

A meeting of the **CORPORATE GOVERNANCE PANEL** will be held in **MEETING ROOM 1A, GROUND FLOOR, PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, PE29 3TN** on **WEDNESDAY, 14 MAY 2014** at **6:30 PM** and you are requested to attend for the transaction of the following business:-

***PRIOR TO THE MEETING THERE WILL BE A PRESENTATION FOR PANEL MEMBERS FROM RICHARD GAUGHRAN, HEAD OF INTERNAL AUDIT AT WELLAND INTERNAL AUDIT CONSORTIUM ON AGENDA ITEM NO.6, IN MEETING ROOM 1A COMMENCING AT 6.00PM***

**Contact  
(01480)**

### **APOLOGIES**

**1. MINUTES** (Pages 1 - 8)

To approve as a correct record the Minutes of the meeting of the Panel held on 26<sup>th</sup> March 2014.

**Mrs H J Taylor  
388008**

**2. MEMBERS' INTERESTS**

To receive from Members declarations as to disclosable pecuniary, non-disclosable pecuniary or non-pecuniary interests in relation to any Agenda item. See Notes below.

**3. CORPORATE GOVERNANCE - PROGRESS REPORT** (Pages 9 - 10)

To receive a report by the Head of Legal and Democratic Services.

**Mrs H J Taylor  
388008**

**4. REVIEW OF THE CONSTITUTION**

**(a) Operation of Council Meetings** (Pages 11 - 22)

To consider a report of the Working Group.

**Ms C Deller 388007**

**(b) Terms of Reference of Overview and Scrutiny Panels** (Pages 23 - 26)

To consider a report by the Head of Legal and Democratic Services.

**C Meadowcroft  
308021**

**5. REVIEW OF FRAUD INVESTIGATION ACTIVITY** (Pages 27 - 36)

To consider a report by the Corporate Fraud Manager summarising the activity of the Corporate Fraud Team over the 2013/14 financial year.

**N Jennings 388480**

- 6. REVIEW OF THE INTERNAL AUDIT SERVICE**
- To receive a report by the Internal Audit and Risk Manager outlining the findings of the Peer Review of the effectiveness of the Internal Audit Service – to follow. **D Harwood 388115**
- 7. INTERNAL AUDIT SERVICE: ANNUAL REPORT** (Pages 37 - 58)
- To receive the annual report of the Internal Audit and Risk Manager. **D Harwood 388115**
- 8. PROGRESS ON ISSUES ARISING FROM THE 2012/13 ANNUAL GOVERNANCE STATEMENT** (Pages 59 - 62)
- To consider a report by the Internal Audit & Risk Manager providing an update on progress with the issues identified in the Annual Governance Statement. **D Harwood 388115**
- 9. GRANT CERTIFICATION 2013/14** (Pages 63 - 80)
- To consider a report by the Accountancy Manager on the external audit grant certification of the 2012/13 Housing & Council Tax Benefits and Business Rates claims and the implications for the audit certification fee. **C Mason 388157**
- 10. EMPLOYEE HANDBOOK**
- To consider a report by the Internal Audit and Risk Manager reviewing the Employee Handbook – to follow. **D Harwood 388115**
- A copy of the draft Handbook has been circulated separately to Members. Please bring your copy to the meeting with you.*
- 11. MONITORING THE EFFECTIVENESS OF THE CONTROL ENVIRONMENT: VALUE FOR MONEY** (Pages 81 - 88)
- To consider a report by the Internal Audit Manager on the achievement of Value for Money. **D Harwood 388115**
- 12. WORK AND TRAINING PROGRAMME** (Pages 89 - 92)
- To consider a report by the Internal Audit Manager. **D Harwood 388115**

Dated this 6 day of May 2014



Head of Paid Service

## **Notes**

### **1. Disclosable Pecuniary Interests**

(1) *Members are required to declare any disclosable pecuniary interests and unless you have obtained dispensation, cannot discuss or vote on the matter at the meeting and must also leave the room whilst the matter is being debated or voted on.*

(2) *A Member has a disclosable pecuniary interest if it -*

*(a) relates to you, or*

*(b) is an interest of -*

*(i) your spouse or civil partner; or*

*(ii) a person with whom you are living as husband and wife; or*

*(iii) a person with whom you are living as if you were civil partners*

*and you are aware that the other person has the interest.*

(3) *Disclosable pecuniary interests includes -*

*(a) any employment or profession carried out for profit or gain;*

*(b) any financial benefit received by the Member in respect of expenses incurred carrying out his or her duties as a Member (except from the Council);*

*(c) any current contracts with the Council;*

*(d) any beneficial interest in land/property within the Council's area;*

*(e) any licence for a month or longer to occupy land in the Council's area;*

*(f) any tenancy where the Council is landlord and the Member (or person in (2)(b) above) has a beneficial interest; or*

*(g) a beneficial interest (above the specified level) in the shares of any body which has a place of business or land in the Council's area.*

### **Other Interests**

(4) *If a Member has a non-disclosable pecuniary interest or a non-pecuniary interest then you are required to declare that interest, but may remain to discuss and vote.*

(5) *A Member has a non-disclosable pecuniary interest or a non-pecuniary interest where -*

*(a) a decision in relation to the business being considered might reasonably be regarded as affecting the well-being or financial standing of you or a member of your family or a person with whom you have a close association to a greater extent than it would affect the majority of the council tax payers, rate payers or inhabitants of the ward or electoral area for which you have been elected or otherwise of the authority's administrative area, or*

*(b) it relates to or is likely to affect any of the descriptions referred to above, but in respect of a member of your family (other than specified in (2)(b) above) or a person with whom you have a close association*

*and that interest is not a disclosable pecuniary interest.*

### **2. Filming, Photography and Recording at Council Meetings**

*The District Council supports the principles of openness and transparency in its decision making and permits filming, recording and the taking of photographs at its meetings that are open to the public. It also welcomes the use of social networking and micro-blogging websites (such as Twitter and Facebook) to communicate with people about what is happening at meetings. Arrangements for these activities should operate in accordance with guidelines agreed by the Council and available via the following link - [filming, photography and recording at council meetings.pdf](#) or on request from the Democratic Services Team. The Council understands that some members of the public attending its meetings may not*

*wish to be filmed. The Chairman of the meeting will facilitate this preference by ensuring that any such request not to be recorded is respected.*

**Please contact Mrs H Taylor, Senior Democratic Services Officer, Tel No: 01480 388008 / e-mail: [Helen.Taylor@huntingdonshire.gov.uk](mailto:Helen.Taylor@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.*

## 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 Wednesday, 26 March 2014.

- PRESENT: Councillor E R Butler – Chairman.
- Councillors M G Baker, K J Churchill, G J Harlock, P Kadewere, P G Mitchell and R J West.
- AN APOLOGY: An apology for absence from the meeting was submitted on behalf of Councillor R Harrison.
- IN ATTENDANCE: Councillor N J Guyatt, Mr C Everest and Ms J Dudley.

### **56. MINUTES**

The Minutes of the meeting of the Panel held on 29<sup>th</sup> January 2014 were approved as a correct record and signed by the Chairman.

### **57. MEMBERS' INTERESTS**

No declarations were received.

### **58. CORPORATE GOVERNANCE - PROGRESS REPORT**

The Panel received a report by the Head of Legal and Democratic Services (a copy of which is appended in the Minute Book) which contained details of actions taken in response to recent discussions and decisions. Members noted that the Managing Director would be submitting a report on procurement practices to the Panel's next meeting.

### **59. PROCUREMENT MEASURES TO SUPPORT COMPLIANCE**

Further to Minute No 13/30, a report by the Procurement Manager was submitted (a copy of which is appended in the Minute Book) detailing the measures that had been introduced to support compliance with the Code of Procurement.

Particular attention was drawn to a new requirement in the Code of Procurement for Managers to advise the Procurement Manager by 1<sup>st</sup> April of all contracts to be advertised in the following year along with spend likely to exceed £100,000. Having been advised that a reminder had been issued to Managers, Members requested clarification on the number of Managers not complying with the requirement.

Having questioned the circumstances in which the Head of Legal and

Democratic Services would restrict an organisation involved in preparing a specification or contract document from being invited to quote or tender, the Panel

RESOLVED

that the report be received and the measures implemented and proposed to support compliance with the Code of Procurement noted.

## **60. REVIEW OF THE COUNCIL'S CONSTITUTION**

*(Councillor N J Guyatt, Deputy Executive Leader and Member of the Council's Programme Group was in attendance for consideration of this item)*

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 undertook a review of the Council's Constitution. The Panel were reminded of the procedure for a review in which all Members had been offered the opportunity to submit comments individually on the Constitution and senior managers had also been requested to update the scheme and suggest changes.

The Panel considered a proposal that the monitoring element of the Anti-fraud and Corruption Strategy be transferred from the Corporate Governance Panel to the Overview and Scrutiny Panel. In so doing, the consensus among Members was that the function should remain with the Corporate Governance Panel. Members did support the proposed deletion of the requirement for a report to be submitted to the next meeting where payments of up to £1000 had been approved by the Head of Legal and Democratic Services, after consultation with the Chairman of the Corporate Governance Panel, on the basis that the Panel receives an annual report on complaint outcomes.

In discussing a suggestion to vary the terms of reference of the Corporate Governance Panel and Elections Working Group, Members acknowledged that there was merit in transferring some functions to the Standards Committee. However, the Panel felt that the review of the Constitution should remain with the Corporate Governance Panel given the association with the Codes of Financial Management and Procurement.

With regard to a series of initiatives to enliven Council meetings, Members expressed support for trialling alternative layouts in the Civic Suite but felt that further thought needed to be given to the headline debate, Green Paper, frequency of meetings, Annual State of the District Address, Council Programme group and Reports of the Cabinet, Panels and Committees. In that respect, it was suggested that a working group be established to consider these issues further.

Members' attention was drawn to proposed changes to the Code of Procurement. It was reported that a further change to the Code would be made to reflect the process of debriefing unsuccessful tenderers. At the same time, the Deputy Executive Leader referred to the proposed changes to the procurement thresholds and reported

that he would be seeking the views of the Cabinet on the levels as he felt that they were too prescriptive. In that respect, the Panel requested that the views of the Cabinet be forwarded to the new Working Group for consideration.

Having considered other issues relating to reporting arrangements for the determination of pay awards, the Employees' Code of Conduct, Member Champions, Motions without Notice, the Code of Financial Management and the Management Structure, the Panel

#### RESOLVED

that a Working Group comprising of the Executive Leader or Deputy Executive Leader, the Chairman of the Council and Councillors M Baker, E R Butler, K Churchill and G Harlock be established to consider the headline debate, Green Paper, frequency of meetings, Annual State of the District Address, the format and responsibilities of the Council Programme Group, Reports of the Cabinet, Panels and Committees and procurement thresholds.

