

HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CORPORATE GOVERNANCE PANEL held in Civic Suite 0.1A, Pathfinder House, St Mary's Street, Huntingdon, PE29 3TN on Tuesday, 26 June 2012.

PRESENT: Councillor E R Butler – Chairman.

Councillors M G Baker, K J Churchill,
G J Harlock, P G Mitchell and R J West.

4. MINUTES

The Minutes of the meetings of the Panel held on 28th March and 16th May 2012 were approved as a correct record and signed by the Chairman.

5. MEMBERS' INTERESTS

Councillors K J Churchill and R J West declared personal interests by virtue of their membership of Cambridgeshire County Council.

6. INSPECTION BY THE INTERCEPTION OF COMMUNICATIONS COMMISSIONER

With the aid of a joint report by the Head of Legal and Democratic Services and Fraud Manager (a copy of which is appended in the Minute Book) the Panel were acquainted with the outcome of an inspection by the Interception of Communications Commissioner which was undertaken on 13th March 2012.

In introducing the report, the Fraud Manager reported upon the conclusions reached by the Commissioner that the Council's use of the Regulation of Investigatory Powers Act was of a satisfactory level. He then drew the Panel's attention to areas which had been identified for improvement, together with the actions taken in response to the proposed recommendations. Whereupon, it was

RESOLVED

- (a) that the content of the Interception of Communication Commissioner Office's report be noted;
- (b) that the actions taken and proposed by the Council in response to the Interception of Communication Commissioner Office's recommendations be endorsed by the Panel; and
- (c) that the Council's use of powers under the Regulation of Investigatory Powers Act be noted and the adopted approach of using the powers appropriately, but sparingly, be endorsed.

7. INTERNAL AUDIT SERVICE - INTERNAL AUDIT PLAN

Consideration was given to the content of a report by the Audit and Risk Manager (a copy of which is appended in the Minute Book) which provided Members with an opportunity to comment upon the Internal Audit and Assurance Plan for the twelve month period commencing 1st August 2012.

The Audit and Risk Manager drew the Panel's attention to a number of new areas which had been included within the Plan which included Local Government Shared Services contract management, the Localism Act, the Community Infrastructure Levy and the Corporate Office. In discussing the resources required to deliver the Plan, Members were informed that additional resource support would be provided externally through Deloitte's to cover the anticipated time spent by a member of the Internal Audit Team on Employee Liaison Advisory Group (ELAG) duties over the course of the year.

The Panel has discussed a number of matters including the Council's computer audit arrangements, the yearly inspections undertaken, the level of support which had been provided by Deloitte's over the previous year and the methodology used to calculate the number of days spent for each audit activity. In response to a question raised by Councillor G J Harlock, the Audit and Risk Manager undertook to circulate details of the level of computer audit fees to Panel Members outside of the meeting.

RESOLVED

that the content of the report now submitted be noted.

8. ANTI-FRAUD AND CORRUPTION MEASURES

(Councillor J A Gray, Executive Councillor for Resources was in attendance for this item).

A report by the Audit and Risk Manager was submitted (a copy of which is appended in the Minute Book) which outlined the aims of the new Local Government Fraud Strategy which had been launched by the National Fraud Authority in April 2012.

The Panel were advised that the Strategy aimed to encourage local authorities to adopt a tougher approach to tackling fraud. Members' attention has been drawn to the likely fraud losses which had been projected for Huntingdonshire in relation to Council Tax, procurement and payroll fraud. The Audit and Risk Manager reported that he had reviewed these figures and reassured Members that the losses were significantly lower than projected.

A discussion then ensued on procurement fraud. Members were advised of the difficulties faced by Officers in identifying such cases and this has further been acknowledged by the Office of Fair Trading. Members have noted that a challenge remains within the Internal Audit Team to ensure that appropriate controls were in place within the Council to help identify such cases.

Following a question raised by a Member on the work of the Fraud

Team, the Fraud Manager reported that half the Team's work was attributable to investigating benefit fraud with the remaining half being spent on other initiatives such as tenancy fraud and investigations into rent deposit schemes.

Owing to their wish to gain a better understanding of the fraud risks faced by the Council, the Panel endorsed a suggestion made by the Chairman to establish a Working Group for this purpose. Arising from which, comment was made upon the need to ensure that there were adequately resourced fraud resources available in the future. Having welcomed the Panel's approach, the Executive Councillor for Resources made comment that this work would help to inform the Council's future priorities. Whereupon, it was

RESOLVED

- (a) that the aims of the Local Government Fraud Strategy be supported by the Panel;
- (b) that reports on the approaches to countering fraud be submitted to future meetings of the Panel;
- (c) that it be noted that a review of service bribery risks has been undertaken; and
- (d) that a Working Group be established comprising Councillors E R Butler, K J Churchill and P G Mitchell to investigate the fraud risks faced by the Council and the resources available in the future to undertake this work.

