNING**

### 2.1 **In the Summer - Overall Review**

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

### 2.2 **In the Autumn - Financial Strategy**

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

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

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

## 2.4 In the Spring - Service Financial Plans

Following approval of the annual budget each Budget Manager shall update their Service Plan(s) to reflect the approved budget and how the resources allocated will be used to meet service objectives in the forthcoming year.

## 3. CONTROLLING FINANCIAL PLANS

### 3.1 Financial Monitoring

Budget Managers will be responsible for regular and effective monitoring and forecasting of the financial position relating to their services and promptly reporting any significant issues to the Chief Officers' Management Team.

The Chief Officers' Management Team will review each Budget Manager's financial performance on a quarterly basis.

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

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

### 3.2 Commitments to Expenditure in Future Years

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

- is consistent with the achievement of the Council's objectives and other relevant Strategies, **and**
- is compatible with the Council's MTP and Financial Strategy, **and, either**
- can be met from within currently approved and released resources. This includes budget transfers in accordance with section 3.6 below, **or**
- is funded from savings. These must be defined, permanent and not already earmarked for the achievement of the Council's savings targets. This includes any savings identified in accordance with section 3.5 below.

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

### 3.3 Grants, Cost Sharing and S106 agreements

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

- the funds being dependent upon a particular project or service being provided but, in the case of S106 agreements, the location or some other aspect is at the Council's discretion.
- informing the Head of Financial Services of the details

- consulting the relevant Executive Councillor(s) if the proposal exceeds £30,000 revenue or £50,000 capital in any one year or on any discretionary element of a S106 sum.

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

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

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

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

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

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

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

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

### 3.6 **Budget Transfers**

Each Budget Manager will have responsibility for some or all of the following types of budget which are defined by the grey highlighted lines in the "Controllable Budget" Annex to the approved budget and MTP.

- **Service Revenue Budgets**  
These budgets include the direct controllable costs of providing the particular service to the public and are shown in the controllable budget annex when the budget is approved. They do not include any revenue impact of capital funding or recharges from any Management Units or Overhead Budgets.
- **Capital Scheme Budgets**  
These provide the funding to complete a defined capital project and may include provision for some recharges from Management Units and Overhead Budgets to cover project management and design fees where these are carried out internally.
- **Management Unit Budgets**  
Management Unit budgets collect together the employment and ancillary costs of those employees who carry out or support the Council's

services. In some cases, where the employees are only involved in providing a single service they may be included under the relevant Service Revenue budget.

- **Overhead Budgets**  
Overhead budgets collect together the direct costs of certain overheads which support the delivery of services. e.g. depot and office costs.
- **Technical Budgets**  
These include items such as borrowing and investment interest, unallocated contingencies and the Minimum Revenue Provision. They will not be available for transfer to other budgets except in meeting the specific purpose for which they were established.

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

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

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

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

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

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

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

**Cabinet** may approve budget transfers of up to:

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

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

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

### 3.7 **Re-phasing of Expenditure**

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

### 3.8 **Price Base Changes**

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

### 3.9 **Project Appraisals**

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

## 4. **CASH AND CREDIT MANAGEMENT**

### 4.1 **Banking**

The Managing Director (Resources) is responsible for all Council banking arrangements and shall maintain (an) account(s) with (an) appropriate bank(s) with an appropriate credit rating. All transactions involving income or expenditure shall be dealt with through the Council's bank account(s).

### 4.2 **Income**

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

No cash payment in excess of £1,000 will be accepted.

The Head of Financial Services shall manage a debt collection service on behalf of the Council and all sums due must be registered by raising an

invoice on the Council's Financial Management System or some other system or procedure approved by the Head of Financial Services.

#### **4.3 Treasury Management**

All Treasury Management activities will be undertaken in accordance with the Council's annual Treasury Management Strategy, which includes its policies, objectives, approach to risk management and its prudential indicators. The Strategy will comply with the Code of Practice for Treasury Management and the Prudential Code for Capital Finance, both published by the Chartered Institute of Public Finance and Accountancy (CIPFA), and reflect any published Government advice.

The Council shall have overall responsibility for Treasury Management and will formally approve the annual Treasury Management Strategy and receive an annual and mid-year report on treasury management activities.