It was also RECOMMENDED to Council :-

- (a) that the requirement for a report to be submitted to an ensuing meeting following payment of up to £1,000 in compensation in settlement of a complaint be deleted from the Corporate Governance Panel's Scheme of Delegation;
- (b) that the following functions be transferred from the Corporate Governance Panel to the Standards Committee:-
  - (i) determination of 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; and
  - (ii) consideration of reports by the Local Government Ombudsman, approval of compensatory payments to complainants and formulation of recommendations to the Cabinet or Council or any remedial action to be taken as a consequence.
- (c) that the following matters relating to electoral arrangements be transferred from the Elections Working Group to the Standards Committee:-
  - (i) review of the District and Parish electoral arrangements including boundaries;
  - (ii) matters relating to the powers of a Parish Council, number of Parish Councillors and

new Parish Councils and Parish Wards;

- (iii) District and District Ward boundaries arising from any review; and
  - (iv) the periodic electoral review.
- (d) that with regard to the Employment Panel's Terms of Reference:-
- (i) the third bullet point on page 70 of the Constitution be amended such that the words "report" be deleted so the function would read –  
*to make recommendations in relation to employment and workforce practices within the Council.*
  - (ii) that paragraph (iii) of the authority delegated to the Head of Paid Service be amended to enable the postholder to "negotiate, determine and implement local pay awards etc...."
  - (iii) that the following function remain the responsibility of the Corporate Governance Panel:-  
*"to monitor and advise the Council on the adoption, revision, content and operation of its Code of Conduct for Officers (Employee Handbook) in the light of best practice, changes in law and guidance"*
- (e) that the practice of using Member Champions be re-established formally, that they be appointed by the Executive Leader when the need arises and listed for clarity and convenience in Part 3 of the Constitution.
- (f) that with regard to the Council's Procedure Rules:-
- (i) the following paragraph on Motions without Notice be inserted after (h) (paragraph 10, page 196) –  
*"in the case of proposed amendments to recommendations on draft or final budgets, Leaders of the Opposition Groups shall seek the advice of the Responsible Financial Officer at least 2 working days prior to the meeting to enable the implications of the proposed amendment to be reviewed and calculated for presentation to the*



*Council”*

- (ii) the following paragraph on the recording of votes at budget meetings be added to Section 14:-

*“14.7 – when the vote is taken at a budget decision meeting of the Council, there must be recorded in the Minutes of the meeting, the names of the Members who cast a vote for or against the Motion or who had abstained from voting.”*

- (g) that the Code of Financial Management be adopted;
- (h) that, subject to the inclusion of the following sentence under paragraph 13.1, the Code of Procurement be adopted:-

*“unsuccessful tenderers shall be advised in writing of the winning supplier, the value of the contract awarded and the strengths and weaknesses of their tender...” ; and*

- (i) that the Head of Legal and Democratic Services be authorised to make such amendments as necessary to Part 7 of the Constitution to reflect the new management and organisational structure of the Council.

## **61. EXTERNAL AUDIT: AUDIT PLAN 2013/14**

*(Mr C Everest and Ms J Dudley of PricewaterhouseCoopers 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 2013/14.

Ms J Dudley of PricewaterhouseCoopers LLP 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.

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 Fraud Working Group.

After an explanation on how it was arrived at, Members discussed the suggested £90k triviality threshold.

In response to a question, the Panel received clarification on how the external auditors would be involved in detecting fraud. Attention then was drawn to the level of audit fees for the 2013/14 year, which was expected to be on a par with this year. Having received assurances that any additional testing relating to the new Council Tax Support

Scheme and the localisation of Business Rates would be met from within existing resources, the Panel

RESOLVED

that the content of the draft External Audit Plan for 2013/14 be noted and the triviality threshold set at £90k.

**62. ACCOUNTING POLICIES FOR THE ANNUAL FINANCIAL REPORT 2013/14**

Consideration was given to a report by the Accountancy Manager (a copy of which is appended in the Minute Book) on the outcome of the annual review of accounting policies applied by the authority when producing the Annual Financial Report.

The Panel noted that four policies now require amendment with two of these being considered significant. Having been reassured that the changes proposed were for the purpose of clarification and transparency to ensure compliance with the International Financial Reporting Standards and would not have any direct financial implications, the Panel

RESOLVED

that the draft accounting policies for 2013/14, as set out in Annex A to the report, be approved.

**63. EMPLOYEE HANDBOOK**

Further to Minute No. 13/30 and with the assistance of a report by the Internal Audit Manager (a copy of which is appended in the Minute Book), the Panel considered the content of an Employee Handbook designed to replace and strengthen the existing Employee's Code of Conduct.

Having suggested that the document would be enhanced by the inclusion of an introduction and in thanking officers on the quality and high standard of the documents, the Panel

RESOLVED

- (a) that the content of the Employee Handbook be noted; and
- (b) that the Head of Paid Service be authorised, after consultation with the Chairmen and Vice-Chairmen of the Corporate Governance and the Employment Panels, to consider and finalise the Employee Handbook with a view to submitting the document to full Council for adoption on 30<sup>th</sup> April 2014.

#### **64. AUDIT COMMITTEE GUIDANCE**

A report was submitted by the Internal Audit & Risk Manager (a copy of which is appended in the Minute Book) summarising the content of new guidance issued by the Chartered Institute of Public Finance & Accountancy on the role and functions of an audit committee.

The report described, in brief, a revised position statement which included seven core functions of an audit committee, proposed terms of reference and two checklists for evaluating the Panel's effectiveness.

In discussing the core functions, attention was drawn to the monitoring of the effectiveness of the control environment, including arrangements for ensuring value for money and Members indicated their wish to receive further information on how officers intend to improve the Panel's understanding of this.

Members were advised that the Panel's current terms of reference have been assessed against the model terms and remain appropriate. However, it was suggested that the Panel may wish to consider the model terms in more detail as part of their annual effectiveness review. Whereupon, it was

RESOLVED

that the content of the report be noted and a review of the Panel's Terms of Reference be undertaken during the annual effectiveness review.

#### **65. RISK REGISTER UPDATE**

With the aid of a report by the Audit and Risk Manager (a copy of which is appended in the Minute Book) the Panel were acquainted with changes made to the risk register between 3rd September 2013 to 11th March 2014 inclusive.

Having requested clarification as to why reduced retained business rates were classified as an operational risk rather than corporate risk, the Panel

RESOLVED

that the contents of the report now submitted be noted.

#### **66. WORK AND TRAINING PROGRAMME**

By way of a report by the Internal Audit Manager (a copy of which is appended in the Minute Book) Members received and noted a work programme for the Panel for the period 2014/15. In doing so, the Panel requested that their next training session be arranged for after the May elections.

#### **67. MR S COUPER**

The Panel was informed that this would be the last meeting that Steve

Couper would attend in his role of Assistant Director, Finance and Resources, prior to his retirement on 31st March 2014. The Chairman extended his appreciation for the contribution made to the Panel by Mr Couper and extended the Panel's best wishes to him for a happy and healthy retirement

Chairman

**CORPORATE GOVERNANCE PANEL PROGRESS REPORT**

<b>Panel Date</b>	<b>Decision</b>	<b>Response</b>	<b>Date for Action</b>	<b>Officer Responsible</b>
<b>24/7/13</b>	<p><b><u>Internal Audit Service Annual Report</u></b></p> <p>Requested regular updates from Chief Officers Management Team on procurement practices.</p>	The Governance Board will provide information and assurance to the Panel on a regular basis.	14th May 2014	Head Resources
<b>26/9/13</b>	<p><b><u>Annual Governance Statement</u></b></p> <p>Approved the AGS. Required updates on the progress with introducing the six improvement areas identified.</p>	<p>Implementation dates for five of the areas was agreed as April 2014 or later. Progress will be reported to the May Panel meeting.</p> <p>The remaining area – project management – has been referred to the Project Management Working Group.</p>	14th May 2014	Managing Director
<b>29/1/14</b>	<p><b><u>Review of Fraud Investigation Activity</u></b></p> <p>Corporate Fraud Manager to provide details of the work of the team on prevention and deterrent.</p>	On Agenda item 5.	14 <sup>th</sup> May 2014	Corporate Fraud Manager
<b>29/1/14</b>	<p><b><u>Internal Audit Interim Progress Report</u></b></p> <p>Internal Audit Manager to review the service delivery targets.</p> <p>Request that future reports include comparisons from previous years.</p> <p>Six monthly establishment reports to be incorporated into the monthly budget monitoring process.</p>	Report being prepared for September meeting.	25 <sup>th</sup> September 2014	<p>Internal Audit Manager</p> <p>Accountancy Manager</p>

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**CORPORATE GOVERNANCE PANEL PROGRESS REPORT**

<b>Panel Date</b>	<b>Decision</b>	<b>Response</b>	<b>Date for Action</b>	<b>Officer Responsible</b>
26/03/14	<p><b><u>Procurement measures to support compliance</u></b></p> <p>Requested clarification on the number of Managers who have failed to notify the Procurement Manager of any contracts for the following year likely to exceed £100,000.</p>	The Code does not require “nil returns” but the Procurement Manager has received returns from 5 areas of the business with procurements over £100k; Facilities, Operations, Environmental Management, Leisure and IMD. This response is consistent with previous years’ spend patterns	14 <sup>th</sup> May 2014	Procurement Manager
26/03/14	<p><b><u>Review of the Councils Constitution</u></b></p> <p>Recommendations to Council</p> <p>Working Group established to consider proposed changes to the operation of Council meetings.</p>	<p>To be considered at Council meeting on 30<sup>th</sup> April 2014.</p> <p>Meeting held on 22<sup>nd</sup> April 2014 and their report is on the Agenda at item 4.</p>	14 <sup>th</sup> May 2014	Senior Democratic Services Officer
26/03/14	<p><b><u>Employee Handbook</u></b></p> <p>Following consultation with the Chairmen and Vice Chairman of the Corporate Governance and Employment Panels, the Handbook to be finalised and submitted to full Council for adoption.</p>	To be considered at Council meeting on 30 <sup>th</sup> April 2014.	Full Council meeting – 30 <sup>th</sup> April 2014.	Internal Audit Manager
26/03/14	<p><b><u>Risk Register Update</u></b></p> <p>Requested clarification on why reduced retained business rates are classified as an operational risk rather than a corporate risk</p>	Information circulated to Panel Members on 27 <sup>th</sup> March 2014.	Completed	Internal Audit Manager
26/03/14	<p><b><u>Work and Training Programme</u></b></p> <p>Training sessions to be arranged after May election.</p>		Date to be confirmed.	Internal Audit Manager

Public Report  
Key Decision - No

## HUNTINGDONSHIRE DISTRICT COUNCIL

<b>Title/Subject Matter:</b>	Review of the Constitution – Report of the Working Group
<b>Meeting/Date:</b>	Corporate Governance Panel – 14th May 2014
<b>Executive Portfolio:</b>	Councillor T D Sanderson – Executive Councillor for Strategic Economic Development and Legal
<b>Report by:</b>	Head of Legal and Democratic Services
<b>Wards affected:</b>	All

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### **Executive Summary:**

Members may recall that the Panel, at its last meeting, undertook its regular review of the Constitution. Part of the review related to the operation of the Council meeting and, in particular, the features introduced in 2009 to increase interest, enliven the proceedings and encourage greater participation by Members and the public.

As it was the view of the Panel that these matters required more detailed consideration, it was

“RESOLVED

that a Working Group comprising the Executive Leader or Deputy Executive Leader, the Chairman of the Council and Councillors M G Baker, E R Butler, K J Churchill and G J Harlock be established to consider the headline debate, Green Paper, frequency of meetings, Annual State of the District Address, the format and responsibilities of the Council Programme Meeting, Reports of the Cabinet, Panels and Committees and procurement thresholds.”

As the Deputy Executive Leader had indicated his intention to review, with his Cabinet colleagues, the procurement thresholds referred to in paragraph 5.6 of the Code of Procurement, it also was agreed that the views of the Cabinet be forwarded to the Working Group for consideration.

The Working Group met on 22nd April 2014 and the outcome of their discussions and recommendations are reflected in this report. To provide the necessary background, an extract from the original Panel report relating to these matters only is appended hereto.

### **Recommendation:**

**that the Panel consider the recommendations of the Working Group contained in the report and recommend to Council accordingly.**

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## 1. WHAT IS THIS REPORT ABOUT/PURPOSE?