9. FINAL ACCOUNTS 2011/12 AND AUDIT OF 2010/11 ACCOUNTS

(Councillor J A Gray, Executive Councillor for Resources, was in attendance for consideration of this item).

With reference to a report by the Head of Financial Services (a copy of which is appended in the Minute Book) the Panel received an update on the 2010/11 accounts which were yet to be approved for publication. Members were advised that it was anticipated the accounts would be finalised by 4th July 2012.

The Panel were advised that there currently was one matter outstanding which required some attention before the 2010/11 accounts were passed on to the external auditors for review. An explanation has been delivered to the Panel on the reasons for the delay, where it was reported that a number of lessons had been learnt from the process. These lessons have been taken into account during the completion of the 2011/12 financial statements. Assurances have however been delivered that the 2011/12 accounts would be ready for audit by 30th June 2012.

Nevertheless, Members continued to place on records their concerns over the delay in the publication of the 2010/11 accounts and questioned whether external specialist support had continued to be provided for these accounts. Additionally, a brief update was delivered on the appointment of the replacement Accountancy Manager, in light of the fact that the current post holder would soon

be leaving the authority. In response to a question, it was confirmed that external specialist support would not be required in the future.

The Panel has requested a report to be submitted to a future Panel meeting on the lessons learnt, together with the additional costs incurred by the Council which are attributable to the delay with the publication of the 2010/11 accounts. A suggestion was made to hold a special meeting of the Panel for this purpose and this approach was welcomed by the Executive Councillor for Resources. The Chairman would determine how best to proceed with the review pending the finalisation of the 2010/11 accounts.

In response to a question raised by Councillor G J Harlock, the external auditors confirmed that they would be submitting their own report on the 2010/11 accounts which would be submitted at a future meeting.

RESOLVED

that the content of the report now submitted be noted by the Panel.

10. FINAL ACCOUNTS 2011-12 - ACCOUNTING POLICIES

(Councillor J A Gray, Executive Councillor for Resources was in attendance for consideration of this item).

The Chairman announced that he proposed to admit the following urgent item in accordance with Section 100B (3) (b) of the Local Government Act 1972 (as amended by the Local Government (Access to Information) Act 1985) given there is a need to approve changes to the accounting policies by 30th June 2012 to enable the 2011/12 accounts to be passed on to the external auditors.

With the aid of a report by the Head of Financial Services (a copy of which is appended in the Minute Book) the Panel gave consideration to changes which had been proposed to the accounting policies. Given that the changes were only of a minor nature, the Panel

RESOLVED

that the changes proposed to the accounting policies as indicated within the report now submitted be endorsed by the Panel.

11. EXTERNAL AUDIT PLAN 2011/12

(Mr C Everest and Mr C McLaughlin, PricewaterhouseCoopers LLP were in attendance for consideration of this item).

The Panel received and noted a report by the external auditors (a copy of which is appended in the Minute Book) detailing the draft External Audit Plan for 2011/12.

In his opening remarks, Mr C Everest of PricewaterhouseCoopers LLP delivered assurances that they had taken on board the lessons learnt from the 2010/11 accounts process and indicated that priority

would be accorded to finalising the 2010/11 accounts prior to commencing any work on the following year's accounts. He then drew the Panel's attention to the key audit risk areas identified for the year and highlighted the approach that would be undertaken to complete these audits.

In response to a question, the Panel received clarification on how the Value for Money Conclusion had been evidenced by the auditors. Attention then was drawn to the level of audit fees for the 2011/12 year, which at £116,801, complied with the standards set by the Audit Commission and represented a slight reduction in comparison to the previous year.

Members' views on fraud were then sought by the external auditors where it was concluded that any areas to bring to the attention of the external auditors would arise from the Working Group's investigations into fraud (Minute No. 12/08 above). Whereupon, it was

RESOLVED

that the content of the draft External Plan for 2011/12 be noted.

12. INTERNAL AUDIT SERVICE - TERMS OF REFERENCE AND INTERNAL AUDIT STRATEGY

The Panel received and noted a report by the Audit and Risk Manager (a copy of which is appended in the Minute Book) which outlined recent developments arising from the Chartered Institute of Public Finance and Accountancy and the Institute of Internal Auditors relating to the development of national Public Sector Internal Audit Standards which are due to be published by the end of 2012. Panel Members were informed that a review of the Internal Audit Service's Terms of Reference and Internal Audit Strategy had therefore been delayed pending the receipts of these Standards.

RESOLVED

that the report now submitted be noted.

13. NEW STANDARDS REGIME

The Panel considered a report by the Head of Legal and Democratic Services and Monitoring Officer (a copy of which is appended in the Minute Book) detailing the provisions of the Localism Act 2011 in respect of Standards and the Code of Conduct.