The Cabinet will be responsible for the implementation and regular monitoring of treasury management activity and the Treasury Management Advisory Group, which currently consists of four members, will act as an informal liaison group with the officers responsible for treasury management.

The Overview and Scrutiny (Economic Well-being) Panel will be responsible for the scrutiny of treasury management.

The execution and administration of treasury management is delegated to the Head of Financial Services who will establish treasury management practices for the operation of the function which will ensure compliance with the Strategy and create appropriate systems of monitoring and control.

#### **4.4 Payments**

All payments must be made either:

- through the Council's purchase ledger system, with payments being made direct to the supplier's bank account wherever this is practicable.
- by corporate card or procurement card
- by direct debits or standing orders
- by some other system specifically approved by the Head of Financial Services.

in each case complying fully with the relevant procedures for that system, particularly the requirement to obtain official VAT receipts, as determined by the Head of Financial Services.

### **5. ACCOUNTING PROCEDURES**

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

#### **5.2 Statement of Accounts**

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

### 5.3 **Records**

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

### 5.4 **Retention of Documents**

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

### 5.5 **Contingent Assets and Liabilities**

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

### 5.6 **Stock**

The Head of Financial Services shall determine, after consultation with the relevant Budget Manager, when Stock accounts shall be maintained. This will normally be where the value of the items are significant or the items are considered to be vulnerable to loss or theft.

In such cases the relevant Budget Manager shall ensure that a certified stocktake is carried out in the last week of March each year, and that records of receipt and issue of all stock are maintained throughout the year in a manner agreed with the Head of Financial Services.

### 5.7 **Insurance**

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

### 5.8 **Write-off of Irrecoverable Debts**

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

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



## **6. ASSETS**

### **6.1 Definition**

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

### **6.2 Control of Assets**

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

### **6.3 Acquisition**

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

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

- plant and vehicles over £5k
- other individual items over £10k
- aggregations of similar articles amounting to £10k e.g. wheelie bins

### **6.4 Disposal**

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

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

### **6.5 Capital Expenditure**

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

### **6.6 Leases**

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

## 6.7 **Valuations**

In order to comply with accounting requirements assets will need to be revalued at regular intervals and whenever there is a significant change to their value due to extension, demolition or some other relevant reason. For most properties the regular revaluation will be every five years but for those technically deemed to be “investment” properties (e.g. industrial units) this must be every year.



## TECHNICAL BUDGETS

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

- Any contingency, unless it complies with the approved rules for the use of that contingency or is an adjustment to reflect the technical application of the contingency (e.g. allocation of inflation from an inflation contingency)
- Capital charges
- Minimum Revenue Provision
- Pension Liabilities (as opposed to pension contributions)
- Interest paid
- Interest received



**BUDGETS FOR PAY**  
**(Pay is deemed to include NI and Pension Contributions**  
**for the purpose of this Annex)**

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

**Employees Leaving**

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

**Other Adjustments and Virement**

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

## Exceptions

8. If the Budget Manager can demonstrate the **critical** nature of maintaining immediate service cover in certain key work areas then the requirements of paragraph 4 above will not apply and the saving/budget reduction may be reduced or nil. Examples where this might apply would be if vacancies would result in insufficient employees with the necessary abilities or skills to run refuse rounds or to safely open swimming pools. This is conditional upon agency, or equivalent employees, being available with the necessary skills and/or abilities.
  
9. If the Budget Manager can demonstrate that a critical backlog of work has resulted from continuing vacancies such that the service to the public is seriously compromised or net additional costs would become unavoidable the saving/budget reduction may be reduced. Examples where this might apply would be dealing with benefit applications or collecting council tax income. This is conditional upon agency, or equivalent employees, being available with the necessary skills and/or abilities.