- 1.1 At its last meeting, the Panel deferred consideration of proposed changes to the operation of the Council meeting and procurement thresholds to a Working Group.
- 1.2 The Working Group met on 22nd April 2014 and the following Members were present:-

Councillor E R Butler (Chairman), Councillors M G Baker, Mrs B E Boddington and G J Harlock.

Apologies for absence from the meeting were submitted on behalf of Councillors K J Churchill and N J Guyatt.

The Head of Legal and Democratic Services and Audit and Democratic Services Managers also were in attendance.

## 2. OPTIONS TO BE CONSIDERED/ANALYSIS

- 2.1 The Working Group proceeded to discuss the matters referred to it by the Panel and detailed in the Appendix to this report.

### Role of the Council

#### (a) **Headline Debate**

The Working Group concurred with the suggestion that the concept of single issue debates on matters of topical relevance should be retained with external speakers/organisations invited to brief Members on issues of relevant significance. However, it was their view that debates should occur only as and when such topics arise or can be identified by the Council Programme Group. Given the pressures on meeting time, the Working Group considered that debates should last for up to 60 minutes only and no longer.

Given the opportunities for the Opposition Groups and Independent Members to fully contribute their views or suggestions of topics for debate at the Council Programme Group, the Working Group considered that it was no longer necessary to nominate one meeting per annum at which the opposition would be invited to propose the subject for debate.

### Recommendations:

- (i) **that the opportunity for single issue debates at Council meetings be continued but only where a specific need arose and that the length of such debates be strictly restricted for up to 60 minutes duration only;**
- (ii) **that topics for debate continue to be identified by the Council Programme Group; and**
- (iii) **that it no longer be necessary to reserve one Council meeting per annum at which the Opposition Groups and Independent Members would be entitled to select the topic for debate.**

(b) **Green Paper Feature**

The Working Group supported the proposal that the Senior Managers' Group should become more actively engaged in identifying emerging policies for presentation to Council on a regular basis. However, Members were of the view that this item should only be placed on the agenda as and when new policy initiatives were available for presentation and that the Council Programme Group should be involved in the decision on their inclusion or otherwise.

**Recommendation:**

**that Green Paper items be retained on the Council Agenda as required and 10 minutes set aside for the purpose.**

(c) **Ten minute address by Councillors**

The suggestion by the Deputy Executive Leader that provision be made for Members to address the Council for up to 10 minutes on a subject of their choice was discussed at length. The Working Group expressed some concern at the potential implications and practicalities of this suggestion, but were of the view that were this proposal to progress, strict constraints should be placed on the scope of the address, such that these were relevant to matters of major significance in relation to the Council's powers or duties or one of major general concern affecting the District, its Council Tax or NNDR payers. It was also suggested that, if implemented, Members wishing to use this mechanism should be required to register their interest with the Council Programme Group and give advance notice of the subject on which they wished to speak. The Council Programme Group would reserve the right to decide who should address the Council and on what subject. As Members were concerned at the impact this initiative might have on the duration of Council meetings, the Working Group wished to draw the Panel's attention to the existing opportunity for a Member to raise an item at a relevant Overview and Scrutiny Panel in accordance with the Councillor Call For Action Procedure (CCFA) suggesting that this might remain the better option.

**Recommendation:**

**that the views of the Panel be invited on the Working Group's conclusions.**

(d) **Frequency and timing of meetings**

Having regard to their conclusions in paragraph (a) ante, the Working Group concurred with the suggestion that the November Council meeting be deleted from the calendar. However, Members were of the opinion that Council meetings should continue to commence at 7pm with the exception of the Annual Council Meeting which should start at 6pm.

**Recommendation:**

**that the November Council meeting be deleted from the meetings calendar.**

(e) **Annual State of the District Address**

The Working Group raised no objection to the scheduling of the Annual State of the District address having endorsed the view that this would be better delivered at the first meeting in each municipal year either in June or July.

**Recommendation:**

**that the word “Autumn” in paragraph 12.1 of the Council Procedure Rules be deleted and be replaced by the word “Summer”**

(f) **Oral Questions**

Although supportive of the proposed initiative which would give increased opportunities to hold the Cabinet to account, but mindful of the impact on Council meeting time, the Working Group considered that two Executive Councillors should be invited to present on relevant issues within their portfolio (rather than all Members of the Cabinet) at each meeting. It was the view that a written report from the relevant Executive Councillor should be included in the Council Book in support of the presentation which should last for a maximum of 10 minutes only. Members were of the opinion that the Council should then be given the opportunity to ask questions of presenting Councillors. Because of some misgivings at how these arrangements might operate in practice, the Working Group suggested that, were they considered to be acceptable by the Panel, they should proceed on a trial basis commencing at the July 2014 meeting and be subject to review by the full Panel next March 2015. Presentations by specific Executive Councillors would not preclude Councillors from asking questions of other Portfolio holders and it was suggested that a period for these questions could be programmed on the Agenda for this purpose. Where Councillors wish to submit questions to Cabinet Members which require a detailed and lengthy reply, the Working Group re-affirmed the suggestion that these should be submitted to the Head of Legal and Democratic Services by noon at least 8 clear working days in advance of the meeting to enable a draft response to be prepared in advance.

As described in the Appendix, this practice would mean that the 30 minute period for questions would discontinue and with the exception of paragraph 4, that the guidelines for oral questions would remain unchanged.

Under this new approach, it is envisaged that provision for questions to the Chairmen of a Committee or Panel will continue at that point on the Agenda when reports of meetings are presented.

**Recommendations:**

**that the Panel be requested to support the proposals for:-**

- ◆ ten minute presentations by two Executive Councillors per meeting with the opportunity for questions to follow;
- ◆ a 10 minute period for questions to the remainder of the Cabinet;
- ◆ the submission of questions in advance where the subject matter demands that answers require to be technical and comprehensive; and
- ◆ the discontinuation of the separate 30 minute session for oral questions.

**(g) Council Programme Meetings**

In terms of the future role and Chairmanship of the Council Programme Meeting, the Working Group was strongly of the view that this meeting should continue to operate in a non-political way and whilst the Deputy Executive Leader might take the lead at meetings, that the meeting should continue to be chaired by the Chairman of the Council. Members were of the opinion that the meeting itself should decide whether it wished to extend its role (by having regular sight of agenda planning documents) and whether to review its own terms of reference.

**Recommendation:**

**that the Council Programme Meeting be chaired by the Chairman of the Council and for it to consider its future role and terms of reference.**

**(i) Non-constitutional matters relating to Council Meetings**

**(i) Layout of civic suite**

The Working Group looked forward to the trial of a new seating arrangement at the Council meeting in July and endorsed the suggestion that the alternative layout proposed would enhance communication between the Chairman, the Cabinet and the body of the meeting.

**Recommendation:**

**that arrangements for a new seating layout at Council Meetings be supported.**

**(ii) Reports of the Cabinet, Panels and Committee**

The Working Group was strongly of the view that reports of all Committees and Panels should continue to be presented to Council. As a fair compromise between efficiency and democracy, it was proposed that those reports containing recommendations should be presented to the Council by their respective Chairmen from their place in the body of the meeting. Other reports should be presented, purely for information, by the Chairman of the Council who shall invite questions to the Chairmen (or Panels) in a general sense. These reports should be enclosed as an information pack to the rear of the Council Book.

**Recommendation:**

**that the proposed new arrangements for presenting the reports of Committees and Panels to the Council be commended to the Panel.**

**3. CODE OF PROCUREMENT**

- 3.1 Following a review of the procurement thresholds at paragraph 5.6 the following revised thresholds are proposed:

Value of Procurement	Requirement
Up to £5,000	At least 1 written quote
£5,000 up to £15,000	At least 3 informal quotes sought
£15,000 to £50,000	At least 3 formal quotations sought

**Recommendation:**

**that the proposed new thresholds be recommended by the Panel.**

**4. TIMETABLE FOR IMPLEMENTATION**

- 4.1 The recommendations of the Panel following the March meeting were endorsed by the Council on 30th April for implementation from the date of the Annual Meeting – 4th June 2014.

Should the Panel be minded to support the recommendations of the Working Group contained in this report, it may be conducive to submit any recommendations to the Annual Meeting so that changes to the Constitution and organisation of the Council meetings be implemented with effect from commencement of the new Council year.

**BACKGROUND PAPERS**

Huntingdonshire District Council Constitution.

**CONTACT OFFICER**

Christine Deller, Democratic Services Manager  
(01480) 388007.

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## WORKING GROUP 22<sup>ND</sup> APRIL 2014

### CHANGES TO THE OPERATION OF COUNCIL MEETINGS

#### SUPPORTING INFORMATION

### 3. PART 4 – RULES OF PROCEDURE

#### 3.1 Role of the Council

(Article 4, pages 15 – 17 and Council Procedure Rules (Standing Orders) pages 191 – 211)

Article 4 lists the powers that have been reserved to Council. These relate to the approval of the budget and various policies and strategies that together make up the Council's policy and budgetary framework. Therefore, the Council remains the arena in which the important policy and budget decisions are made. Attempts have been made over recent years to enliven Council meetings and encourage public attendance. Initiatives introduced following the last review of the democratic structure in 2009 have had limited success.

As it is now five years since the last review of the Council meeting itself, Members may feel that it is opportune to look at the way the Council currently operates. It is suggested that the following features are retained without need for further discussion or variation -

- ◆ the opportunity for the public to ask questions;
- ◆ 7 pm start time (6 pm for the Annual Meeting); and
- ◆ the opportunity for the public to present petitions containing more than 50 signatures.

Some of the initiatives are enshrined within the Council Procedure Rules (where written guidelines are required to ensure that they operate consistently) and others are practised informally. For convenience both aspects are discussed in this Section

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#### (a) **Headline Debate**

It was the original intention that major policy decisions reserved to Council should be the subject of debate at Council meetings before public consultation as well as arrangements made for single issue debates (with the Principal Opposition invited to choose the subject for debate at one meeting per annum). Whilst there have been some notable debates, the choice of robust debate topics has often been handicapped when policies and strategies have already been the subject of public consultation, agreement with partners and discussion at Scrutiny and Cabinet en route to Council. Often there is little left to discuss.

There has been a greater tendency for single issue debates and these have proved more successful - those led by the Chief Constable, Andrew Stunell, MP and the DCLG on the National Planning Policy Framework for instance. Given the other significant issues facing the authority and local government generally and the importance of meeting time for the Council to consider these matters in the detail required, it is proposed that single issue debates on

matters of topical issues be retained with external speakers/organisations invited to brief Members on issues of relevance and significance but that these debates occur only as and when such topics arise or can be identified by the Council Programme Group. It is no longer considered necessary to make specific arrangements for debates on major policy decisions as these should take place, in any event, during the normal course of the Council's business.

As the Leaders of the Opposition Groups are represented on the Council Programme Group and, in practice, contribute fully to suggestions for debate items it is also considered to be no longer necessary to reserve one meeting per annum for that purpose.

**Members' views are invited.**

(b) **Green Paper**

The Green Paper feature was designed to enable Executive Councillors to give early notice to the Council of the launch of new policy initiatives and proposals and to raise these at Council meetings on a more informal basis prior to wider consultation. Whilst arguably this has not been successful, it is an area which could be further developed and it is proposed that the Senior Managers' Group could become more actively engaged in identifying emerging policies on a regular basis. It may also be considered more appropriate 'Green Paper' items were presented to Overview and Scrutiny Panels rather than Council.