The Head of Legal and Democratic Services and Monitoring Officer reported that draft regulations had been published on 10th June 2012, with an implementation date of 1st July 2012. Consideration was then given to the implications of the regulations upon the Council which would result in the existing national Code of Conduct ceasing on 30th June 2012. This would require the adoption of a new Code of Conduct by 1st July 2012, or as soon as possible thereafter.

Members then considered a number of proposed new model Codes of Conduct, whilst having taken into account the views of the

Standards Committee. In so doing, the Panel expressed their support for the proposed Code of Conduct recommended by the Standards Committee. The Head of Legal and Democratic Services tabled an updated version of the Code (a copy of which is also appended in the Minute Book) which had been amended since the Standards Committee meeting.

Members then discussed a number of other matters relating to the registration and disclosure of Members' Interests, the appointment of a new Standards Committee; including independent persons and Parish Council representatives, arrangements for responding to complaints and whether a Member should withdraw from a meeting room during consideration of any item of business in which he/she may have a disclosable pecuniary interest. Having regard to the arrangements for responding to complaints, comment was made that consideration should be given to enabling individuals to have some right of appeal on any decisions which are made against them.

Given that the changes require amendments to be made to the Council's Constitution, the Panel

RECOMMEND

that the Council

- (a) adopt the Code of Conduct as tabled at the meeting as the new Code for Huntingdonshire;
- (b) authorise the Head of Legal and Democratic Services and Monitoring Officer to establish and maintain a new Register of Members' Interests in compliance with the requirements of the Localism Act 2011 and the Council's Code of Conduct and ensure it is available for public inspection in accordance with the Act;
- (c) authorise the Head of Legal and Democratic Services and Monitoring Officer to establish and maintain new Registers of Interest for each Parish Council in Huntingdonshire in compliance with the Localism Act 2011 and the Code of Conduct adopted by the respective Parish Councils and ensure that they are available for public inspection in accordance with the Act;
- (d) appoint a Standards Committee comprising seven elected Members of the District Council based on appropriate political proportionality and to include one Member who is a Member of the Executive (as currently constituted);
- (e) invite Parish Councils to nominate two Parish Councillors to be co-opted as non-voting members of the Committee;
- (f) authorise the Head of Legal and Democratic Services and Monitoring Officer to commence the

- process for the appointment of at least two independent persons (one permanent and one able to act in reserve) and to undertake a review of the role and remuneration of the position;
- (g) establish a Selection Panel comprising three Members of the Standards Committee to short list and interview candidates for the position of independent persons and to recommend an appointment to Council;
 - (h) authorise the Head of Legal and Democratic Services and Monitoring Officer to pursue, if appropriate, the possibility of a joint recruitment exercise with Cambridgeshire Authorities to appoint independent persons;
 - (i) authorise the Head of Legal and Democratic Services and Monitoring Officer, after consultation with the Chairmen of the Standards Committee and Corporate Governance Panel, to finalise the protocol for the discharge of functions in relation to allegations that a Member of Huntingdonshire District Council or Parish Council in the District failed to comply with the adopted Code of Conduct;
 - (j) appoint the Head of Legal and Democratic Services and Monitoring Officer as the Proper Officer to receive complaints of failure to comply with the Code of Conduct and authorise him/her to determine allegations in accordance with the agreed protocol;
 - (k) authorise the Head of Legal and Democratic Services and Monitoring Officer, after consultation with the Chairmen of the Standards Committee and Corporate Governance Panel, to make any appropriate variations to the Constitution consequent upon the changes to the District Council's Standards arrangements; and
 - (l) amend the Council's Procedure Rules (Standing Orders) to require that a Member must withdraw from a meeting room during the consideration of any item of business in which he/she has a disclosable pecuniary interest.

14. COMPLAINTS

The Panel received and noted a report by the Head of Legal and Democratic Services (a copy of which is appended in the Minute Book) containing an analysis of the Council's internal complaints and a summary of complaints concerning the District Council which had been determined by the Local Government Ombudsman in 2011/12.

The Panel was also acquainted with a revised Compliments,

Complaints and Lessons Learned Policy, which took into account feedback which had been received from two external assessments in relation to Customer Service Excellence and the Equality Framework for Local Government. Having queried whether any information was available on the lessons which had been learnt, it was agreed that a report dealing with complaints to the Ombudsman would be submitted to the Panel's next meeting.

RESOLVED

- (a) that the content of the report now submitted be noted;
- (b) that the Compliments, Complaints and Lessons Learned Policy attached as Appendix B to the report now submitted be approved; and
- (c) that a report on the lessons learnt from the cases referred to the Ombudsman be submitted to the Panel's September 2012 meeting.

15. 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 so doing, it was agreed that any future training requirements would be addressed by Members of the Panel on a meeting by meeting basis.

Chairman