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

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



**Huntingdonshire District Council**

**CODE OF  
PROCUREMENT**

**2012**



# **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 or 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
£	£ 173,934	£ 173,934	£ 4,348,350
(Euros)	(€200,000)	(€200,000)	(€ 5,000,000)

(Thresholds as at 1 Jan 12)

## 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
£	£ 653,253	£ 653,253	£ 4,348,350
(Euros)	(€750,000)	(€750,000)	(€ 5,000,000)

(Thresholds as at 1 Jan 12)

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, Government Procurement Service)

- ◆ 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

(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 Head of Legal & Democratic 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 £1,000	At least one estimate or offer shall be obtained and recorded.
£1,001 to £5,000	At least 3 written estimates or offers (e-marketplace, email, web or paper) shall be sought and recorded except where Heads of Service where consider that there is no reasonable possibility that this could result in a saving to the Council.
£5,001 to £50,000	At least 3 written 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) <b>Framework</b>	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) <b>List of Approved Tenderers</b>	Tenders shall be invited from at least three contractors 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) <b>Open Tenders and Quotations</b>	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.  An Invitation to Tender (ITT) or Request to Quote (RFQ) is sent to all contractors expressing an interest. All ITTs and RFQs shall include shall include an appropriate questionnaire to permit vetting of contractors in accordance with paragraph 6.3 of this Code.
(d) <b>Restricted Tenders &amp; Quotations</b>	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



<p>(e) <b>Single Tenders / Quotations</b></p>	<p>A Head of Service after consulting the Head of Legal &amp; Democratic Services may obtain a single tender or quotation when:</p> <ul style="list-style-type: none"> <li>• Prices are wholly controlled by trade organisations or government order and no reasonably satisfactory alternative is available.</li> <li>• 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.</li> <li>• Specialist consultants, agents or professional advisers are required and <ul style="list-style-type: none"> <li>• there is no satisfactory alternative; or</li> <li>• evidence indicates that there is likely to be no genuine competition; or</li> <li>• it is in the Council's best interest to engage a particular consultant, agent or adviser.</li> <li>• Products are sold at a fixed price, and market conditions make genuine competition impossible.</li> </ul> </li> <li>• 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</li> <li>• No satisfactory alternative is available. If the single quote/tender option is used, the Head of Service shall: <ul style="list-style-type: none"> <li>• seek approval of the Head of Legal &amp; Democratic Services who shall make a record in a register kept for that purpose;</li> <li>• retain records that demonstrate that the best price or value for money has been obtained from the negotiations with the contractor.</li> </ul> </li> </ul>
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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 Head of Legal & Democratic Services and prior to proceeding with the procurement, a written procurement strategy that shall be approved by the Managing Director (Resources) 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 Head of Legal & Democratic 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 Head of Legal & Democratic 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 Head of Legal & Democratic 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 Head of Legal & Democratic 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 Head of Legal & Democratic 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). [The Internal Audit & Risk Manager shall be notified of the time and place appointed for the opening.](#)
- 9.5 All tenders or quotations upon opening shall be recorded in writing on either a tender opening record or [quotation record in the Contracts Register](#), as is appropriate. The format of the opening record shall have been previously agreed with the Head of Legal & Democratic 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 Head of Legal & Democratic 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 Head of Legal & Democratic 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, Head of Legal & Democratic Services and Head of Financial Services;
- ◆ be conducted in accordance with guidance issued by the Head of Legal & Democratic 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 if appropriate Head of Legal & Democratic Services 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, [Government Procurement Service](#)) 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; and
  - (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. POST-TENDER DEBRIEFS**

- 13.1 For all contracts greater than £5k Heads of Service shall maintain records of selection and evaluation scoring and where requested by participating suppliers, provide a suitable post-tender debrief. For contracts greater than £50k the advice of the Procurement Manager shall be sought on the format and scope of the debrief.

## **14. RETENTION OF DOCUMENTS**

- 14.1 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.

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

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

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

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

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

- ◆ Stock and Purchase Record Cards or Registers;

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

- ◆ Unsuccessful Quotations.
- ◆ Unsuccessful Tenders.

## **15. FREEDOM OF INFORMATION ACT 2000 (FOIA)**

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

## **16. CONSULTANTS**

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

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



**17. PROCUREMENT TRAINING**

- 17.1 The Procurement Manger shall create, maintain and arrange the delivery of training for Officers undertaking procurement duties.
- 17.2 Heads of Service shall ensure that all Officers routinely undertaking purchasing or procurement duties have undertaken appropriate training.
- 17.3 Head of HR and Payroll Services shall arrange to record the details of staff that have completed suitable procurement training.