Alternatively, the Deputy Executive Leader has suggested that provision be made for one (or two) Members per meeting to be able to address the Council for up to 10 minutes on matters relevant to the Council's business which may be of concern/interest to them. Guidelines for such provision would need to be drafted but it is anticipated that these would require advance notification of issues to be raised and a way to register Members' requests to speak.

**Members' views are invited.**

(c) **Frequency and timing of meetings**

During the last review and given the number of initiatives involved at that time, it was considered that there may be a need for additional meetings of Council. Consequently meetings of Council were increased to six from five (plus the Annual Meeting) each year. It was also agreed that meetings should commence at 7 pm (rather than 2.30 pm) to encourage public attendance and enable guest speakers from partner and other organisations to attend for debate items. It is the view that Council meetings should continue to take place at 7pm but suggested that the number of meetings per annum be reduced by one to five (plus the Annual Meeting). Experience has shown that the meeting of the Council in November has, since 2009, been light in the terms of business it has had to consider given it has no clear role in the cycle for example in financial or service planning terms, unlike the September meeting, which considers the Financial Strategy with which the Annual Budget and MTP is to be prepared.

**It is recommended therefore that the November Council meeting be deleted from the calendar.**



- (d) **Presentations by Executive Councillors/Annual State of the District Address** (*page 205, paragraph 12*)  
**Oral Questions by Councillors**  
(*page 194 paragraph 8.3*) and Guidelines (*page 213 Annex [i]*)

Paragraph 12 of the Council Procedure Rules refer to the Annual State of the District Address. In recent years this has been resurrected by the Executive Leader who has taken the opportunity at the September meeting to address Members on the activities of the Council in the previous year and his plans for the year ahead. Members might consider that this address should be better delivered at the first meeting in each municipal year either in June or July. Should this suggestion be supported **it is recommended that the word "autumn" in paragraph 12.1 be deleted and replaced by the word "summer"**.

Subsequent meetings, therefore, would present the opportunity for Members of the Cabinet to update the Council on relevant issues within their portfolios by way of a written report which would be included within the Council Book. This could include updates on new policy/initiatives or progress on significant issues and on conclusion of presentations a period could be set aside for the Council to ask questions of portfolio holders specifically and the Cabinet in general. This would allow the Council to hold the Executive (the Cabinet) to account. Developing this theme further, it is suggested that the current separate 30 minute period for questions by Councillors be discontinued but that the opportunity to ask questions be programmed after presentations by Executive Councillors.

The guidelines for oral questions (*page 213*) would also remain unchanged other than paragraph 4 as clearly there would no longer be a requirement to complete a pro forma slip in advance of the Council meeting to indicate that a Member wishes to ask a question. Questions may be asked in response to the contents of the address by the Executive Councillor and on any other matter in accordance with Annex (i), paragraphs 1 and 2. The prescribed period for questions of 30 minutes would be no longer necessary. Currently questions may also be asked of the Chairmen of a Committee or Panel. It is proposed that this opportunity should remain and that a separate item be placed on the agenda for this purpose. For clarity, the current Constitution already provides for written questions to be raised as a 'matter of urgency'.

To seek to make the period for questions more meaningful it is proposed that where Councillors have questions requiring a detailed and lengthy reply that they be encouraged to submit them to the Head of Legal and Democratic Services by noon at least eight clear working days in advance of the meeting to enable a draft response to be prepared in advance. This practice would seek to overcome the need for written answers to be drafted for the questioner after the meeting. If this proposal is supported paragraph 8.3 would be amended accordingly.

**The Panel is requested to support the proposed changes to the scheduling of the Annual State of the District Address and the adjustments to the arrangements for oral questions to the Executive Leader, Deputy Leader and Executive Councillors and Chairmen of Panels etc**

(e) **Council Programme Meeting**  
(Article 5 - Chairing the Council)

Article 5 discusses the role and function of the Chairman of the Council. In terms of the procedural duties of the Chairman, he/she also has responsibility to "liaise with the Deputy Executive Leader and the Leaders of Opposition Groups and Independent Councillors on the business to be conducted in Council meetings." In practice, the Chairman of Council chairs the Council Programme Group which meets mid-way between Council meetings to discuss future business. It also has been suggested that, in future, Chairmanship of this Group should lie with the Deputy Executive Leader. Whilst this Group has clearly improved the future programming of business for the Council meeting there might be a case, if it is to be retained, that its business planning role should be further enhanced by having regular sight of the agenda plan documents for Cabinet and Overview & Scrutiny.

**The views of the Panel are invited to comment on whether to retain the Council Programme Group in its current format, to transfer its chairmanship to the Deputy Executive Leader and to broaden its business planning role such that it also has sight of Cabinet and Overview & Scrutiny Panel agenda plans when discussing the programme for future meetings.**

(f) **Non Constitution Matters relating to Council meetings**

(i) Layout of Civic Suite

For sometime, there has been some disquiet on the part of Members as to the current layout of the Civic Suite for Council meetings. To seek to avoid a situation whereby the Cabinet have their backs to Members when speaking, an alternative layout will be trialled at a future meeting with the Cabinet facing the body of the meeting.

(ii) Reports of the Cabinet, Panels and Committee

To streamline the presentation of reports to the Council and to generate meeting time to enable Council to focus on significant rather than routine matters it is suggested that, with the exception of the reports of the Overview & Scrutiny Panels, reports of Panels where items are submitted for information only should be discontinued. Reports would continue to be submitted where Panels are recommending a course of action to the Council meeting. Members are reminded that monthly editions of the "Decision Digest" will continue to summarise the business considered and decisions taken by Panels and that this is circulated in various formats, via the Member Alert and published on the Members' Homepage and with the Overview & Scrutiny Panel agenda. The Digest could also be despatched separately with the Council agenda should Members consider that it could be useful to do so. It is also proposed that Chairmen should remain in their positions when presenting reports (with recommendations) rather than coming forward to the lectern.

**Members are requested to note commencement of these new arrangements.**

**Public Report**

**Key Decision - No**

## HUNTINGDONSHIRE DISTRICT COUNCIL

**Title/Subject Matter:** Review of the Constitution – Overview and Scrutiny

**Meeting/Date:** Corporate Governance Panel – 14th May 2014

**Executive Portfolio:** Councillor T D Sanderson – Executive Councillor for Strategic Economic Development and Legal

**Report by:** Head of Legal and Democratic Services

**Wards affected:** All

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### **Executive Summary:**

At its last meeting the Panel received a report on the Constitution. The report referred to the fact that the Overview and Scrutiny Panels are reviewing their structure and the way they operate. This work has progressed and, as a result, changes to the Constitution are necessary. The recommended changes will give the Panels the flexibility to make adjustments to their remits as circumstance change.

### **Recommendation:**

That Section 1 of ARTICLE 6 - OVERVIEW AND SCRUTINY is deleted to be replaced by:

#### **1. TERMS OF REFERENCE OF OVERVIEW AND SCRUTINY PANELS**

The Council will appoint up to four Overview and Scrutiny Panels to discharge the functions conferred by Section 21 of the Local Government Act 2000.

## **1. WHAT IS THIS REPORT ABOUT/PURPOSE?**

- 1.1 This report contains a recommendation that the Constitution is amended in relation to the allocation of the Overview and Scrutiny Panels' remits to provide the Panels with the flexibility to adjust the way they work as circumstances change.

## **2. WHY IS THIS REPORT NECESSARY/BACKGROUND**

- 2.1 The Overview and Scrutiny Panels' remits are prescribed in the Constitution. The Panels are in the process of reviewing their remits and the way they work. The review has not yet finished. The proposed change will give the Panels the flexibility to adjust the way they work as circumstances change. This is considered to be necessary because there could potentially be changes to the structure of the Cabinet, the key activities to be undertaken in connection with the Corporate Plan in 2014/15 have not been finalised and the Council is in a state of change.
- 2.2 The new arrangements will permit the Panels to change their remits without the need to amend the Constitution.

## **3. OPTIONS CONSIDERED/ANALYSIS**

- 3.1 The Panels are in the process of considering all options. This change will allow them to adopt the most appropriate one.

## **4. KEY IMPACTS/RISKS? HOW WILL THEY BE ADDRESSED?**

- 4.1 There is a risk that the Panels do not fulfil their roles in:
- providing "critical friend" challenge to executive policy-makers and decision-makers;
  - enabling the voice and concerns of the public and its communities;
  - act as "independent minded governors" who lead and own the scrutiny process, and
  - driving improvement in public services.
- 4.2 The process of review is intended to improve the Panels' ability to undertake these roles.
- 4.3 There is also the risk that the Panel's roles / remits will not be clear. This will be agreed at the first meetings of the new Municipal Year.

## **5. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION**

- 5.1 The Overview and Scrutiny Panels are close to completing their review. They annually receive a report at their meetings in June on their remits and roles. It is intended that remits will be agreed at these meetings.

## **6. LINK TO THE LEADERSHIP DIRECTION**

- 6.1 The new remits will be informed by the new Corporate Plan and a substantial part of their work will be focussed on it and on holding the executive to account for its achievement.

## **7. CONSULTATION**

- 7.1 The Chairmen of the Corporate Governance Panel, the Employment Panel and the Standards Committee have been consulted. The Executive Leader, Deputy Executive Leader and Managing Director have also been involved in the review process.

## **8. LEGAL IMPLICATIONS**

- 8.1 There are no legal implications because the existing remits will be redistributed. There will be no change to their extent.

## **9. FINANCIAL IMPLICATIONS**

- 9.1 All direct costs will be met from within current resource.

## **10. REASONS FOR THE RECOMMENDED DECISIONS**

- 10.1 The Overview and Scrutiny Panels need to improve the way they work. They also need to change their remits to reflect the form and operation of the Council. The review of operation and the Council's structural change are ongoing and the recommendation will allow the necessary changes to be made with more ease.

## **11. LIST OF APPENDICES INCLUDED**

None.

## **BACKGROUND PAPERS**

Report and Minutes of the meeting of the Corporate Governance Panel held on 30th April 2014.

Notes of meetings of the advisory group comprising the Chairmen and Vice-Chairmen of the Overview and Scrutiny Panels held on 20th March and 30th April 2014.

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## **CONTACT OFFICER**

Tony Roberts, Scrutiny and Review Manager

 01480 388015

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# Agenda Item 5

**Public**  
**Key Decision - No**

## HUNTINGDONSHIRE DISTRICT COUNCIL

<b>Title/Subject Matter:</b>	REVIEW OF FRAUD INVESTIGATION ACTIVITY
<b>Meeting/Date:</b>	COMT – 28 <sup>th</sup> April 2014 Corporate Governance Panel – 15 <sup>th</sup> May 2014
<b>Executive Portfolio:</b>	Barry Chapman, Executive Councillor for Customer Services
<b>Report by:</b>	Corporate Fraud Manager (NDJ)
<b>Ward(s) affected:</b>	All

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### **Executive Summary:**

Recent central government reports estimate the risk of loss, from fraud, across local government could be in the region of £2.2bn. These estimates use levels of loss generally accepted as accurate in both the public and private financial sectors. Using the same calculations estimates of the risk of loss to HDC might be as high as £2.5m per annum. This level is an indicator only and does not represent actual loss.

This report provides an overview of the activity of the Councils Corporate Fraud Team for 2013/2014.

For 2013/2014 the Team:

- Received 1,070 allegations of fraud.
- Investigated 330 cases and identified fraud, valued at £444k.
- Delivered future savings of around £964k to the taxpayer.
- Recovered 11 social properties that were being unlawfully used.
- Brought prosecutions in 28 of the most serious cases.

HDC receive grants from the DWP/CLG (Admin Grants) to fund its Benefit Team and provide for a fraud function, The Fraud Team generate further income from subsidy, awards of costs and financial penalties totalling £218k.

Assuming that all funds that were found to be fraudulent are recovered the Fraud Team will have delivered its service for 2013/2014 with a deficit of around £17k, but this would be offset by significant medium term savings- see section 6.1 Financial Resources/Implications for more detail.

### **Recommendation(s):**

It is recommended that the Panel;

- Reviews the work undertaken by the Fraud Team against its targets for performance in 2013/2014.

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## 1. WHAT IS THIS REPORT ABOUT?

- 1.1 This report provides a summary of the activity of the Councils Corporate Fraud Team in 2013/2014 including the number of investigations undertaken, types of investigations, the value of fraud identified and the cost to undertake this work.

## 2. BACKGROUND

- 2.1 The current estimate of fraud affecting local government exceeds £2.2bn across England and Wales. Based on the same estimates the risk of loss, to fraud, for HDC has been put at around £2.5m per annum.
- 2.2 Understanding the potential risk of fraud and the cost to investigate this loss will help to inform the Council when it considers how to mitigate those risks. This report will show how the Council does this through deterrence, prevention and investigation.

## 3. ANALYSIS OF FRAUD

- 3.1 Analysis of potential fraud loss has been undertaken by various Government and Private Sector bodies, between 2011 & 2012 including the Audit Commission, Cabinet Office, Department for Communities and Local Government (DCLG), Department for Work and Pension (DWP), Deloitte and Price Waterhouse Coopers.
- 3.2 HDC has had an effective Fraud Team in place for some years tasked, in the main, with the investigation of housing benefit fraud, working in close partnership with the DWP.
- 3.4 The options to combat fraud loss across the whole of the Council fall into five distinct categories.

<b><i>Deterrence</i></b>	Making the option to defraud the council unattractive.
<b><i>Prevention</i></b>	Making it difficult to commit fraud against Council services.
<b><i>Investigation</i></b>	Catching those people who are alleged to commit fraud.
<b><i>Prosecution</i></b>	Punishing those people caught committing fraud.
<b><i>Recovery</i></b>	Recovering the financial loss/cost of fraud.

## 4. KEY RISKS

- 4.1 HDC administers and pays housing benefit (HB) and council tax benefit (CTB) as an agent of the DWP. The Council has a statutory duty to prevent homelessness and works in close partnership with a number of housing providers. The Council collects council tax and awards discounts and exemptions in prescribed circumstances. Annual fraud loss in each of these areas, for HDC, is estimated at;
- £350k housing benefit,
  - £1.8m Housing/Homelessness,
  - £330k- £550k council tax discounts/exemptions.

- 4.2 Central Government and the Audit Commission have highlighted other areas of fraud risk that may affect HDC including;
- £40K - £70K (per annum) staff fraud,
  - £390k £650k (per annum) procurement fraud.

- 4.3 For 2013/2014 the Fraud Team targets and aims were agreed as outlined below, these focused again mainly on housing benefit/council tax benefit fraud as the Team is funded from the Housing Benefit Admin Grant.

Area of Work	Strand	Target set
<b>Publicity</b>	<i>Deterrence</i>	To publicise prosecutions and activity of Fraud Team.
<b>Use of WestMAP</b> (In-house data-matching system)	<i>Prevention</i>	Increased use of data-matching
<b>Weakness in Systems</b> (This might include any Council service, staffing, IT system or procedure)	<i>Prevention</i>	When investigations revealed weakness in control- report to Service Manager
<b>Fraud Awareness Training.</b>	<i>Prevention</i>	To deliver training to Staff and Members
<b>30 Investigations per 1,000 Benefit caseload</b> (as at 31.3.2013)	<i>Investigation</i>	300
<b>Number of days to 'Sift' reported matters.</b>	<i>Investigation</i>	5 days
<b>Investigation success</b> (A successful outcome is one where a fraud/theft/ misappropriation is identified regardless of the value)	<i>Investigation</i>	60%
<b>Sanction cases</b> (Cases where a penalty, caution, fine or prosecution results from an investigation)	<i>Prosecution</i>	66
<b>Percentage of successful prosecutions</b>	<i>Prosecution</i>	95%
<b>HB Debt Reduction</b>	<i>Recovery</i>	Maintain recovery rate of 32% and see reduction in the balance of overpayments (OP) outstanding
<b>To make the Team Cost Effective.</b> (Cost neutral requirement based on Spend v Fraud & Ongoing Savings)	<i>Recovery</i>	Ensure cost of team to HDC mitigated by fraud identified and other income
<b>Regulation of Investigatory Powers Provision</b> (Managing the Councils use of surveillance and Interception Communications)	<i>(Corporate Service)</i>	Maintain compliance with RIPA across HDC.

## 5. WORK UNDERTAKEN

- 5.1 In 2013/2014 the Fraud Team received 1,070 allegations of fraud, these allegations come from a wide variety of sources but not all cases are suitable for full investigation. Cases not selected for investigation are 'sifted' and passed to other agencies/departments or rejected if no investigation is required
- Of the 330 cases investigated and closed fraud was identified in 166 cases valued at £444k. A further £974k of future savings was identified and £138k of potential council tax revenue (in-year and future years) raised.
- 11 social housing properties were recovered that were subject to some type of 'tenancy fraud'.
- In the most serious cases 28 prosecutions were brought, and a further 34 individuals were cautioned or fined.
- 256 cases were still subject to investigation, and carried forward into the current year, with 38 of these awaiting prosecution or some other penalty.

*See Appendix 1 for 2013/2014 Fraud Team performance against its targets and aims.*

5.2 Comparison with HDC previous annual performance in key areas of detection and outcomes.

Year	Cases Investigated	Success Rate	Value of Fraud (incl non-HB)	People Cautioned/ Fined	People Prosecuted
2009/2010	358	62%	£519k	51	35
2010/2011	463	63%	£504k	64	30
2011/2012	384	66%	£694k	35	48
2012/2013	297	50%	£288k	13	23
2013/2014	330	51%	£444k	34	28

This comparison between years indicates a decline in cases of serious, high value or long term fraud being identified as well as a decline in the volume of detected fraud. This is evidenced by the reduction in financial losses and people being fined/prosecuted compared to 2009/2010- 2011/2012.

6. RESOURCE IMPLICATIONS

6.1 Fraud Team

	£'000
<b>Direct Expenditure</b>	
Staff Costs (Salaries etc)	214
Legal Fees	11
Other direct expenses	10
<b>Total expenditure</b>	<b>235</b>
<b>Direct Income</b>	
DWP subsidy on HB overpayments	(107)
Council Tax Support/ Benefit/ Discount	(60)
Financial penalties imposed	(11)
Courts costs awarded	(11)
Other invoiced fraud	(29)
<b>Total income</b>	<b>(218)</b>
<b>Net Direct (Surplus)/Deficit</b>	<b>17</b>
<b>Other Invoiced Income (assumes 100% recovery)*</b>	
HB overpayments invoiced	268
Council tax future revenue	60
<b>Total future income</b>	<b>328</b>

\*(These values include debts which may be written off or collected in future years.)

7. OTHER IMPLICATIONS

7.1 In early 2013 the Fraud Team was successful in bidding for funding from the Local Government Associations (£27.5k) and DCLG (£341k) to create a Tenancy Fraud Hub across Cambridgeshire to expand on its work dealing with Tenancy Fraud. This funding will be used by partner agencies (CCC, SCDC, FDC, ECDC, PCC) to build data-warehouses, to identify fraud, similar to that at HDC and employ fraud investigators at those councils.

- 7.2 The use of a data-warehouse and results from localised data-matching at HDC was greatly expanded in 2013/2014. This resulted in one-off data-matching exercises including the identification of 34 long term empty properties that were in occupation (raising over £300k in New Home Bonus), over 200 housing waiting list applications being removed as 'out of date'/factually incorrect, raising over 600 queries on single person discounts for council tax, 34 employees records identified as being incorrect or 'out of date' and resulted in third parties benefit/discount/housing applications being amended. Over 100 potential frauds (including SPD, Licensing, Housing, Food Hygiene matters) were identified for full investigation many of which are ongoing.
- 7.3 In 2011, as part of the Governments welfare reform programme, the DWP announced that it would be launching the 'Single Fraud Investigation Service' (SFIS). This body will take over all welfare fraud investigations by March 2016 and see some investigation functions, and staff, move from local authorities (including HDC) to the DWP as well as the funding for this activity.
- 7.4 Due to the success of the work of the Fraud Team HDC have been approached by a number of neighbouring authorities to create a shared service for fraud. The viability of such a service is being reviewed at present.
- 7.5 In December 2013 the Fraud Team won an award from the National Fraud Authority and Cabinet Office in the 'Innovation' category of its *Fighting Fraud Awards 2013*. The Audit Commission have also used HDC as an example of 'Good Practice' in its annual report- *Protecting the Public Purse 2013*- for the work the Fraud Team undertake around tenancy fraud and data-matching. In 2013 HDC were runners up in the *Geo-Place Annual Exemplar Awards* for the partnership work between the Councils LLPG & Fraud Teams and the work to create a Data-Warehouse using NLPG 'Unique Property Reference Numbers'.

## **8 REASONS FOR THE RECOMMENDED DECISIONS**

- 8.1 This report shows that there is benefit from a proactive fraud presence and the activity of the Team delivers a, cost neutral, deterrence effect.
- 8.2. Reports from DCLG, Cabinet Office and private sector have all been scrutinised by HDC's Fraud and Audit Teams. As a result a 'Fraud Working Group' composed of Elected Members and Officers has been established and this group reviews new threats and risks as they emerge and determines the focus of the Fraud Teams work.
- 8.3 In the Audit Commissions 'Fraud Briefing 2013' issued to HDCs external auditors in Dec 2013 comparison is drawn between HDC and the 4 other (unnamed) LA's in Cambridgeshire for 2012/2013. The table below shows the performance of the Fraud Team at HDC compared to other LA's in the County in the 4 areas of direct comparison.

Measure 2012/2013	HDC	LA 2	LA 3	LA 4	LA 5	Average for County
Detected cases of fraud	165	65	42	40	38	70
Value of Fraud Identified in year	£288k	£190k	£140k	£50k	£320k	£200k
Detected benefit fraud as % of caseload	1.2%	1.0%	0.5%	0.6%	0.3%	0.7%
Value of CTax discount fraud	£6k	nil	nil	nil	nil	£1.2k

## 9. LIST OF APPENDICES INCLUDED

1. 2013/2014 performance against targets/aims.