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## **CORPORATE GOVERNANCE PANEL**

### **TERMS OF REFERENCE**

**To discharge the functions of the Council in relation to the Corporate Governance of the Council and to be the Council's "Audit" Committee. These responsibilities include:**

#### **GOVERNANCE**

1. Regularly reviewing the Council's Code of Corporate Governance and recommending any changes to the Council.
2. Ensuring that there are systems in place so that all decisions take appropriate account of any significant impact on the Council's system of corporate governance.
3. Approving the annual governance statement and reviewing the achievement of any outstanding improvements.
4. Considering proposals to change the Council's Constitutional arrangements and making appropriate recommendations to the Council.

#### **RISK MANAGEMENT**

5. Ensuring there are effective arrangements for the management of risk across the Council including approving the risk management strategy and risk appetite.

#### **INTERNAL AUDIT**

6. Ensuring there are effective arrangements for the system of internal audit of the Council including:
  - considering a regular review of its effectiveness
  - reviewing and approving internal audit's terms of reference and strategy;
  - commenting on internal audit plans and receiving reports on progress in delivery.

#### **EXTERNAL AUDIT**

7. Receiving and considering external audit reports;

#### **FINAL ACCOUNTS**

8. Approving the Council's statement of accounts and considering any matters arising from the audit.

## **COMPLAINTS AND FEEDBACK**

9. Determining the Council's customer feedback procedure, monitoring compliance with the procedure, compensatory payments to complainants and formulation of recommendations to the Cabinet or Council on any action to be taken as a consequence;
  
10. Considering reports by the Local Government Ombudsman, approval of compensatory payments to complainants and formulation of recommendations to the Cabinet or Council on any remedial action to be taken as a consequence.

## **FRAUD AND CORRUPTION**

11. Reviewing and monitoring the policy and procedure for disclosure of information under the Public Interests Disclosure Act 1999 (whistleblowing).
12. Monitoring the Anti-Fraud and Corruption Strategy and receive annual updates on countering fraud.

## **RESOURCES**

13. The Panel may request relevant Executive Councillors, Panel Chairmen, Directors and Heads of Service to attend Panel meetings in order to assist the Panel in reaching its conclusions.
14. Within budgetary constraints, the Panel may request information or advice from third parties to assist the Panel in reaching its conclusions.

**CORPORATE GOVERNANCE PANEL**

**28 MARCH 2012**

**TRAINING OF PANEL MEMBERS  
(Report by the Head of Financial Services)**

**1. WORK PROGRAMME**

- 1.1 The anticipated work programme for the Panel for the next year is shown at Annex A
- 1.2 Panel are asked to consider the work programme and decide what training they would like in preparation for the next or future agendas. Normally this training would be for 30-45 minutes immediately prior to the formal meeting but there may be occasions when a separate longer session would be more appropriate.
- 1.3 Training can be provided by appropriate officers, external audit or external trainers (subject to budgetary constraints).

**2. RECOMMENDATION**

- 2.11 It is recommended that Panel:
- Consider the work programme at Annex A and determine the training to be provided prior to the June meeting.

**BACKGROUND INFORMATION**

None

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

## Anticipated Work Programme

### June 2012

- Draft statement of accounts
- Internal audit plan
- Review of the internal audit service
- Feedback – annual report
- Delivery of the anti-fraud & corruption framework
- Internal Audit - Terms of reference and strategy
- External audit : Audit plan

### September 2012

- Annual governance statement
- Review of the effectiveness of the system of internal audit
- Annual internal audit report
- Effectiveness of the Panel
- Risk management
- Approval of the statement of accounts
- External audit – annual audit and inspection letter

### December 2012

- Housing Benefit fraud investigation activity
- Whistleblowing : policy review & investigations
- National Fraud Initiative
- Review of the risk management strategy

### March 2013

- Code of corporate governance
- Internal audit interim progress report
- Risk management
- Progress on annual governance statement
- Review of Council constitution
  - Code of financial management
  - Code of procurement
- External audit
  - Audit plan
  - Grant claims

In addition to the items listed above, reports may be submitted on an ad-hoc basis on:

- Awards of compensation
- Ombudsman reviews
- Accounting policies
- Employee's code of conduct
- Money laundering and bribery
- Review of the anti-fraud & corruption strategy (next review planned for 2014)