## BACKGROUND INFORMATION

Protecting The Public Purse- *Audit Commission Reports 2012 & 2013*  
The Local Government Fraud Strategy- *Fighting Fraud Locally Board 2012*  
Tackling Fraud and Error in Government 2012- *Report of the Fraud, Error and Debt Taskforce (Cabinet Office)*  
Social Housing Fraud Consultation 2011. *DCLG*  
Eliminating Public Sector Fraud 2012- *National Fraud Authority.*

&

Fraud Team Business Plan 2013/2014  
HDC: Anti-Fraud and Corruption Strategy  
Fraud Prosecution Policy 2013

## CONTACT OFFICER

Nick Jennings- Corporate Fraud Manager  
Tel No. 01480 388480.  
Nick.jenings@huntingdonshire.gov.uk

Appendix 1:

**Fraud Team Performance against Targets and Aims 2013/2014**

Area of Work	Strand	Reason	Target	Achieved in year	Notes
<b>Publicity</b>	<i>Deterrence</i>	Publicising the work of the Fraud Team acts as a deterrent and positive message that HDC takes fraud seriously	To publicise prosecutions and activity of Fraud Team	21 press releases were issued through the Councils News Team.	This included general activity reports and outcomes of court cases.
<b>Use of WestMAP (In-House Data-matching)</b>	<i>Prevention</i>	Central government and the Private/Banking Sector acknowledge that data-matching is one of the most effective fraud tools.	Increased use of data-matching	The Team now has access 30 datasets across HDC, and a number externally, which has allowed improved data-matching.	Payroll, Benefits, Debtors, Electoral Roll, Council Tax, Environmental Health and Licensing records are all included.
<b>Weakness in Systems</b>	<i>Prevention</i>	Responding to weaknesses that are exposed helps to prevent fraud occurring in the future.	When investigations revealed weakness in control- report to Service Manager	Matters continue to be reported to the Service Managers where they are identified.	
<b>Fraud Awareness Training.</b>	<i>Prevention</i>	Having well trained staff who are able to spot fraud and report it is an effective and proactive method to dealing with fraud.	To deliver training to Staff and Members	Fraud awareness training has been delivered to all new starters in the Benefit Section and Customer Services.	
<b>30 Investigations per 1,000 Benefit caseload (as at 31.3.2013)</b>	<i>Investigation</i>	HDC have maintained these targets for the DWP guidance on fraud	300 cases investigated	330 Investigations were concluded	30 more than the annual target
<b>Number of days to 'Sift' reported matters.</b>	<i>Investigation</i>	Dealing with reports expeditiously means that fraud can be investigated quickly and ensure that we comply with legislation	5 days from report to case being opened	8.71 days	This figures was missed due to a vacancy on the team.
<b>Investigation success</b> (a successful outcome is any where a fraud/theft/misappropriation is identified regardless of value)	<i>Investigation</i>	Having a high success rate reflects the quality of reported fraud, the way these are sifted and then investigated.	60% of cases investigated	51% (166 from 330 cases)	The target of 60%, based on 300 cases, would have been 180 cases. So this target has only just been missed.
<b>Sanction cases</b> (Cases where a penalty, caution, fine or prosecution results from an investigation)	<i>Prosecutions/Deterrence</i>	Use of sanctions including prosecutions works as a punishment for offenders and a warning to potential fraudsters. Use of these sparingly ensure that we only penalise the most serious cases and then using the most effective methods.	66	62	28 Prosecutions. 11 Cautions. 10 Administrative Penalties. 13 Council Tax penalties.

<b>Percentage of successful prosecutions</b>	<i>Prosecutions/ Deterrence</i>	High prosecutions rates reflect the quality and clarity of fraud prosecutions. (Fraud cases are notorious for their complexity and court cases often fail due to the quality of the case rather than an innocent defendant)	95%	90%	Of 31 cases selected for prosecution- 23 pleaded guilty- of the 8 cases that proceeded to trial 5 resulted in guilty verdicts.
<b>HB Debt Reduction</b>	<i>Recovery</i>	Fraud recovery is essential to punish the offender and recover the value of loss from the public purse.	32% recovery of all HB debt.	These figures are not yet available	Report to DWP with recorded recovery rates is outstanding.
<b>To make the Team Cost Effective.</b> (Cost neutral requirement based on Spend v Fraud & Ongoing Savings)	<i>Recovery</i>	The Fraud Team is required to deliver a cost neutral service to HDC.	Cost Neutrality	Spend £235k. Direct Income £218k. Future Revenue £328k.	See Section 6.1 for Fraud Team income /spend/ revenue
<b>Regulation of Investigatory Powers Provision (RIPA)</b> (Managing the Councils use of surveillance and Interception Communications)	<i>Corporate Service</i>	HDC as a public body is required by law to comply with the Regulation of Investigatory powers Act 2000. This includes the use of covert surveillance and acquisition of communications data.	Maintain compliance with RIPA across all HDC enforcement services	HDC was inspected in December 2013 and received a very positive review from the Office of the Interception of Communications Commissioner (IOCCO- Home Office).	

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**Public  
Key Decision - No**

## HUNTINGDONSHIRE DISTRICT COUNCIL

**Title:** Internal Audit Service: Annual Report  
**Meeting/Date:** Corporate Governance Panel – 14 May 2014  
**Executive Portfolio:** Resources: Councillor J A Gray  
**Report by:** Internal Audit & Risk Manager  
**Ward(s) affected:** All Wards

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### Executive Summary

As required by the Public Sector Internal Audit Standards (PSIAS) the Internal Audit & Risk Manager has to provide an annual report and opinion to the Panel.

This report details the work undertaken by Internal Audit during the period 1 April 2013 to 31 March 2014 to support the following opinion statement.

#### **Audit Opinion**

Based upon work undertaken and statements from external assurance providers, it is my opinion that the Council's internal control environment and systems of internal control as at 31 March 2014 provide limited assurance over key business processes and adequate assurance over financial systems.

**David Harwood**  
**Internal Audit & Risk Manager**

April 2014

Definitions of the assurance opinions are provided at Appendix 3. A report that explained the terminology and definitions associated with internal audit opinions and reports was considered by Panel in January 2014.

The limited assurance opinion is unchanged from that previously issued. (No separate opinion was provided in respect of financial systems).

Whilst progress has been made in a number of areas that were previously of concern (primarily compliance with the Code of Procurement and improving controls within One Leisure 'Pure' ) I am concerned that little progress has been made in other areas (project management and establishment control).

Furthermore, 10 of the 30 audits (33%) listed within the table at para 3.6 of the main report, have been given assurance ratings of limited or little. This is

similar to the figure reported in 2013 (36%).

In addition, despite concerns expressed by this Panel previously, there has been little noticeable improvement in the percentage of agreed audit actions introduced. This means that control weaknesses and risks that have been identified, remain in place.

The financial system controls are in place and overall, are working effectively.

The opinions that have been given have been based upon the

- work carried out by Internal Audit during the year; and the
- assurances made available by external assessors and similar providers.

The report also provides information on:

- the delivery of the annual audit plan;
- audit reports issued and issues of concern;
- implementation of agreed actions; and
- internal audit's performance.

The Internal Audit & Risk Manager continues to report functionally to the Corporate Governance Panel and maintains organisational independence. He 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.

### **Chief Officers' Management Team comments**

Having considered the report and the issues that have been raised, COMT are aware that improvements to internal control need to be made in those areas highlighted in the report. They have already started to review audit reports with limited or little assurance opinions and intend to address the low level of audit actions being introduced on time, by calling to account service managers who are not achieving the target set.

### **Financial & Legal implications**

There are no financial or legal implications arising from this report

### **Recommendation:**

It is recommended that the Panel note the report and take into account the Internal Audit & Risk Manager's opinion when considering the Annual Governance Statement for 2013/14.

## 1. Background Information

- 1.1 This is the annual report of the Internal Audit & Risk Manager as required by the Public Sector Internal Audit Standards (PSIAS). It covers the period 1 April 2013 to 31 March 2014.
- 1.2 The report includes the Internal Audit & Risk Manager's annual opinion on the overall adequacy and effectiveness of the Council's internal control and governance processes.

The opinion is based upon

- the work carried out by Internal Audit during the year; and
- the assurances made available by external assessors and similar providers.

- 1.3 The report also provides information on:
- the delivery of the annual audit plan;
  - audit reports issued and issues of concern;
  - implementation of agreed actions; and
  - Internal Audit's performance.

## 2. OVERALL OPINION

### **Audit Opinion**

Based upon work undertaken and statements from external assurance providers, it is my opinion that the Council's internal control environment and systems of internal control as at 31 March 2014 provide limited assurance over key business processes and adequate assurance over financial systems.

**David Harwood**  
**Internal Audit & Risk Manager**

April 2014

- 2.1 The audit opinion has been given as at 31 March 2014 to reflect the current state of the internal control environment and systems of internal control across the Council and provide the Panel with an opinion for inclusion in the annual governance statement (AGS). If significant changes occur to the internal control environment prior to the Panel approving the AGS statement in September, the Panel will be informed.
- 2.2 In preparing the internal audit plan for 2013/14, Managers were asked if they were aware of any planned reviews by external organisations from which assurance could be obtained on the operation of the internal control environment and systems of internal control. With the exception of the statutory external audit of accounts/grant certification, no external assurances were identified for 2013/14. However, two further assurances have been identified and are detailed in Appendix 1. No serious control weaknesses have been identified in those reports.

### **3. DELIVERY OF AUDIT PLAN**

#### **General audit**

- 3.1 The Internal Audit Plan, prepared in accordance with the PSIAS, was approved by the Chief Officers' Management Team (COMT) and the Panel in March 2013 in respect of the year ending March 2014. The approved plan consisted of 34 reviews and 5 continuous audit areas. Details of all the audits that have been issued in the reporting period are listed at paragraph 3.6.
- 3.2 As at the 31 March, 22 reviews have been completed. Fieldwork has been completed in respect of a further seven audits, although draft reports have not been issued. Five audits have been removed from the plan. A substantial amount of unplanned time was spent during the year on dealing with the One Leisure St Ives redevelopment. To account for this, three audits were removed from the plan - LGSS contract management, the delivery of the leadership objectives and performance management. The other audits not undertaken were in respect of email monitoring and internal and external communications.
- 3.3 The external auditor, as part of their audit of the 2012/13 accounts, undertook a strategic review of the LGSS contract. The delivery of the leadership objectives, including the related performance management systems are to be reviewed during 2014/15.
- 3.4 Of the two remaining audits not undertaken, email monitoring has been included in the 2014/15 plan. This audit was delayed due to the upgrading of the email software. The review of internal & external communications has not been included in the 2014/15 plan due to the senior management restructure and the potential for changes to be made in this service area. The time allocated to these two areas has been used to develop a summary record of contractors, tender prices and expenditure. This information will be used to inform future contract audit reviews.

#### **IT audit coverage**

- 3.5 Due to the specialist nature of IT audit, it is delivered under contract by Mazars LLP (formerly Deloitte & Touche Public Sector Internal Audit). The IT audit plan was agreed by the Panel in December 2012 for the 15 month period ending March 2014. All 10 of the planned areas have been reviewed and reports issued for 9 of the audits. The fieldwork of the remaining audit has been concluded and is currently going through the Mazars internal review process.

One of the reviews (application review of Community Infrastructure Levy) did not progress further than the draft reporting stage due to a management decision to procure alternative software.

## Internal Audit Reports issued

3.6 The audit reports issued (draft/final or closed) during the period 1 April 2013 to 31 March 2014, the assurance opinion and number of agreed (or proposed) actions are listed in the table below. All the reports can be accessed via the Internal Audit intranet pages.

There were no suggested actions proposed by internal audit during the draft or final reporting stages that were rejected by management.

Audit area	Level of assurance				Agreed action status	
	Substantial	Adequate	Limited	Little	Red	Amber
Major incident planning	✓✓				--	--
Legal debt collection & recovery	✓✓				--	--
Provision of legal advice	✓✓				--	--
Cash income & receipting	✓✓				--	1
Value Added Tax	✓✓				--	2
Staff travel & subsistence	✓✓				--	4
Call Centre: Amundsen House		✓			--	1
Street cleaning / Grounds maintenance		✓			--	1
Payroll/HR systems		✓			--	2
New Homes Bonus Grant		✓			--	3
Electronic Document Management		✓			--	4
Repairs & Maintenance of Property *		✓			--	4
Climate change		✓			--	7
One Leisure Condition Survey		✓			1	2
Pay review/job evaluation		✓			2	2
Consultants & employment status			x		--	2
Income generation & grant income			x		--	4
Commercial Rents & Estate Management *			x		--	8
Contract tender documentation			x		1	4
Internet use monitoring			x		1	5
One Leisure - Café Zest			x		3	5
Information Management			x		4	4
Social Media				xx	7	3
<b>Computer Audit</b>						
Business Continuity/Disaster Recovery *		✓			--	3
Corporate Program & Project Management *		✓			--	4
Application upgrades & patching		✓			--	5
Application review: Gladstone MRM		✓			--	6
Software licensing		✓			1	1
Virtualisation, Network Infrastructure & Backup*			x		--	13
e-payments *			x		1	1

\* Draft report issued

3.7 In addition to the reports listed above, reviews have also been completed on the following three areas. No assurance opinions were given:

- Review of the sales bonus scheme in use within One Leisure.
- Review of the minor maintenance schedule of rates contract.
- Penetration testing of the IT network.

3.8 The continuous auditing of key controls within main financial systems has been introduced. Summary details are shown in the table below.

Audit area	Level of assurance				Agreed action status	
	Substantial	Adequate	Limited	Little	Red	Amber
Council Tax *		✓			--	--
Main Accounting System *			*		2	--
Accounts Payable (Creditors)		✓			--	--
Accounts Receivable (Debtors) *		✓			--	2
Non Domestic Rates *		✓			--	--

\* Review for Qtr. ending March 2014 underway but not yet completed.

3.9 Internal audit have also undertaken significant work in a number of other areas:

- Mobile payments for One Leisure bookings
- Re-organisation of administrative duties/tasks within One Leisure
- Development of the social media policy, supporting guidance and advising the social media user group
- Review of car parking void ticket arrangements
- Drafting new procedures to deal with the appointment of consultants
- Introducing control procedures for requesting access to employees email and internet use
- Responding to whistleblowing allegations and reviewing the approved policy.
- One Leisure St Ives redevelopment
- Consideration of the national fraud initiative data received in February 2013
- Leading the annual governance review and preparation of the annual governance statement
- Review of the effectiveness of the Overview & Scrutiny Panels
- Development of the employee handbook
- Two employee investigations
- Attending 25 quotation openings.

3.10 Guidance has also been provided on an ad-hoc basis on a wide variety of control issues.

#### **4. ISSUES OF CONCERN CONTRIBUTING TO THE LIMITED ASSURANCE OPINION**

##### **Social Media**

- 4.1 The Council's use of social media was found to be a largely uncontrolled development across services, e.g. the lack of a business case to support its introduction, oversight of its use, access controls, branding across the sites, training of users, and consideration as to the speed of responses to social media postings and out of hours support.
- 4.2 A social media policy has been written that will deal with the issues above. At the time of writing this report the policy had not been approved by COMT.

##### **One Leisure – Pure and Café Zest**

- 4.3 The reviews of the management of the 'Pure' spa and therapy facilities and Café Zest identified similar types of control failings. These included inconsistent operations across the Centres, the lack of formal business plans, strategies and targets. Little management review or monitoring is performed. Stock controls are weak and inconsistent. Pricing and discount arrangements are not sufficiently controlled.
- 4.4 All 13 audit actions agreed in respect of the 'Pure' facilities have been introduced and evidenced. Of the nine actions agreed following the Café Zest review, only three have been introduced. Follow-up reviews have not been conducted on these three actions so the effectiveness of the action that has been taken cannot be confirmed. The original assurance opinion was 'limited, and no change is envisaged'.

##### **Post Implementation Reviews**

- 4.5 There remains infrequent, formal challenge or consideration of the value for money aspects of completed projects. The prime emphasis continues to be on project budget approval with less concern on demonstrating improved service outcomes. This issue was also raised with the Overview & Scrutiny Panel (Economic Well-Being) (*O&S Panel*) on the 3 April 2014, during their consideration of the internal audit report on electronic document management.
- 4.6 The O&S Panel noted that a Corporate Programme and Project Management Board has been established to promote project management disciplines and governance. They supported the intention to strengthen the Council's approach to project management; including the way business cases for schemes were developed, managed and reviewed following implementation. They suggested that they should receive follow-up reviews once projects had been completed.
- 4.7 At the present time, the lack of formal programme management guidance/tool-kit, means that the internal audit actions agreed have not been introduced. The original assurance opinion of 'limited' remains unchanged.

## Code of Procurement

- 4.8 Officer compliance with the Code of Procurement has improved. The inclusion of this issue in the AGS for 2012/13 raised its profile. As the report on the agenda that deals with progress with issues arising from the AGS outlines, good progress has been made. Whilst I am not in a position to say that full compliance with the Code is always achieved, the frequency of non-compliance appears to be diminishing.

## Establishment Control

- 4.9 Ensuring the accuracy of the payroll to reduce the opportunity for fraud is a key control. The internal audit review of variable hours and fixed term contract employees conducted in 2011 found that there were no reports issued to managers to allow them to verify their establishment. The control introduced to manage this risk – six monthly reports from HR to Heads of Service – has not been successfully introduced.
- 4.10 At the Panel meeting in January 2014, the Accountancy Manager agreed that his staff would follow-up the return of the establishment reports with managers during the monthly budget monitoring process. The first review was undertaken during the February budget monitoring period in respect of the six month return for 31 January 2014. At the time of writing this report, one return is outstanding.

## 5 LOW GRADED AUDITS FROM PREVIOUS YEARS

- 5.1 Audit reviews that have had either an assurance opinion of 'limited' or 'little' in previous years are listed in the table below together with a summary of the progress made towards implementing the agreed actions.

The right hand column of the table shows a revised assurance opinion, based upon the action that has been taken by the manager and evidence from the follow-up work that has been completed. The revised opinion is only a guide to the potential improvement that would be expected, if the audit was repeated and all other system controls remained effective.

Original level assurance	Agreed Action Status		Audit area and follow-up findings	'Potential' level of assurance
	Red	Amber		
<b>2012-13</b>				
Limited	2	3	<b>Robustness of budget savings</b> The actions have been introduced.	Adequate



Original level assurance	Agreed Action Status		Audit area and follow-up findings	'Potential' level of assurance
	Red	Amber		
Limited	2	0	<b>Post-implementation reviews</b> Whilst one action has been introduced (ongoing comparison of actual spend against budget), the delay to the introduction of formal project management guidance means that the assurance level remains unchanged.	Limited
Limited	1	4	<b>Contract management</b> 2 of the 5 actions have been introduced. The remaining actions all require changes to be made to the electronic contract register. IMD are responsible for these changes. The requests to make the changes have been submitted, but have a lower priority than other work requests.	Limited
Limited	0	4	<b>E-marketplace</b> The actions have been introduced.	Adequate
Limited	0	3	<b>Mobile &amp; office telephone use</b> The actions have been introduced.	Adequate

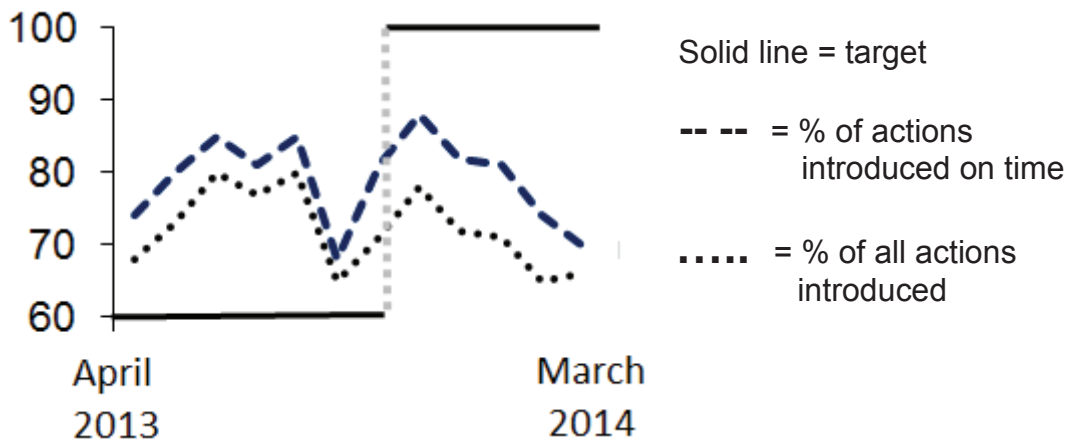
Assurance definitions are included in Appendix 3.

## 6. IMPLEMENTATION OF AGREED ACTIONS

6.1 In September 2013 COMT set a target of 100% of agreed actions to be implemented on time, based on a rolling 12 month timeframe. Performance is reported to COMT each month.

For the year ending March 2014, 66% of agreed actions were introduced on time.

6.2 The chart below shows performance for the year ending March 2014, whilst the table details the split of actions by category type.



Status of Action	Introduced on time	Introduced Late	Not introduced	TOTAL
Red Action	11	1	4	16
Amber Action	53	5	23	81
<b>Total</b>	<b>64</b>	<b>6</b>	<b>27</b>	<b>97</b>
<b>% age</b>	<b>66%</b>	<b>6%</b>	<b>28%</b>	

6.3 A sample of actions that Managers report as being completed have been checked throughout the year to see that the action introduced sufficiently deals with the risk that has been identified. The table below summarises the work done during the year ending 31 March 2014.

		Red	Amber	Total
Follow up status	Accepted and closed	1	10	11
	Disputed, partially met	2	1	3

6.4 If during the review of actions introduced it is found that the action taken by a manager does not fully deliver against the agreed action, the matter is discussed with the manager and if necessary, changes to the database are made to reflect the actual position. There are three disputed actions that fall into this category.

## 7. INTERNAL AUDIT PERFORMANCE

7.1 The PSIAS require either an internal or external review of the internal audit service to be conducted annually. An external peer review of the Internal Audit Service against the PSIAS was commissioned from Mr Richard Gaughran in February 2014. Mr Gaughran is the Head of the Welland Internal Audit consortium. At the time of drafting this report,

the final report from Mr Gaughran has not been received. It is included elsewhere on the agenda.

- 7.2 It is a requirement of the PSIAS that a statement is made within this report as to the whether or not internal audit conform to the Standards. Such a statement cannot be made at this time and an update will be provided at the meeting.
- 7.3 A self-assessment review was undertaken by the Internal Audit & Risk Manager against the PSIAS in 2013 and reported to the Panel in July 2013. An action plan was prepared in respect of those areas were non-conformance against the PSIAS was identified. An updated action plan is attached at Appendix 4.
- 7.4 Information in respect of internal audit's performance regarding the conduct of audits is included at Appendix 2.

### **Appendices**

- 1. External Assurance Received
- 2. Internal Audit Performance
- 3. Definitions used in the Report
- 4. Public Sector Internal Audit Standards  
Non-conformance and Areas for Improvement: May 2013 review

### **Background Information**

Internal Audit Reports

Internal Audit Performance Management Information

### **Contact Officer:**

David Harwood, Internal Audit & Risk Manager

**☎ 01480 388115**

**External Assurance Received**

<b>Date</b>	<b>Report from</b>	<b>Area covered</b>	<b>Assessment</b>
December 2013	Interception of Communications Commissioner's Office	Compliance with the requirements of the Regulation of Investigatory Powers Act 2000.	The Council has achieved a satisfactory level of compliance with the Act and Code of Practice.
December 2013	External Auditor	Final Accounts 2012/13	Unqualified accounts.
February 2014	(PricewaterhouseCoopers)	Grant Certification Report 2012/13	2 grants certified: Housing and Council Tax Benefits Scheme - qualified. National Non Domestic Rates - not qualified.
February 2014	EMQC (on behalf of the Dept for Business Innovation & Skills)	Customer Service Excellence – Customer Service and Call Centre.	Fully meets the requirements to allow maintenance of the Customer Service Excellence Standard Certification.

## Internal Audit Performance

### Customer Satisfaction

Target: 85% or more of customers rating service quality as good or better.  
 Achieved: 12 months to March 2014 – 100% (from 22 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 improvements or unacceptable. Target information is calculated on a rolling twelve month basis rather than by financial year.

The Executive Director (Resources) did not conduct his annual customer satisfaction survey with senior managers prior to his retirement. The survey data was valued and the Head of Resources will be requested to undertake a similar survey in future years.

### Service delivery targets

Target: The service delivery targets are achieved.

There are four elements to this target which all relate to the progress of individual audits and the reporting process.

Since all three auditors have become part-time it has become clear that they do not have the same degree of flexibility to manage meeting dates as they did when working full-time. It is the intention to keep the same targets. They are challenging but should be seen as aspirational. Keeping them does provide a target and benchmark of trends.

		Achieved	Notes
	Target	@ March 2014	
a) Complete audit fieldwork by the date stated on the audit brief	75%	63%	The average delay is 7 days. (min 4 – max 16 days)
b) Issue draft audit reports within 15 working days of completing fieldwork	90%	62%	The average delay is 10 days. (min 3 – max 19 days)
c) Meet with customer and receive response allowing draft report to progress to final within 15 working days of issuing draft report	75%	79%	
d) Issue final audit report within 5 working days of receiving full response	90%	83%	The average delay is 6 days. (min 4 – max 9 days)

## Internal Audit Performance

### Service Developments

The following service developments have taken place:

- The Business rates system has been introduced into the continuous audit process.
- The audit strategy and terms of reference (audit charter) has been revised to take account of the PSIAS.
- An external peer review of the service against the PSIAS has been conducted.

A number of developments are expected during the next year. These include:

- Trialling commercial software to enhance the continuous audit approach.
- Reviewing the wider role of the Internal Audit Manager across the Council against the Cipfa publication “The role of the head of internal audit in public sector service organisations”.

## Definitions used in the Report

## Assurance definitions: for information

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

## Internal control environment:

The control environment comprises the systems of governance, risk management and internal control. The key elements of the control environment include:

- establishing and monitoring the achievement of the organisation's objectives
- the facilitation of policy and decision-making ensuring compliance with established policies, procedures, laws and regulations – including how risk management is embedded in the activity of the organisation, how leadership is given to the risk management process, and how staff are trained or equipped to manage risk in a way appropriate to their authority and duties
- ensuring the economical, effective and efficient use of resources and for securing continuous improvement in the way in which its

### Definitions used in the Report

functions are exercised, having regard to a combination of economy, efficiency and effectiveness

- the financial management of the organisation and the reporting of financial management
- the performance management of the organisation and the reporting of performance management

#### System of internal control

A term to describe the totality of the way an organisation designs, implements, tests and modifies controls in specific systems, to provide assurance at the corporate level that the organisation is operating efficiently and effectively.



**Public Sector Internal Audit Standards  
Areas for Improvement: May 2013 review**

PSIAS Ref.	Requirement	Issued Identified	To be actioned by	Action taken	Date actioned
Attribute Standard 1000: Purpose, Authority and Responsibility					
1110	Does the chief executive or equivalent undertake, countersign, contribute feedback to or review the performance appraisal of the Internal Audit Manager?	This is a new requirement and will be included in the 2014 appraisal process	May 2014	Action not yet due.	---
1110	Is feedback sought from the chair of the Corporate Governance Panel for the Internal Audit Manager's performance appraisal?	This is a new requirement and will be included in the 2014 appraisal process.	May 2014	Action not yet due.	---
1120	Do internal auditors avoid any conflict of interest, whether apparent or actual?	One internal auditor is a Staff Side representative; this is managed by the Internal Audit Manager not allocating to them audits that fall within 'HR' areas. Disclosure of this impairment to objectivity was reported to CGP In March 2013.	---	The internal auditor resigned from the Staff Council in April 2014.	---
1130	Are assignments for ongoing assurance engagements and other audit responsibilities rotated periodically within the internal audit team?	With the introduction of 'continuous auditing' in Sept 2012, auditors are currently each allocated a number of key financial areas to review.	September 2013	The Internal Audit & Risk Manager decided to maintain current responsibilities until the 31 March 2014 review	April 2014

**Public Sector Internal Audit Standards  
Areas for Improvement: May 2013 review**

PSIAS Ref.	Requirement	Issued Identified	To be actioned by	Action taken	Date actioned
1130	Have internal auditors complied with the Bribery Act 2010?	Once the continuous auditing approach has become established, these audits will be rotated across the internal audit team.  Whilst there is no evidence to suggest non-compliance, the whole issue of objectivity, impairment, conflicts etc. will be specifically addressed through training provided by the Internal Audit Manager.	August 2013	had been completed. The 2014/15 audit plan shows changed responsibilities.  Auditors completed e-training on fraud, including the Bribery Act.	December 2013
Attribute Standard 1300: Quality Assurance & Improvement Programme					
1300	Has the Internal Audit Manager developed a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit activity and enables conformance with all aspects of the PSIAS to be evaluated?	The QAIP is a new requirement and needs to be fully understood and introduced. A QAIP Practice Guide has been issued by the Institute of Internal Auditors. A review against the Guide will be undertaken prior to the 2014 effectiveness review of internal audit.	April 2014	After considering the QAIP Practice Guide, significant elements of the QAIP process were considered already to be in place. It is expected that any shortcomings within the QAIP will be identified from the peer review process.	---
1311	Does the periodic assessment include a review of the activity	The Internal Audit Manager has not completed a review	July 2013	The 2013/14 annual report details the	April 2014

**Public Sector Internal Audit Standards  
Areas for Improvement: May 2013 review**

PSIAS Ref.	Requirement	Issued Identified	To be actioned by	Action taken	Date actioned
	against the risk-based plan and the achievement of its aims and objectives?	against the risk based plan or aims and objectives. This is primarily due to timing differences between the effectiveness review and the preparation of the internal audit annual report, and not appreciating the requirements of the PSIAS. Future reviews will run simultaneously.		progress against the internal audit plan. Audit reviews that were considered of high importance and were not undertaken during 2013/14 have been included in the 2014/15 draft audit plan.	
1321	Has an external assessment been carried out, or is planned to be carried out, at least once every five years?	The first external assessment is due to be carried out during 2013/14 by the Internal Audit Manager of the Welland Consortium.	April 2014	A review was carried out in January 2014 and is due to be reported to the Panel in May 2014.	May 2014
1321	Has the Internal Audit Manager discussed the proposed form of the external assessment and the qualifications and independence of the assessor or assessment team with the Corporate Governance Panel?	The proposed form and scope of the external assessment has yet to be discussed with CGP. This will be addressed before the external assessment commences.	December 2013	The peer review process was discussed with the Panel in September 2013. An email was sent to the Chairman & Vice-Chairman of the Panel in October 2013 giving further details of the process to be followed.	September 2013
Attribute Standard 2000: Managing the Internal Audit Activity					
2000	Do individual internal auditors, who	Whilst the audit review sheet	August	Statement introduced	September

**Public Sector Internal Audit Standards  
Areas for Improvement: May 2013 review**

PSIAS Ref.	Requirement	Issued Identified	To be actioned by	Action taken	Date actioned
	are part of the internal audit activity, demonstrate conformance with <i>the Code of Ethics</i> and the <i>Standards</i> ?	requires internal auditors to confirm they have no conflicts of interest in respect of the review they are to perform, the PSIAS requirements are wider. Annual statement to be introduced regarding acceptance of the Code of Ethics.  Additionally the Internal Audit Manager intends to undertake training with the internal auditors to explain the main changes brought about by the PSIAS.	2013	regarding auditor's acceptance of the PSIAS Code of Ethics.  Not yet undertaken. A revised date of July 2014 has been set.	2013
2010	Does the Internal Audit Manager identify and consider the expectations of senior management, the Corporate Governance Panel and other stakeholders for internal audit opinions and other conclusions?	Descriptions of assurance opinions are included in the annual report. Internal Audit Manager considers it would be beneficial to refresh and discuss opinions, so that any changes can be included in the 2013/14 annual report/opinion.	July 2013	Report discussed by Panel in January 2014	January 2014
2040	Has the Internal Audit Manager	The audit manual outlines the	On-going	The audit manual has	On-going

**Public Sector Internal Audit Standards  
Areas for Improvement: May 2013 review**

PSIAS Ref.	Requirement	Issued Identified	To be actioned by	Action taken	Date actioned
	<p>established policies and procedures to guide staff in performing their duties in a manner that conforms to the PSIAS?</p> <p>Are the policies and procedures regularly reviewed and updated to reflect changes in working practices and standards?</p>	<p>procedures to be followed. It needs to be updated to reflect the changes brought about by the PSIAS.</p>	<p>August 2103</p>	<p>been reviewed by the internal audit staff and draft amendments proposed and introduced. The peer review suggested alternative structures to the audit manual which will be considered.</p>	
2050	<p>Has the Internal Audit Manager carried out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance?</p>	<p>Sources of assurance other than from internal audit have been included in the internal audit annual report. CGP agreed to undertake assurance mapping to assist with the annual governance process. It is anticipated that this will commence prior to July 2013 CGP and be able to use in the annual planning process for 2014/15.</p>	<p>March 2014</p>	<p>Developing the assurance mapping process has been delayed. Primarily due to the Internal Audit &amp; Risk Manager waiting to see how the Governance Board &amp; Groups develop. Time has been allocated in the draft 2014/15 audit plan. A revised date of 31 July 2014 has been set.</p>	<p>---</p>
Attribute Standard 2400: Communicating Results					
2450	<p>Does the Internal Audit Managers annual report include:</p>	<p>The effectiveness review was completed (May 2013) before</p>	<p>July 2013</p>	<p>The statement on conformance was</p>	<p>July 2013</p>

**Public Sector Internal Audit Standards  
Areas for Improvement: May 2013 review**

PSIAS Ref.	Requirement	Issued Identified	To be actioned by	Action taken	Date actioned
	<ul style="list-style-type: none"> <li>• a statement on conformance with the PSIAS?</li> <li>• the results of the QAIP?</li> </ul>	<p>the annual report was prepared. The annual report (anticipated to be presented to CGP in July 2013) will cover both items.</p>		<p>included in the annual report discussed by Panel in July 2013. The report also included a statement explaining that a QAIP had not been developed. (Note comment against PSIAS 1300).</p>	

Public  
Key Decision - No

## HUNTINGDONSHIRE DISTRICT COUNCIL

<b>Title:</b>	Progress on issues arising from the 2012/13 Annual Governance Statement
<b>Meeting/Date:</b>	Corporate Governance Panel – 14 May 2014
<b>Executive Portfolio:</b>	Resources: Councillor J A Gray
<b>Report by:</b>	Internal Audit & Risk Manager
<b>Ward(s) affected:</b>	All Wards

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### Executive Summary

The 2012/13 Annual Governance Statement included six areas for improvement.

Good progress has been made in three of the six areas:

- Develop the themes and aims contained in the Leadership Direction.
- Improve budget holder's financial competency.
- Educate and train employees in good procurement and contracting practice.

There are two areas where limited progress has been made:

- Engagement with the Huntingdonshire Strategic Partnership through the Huntingdonshire Matters process to create a vision around collaborative working.
- Introduce a project management tool-kit.

The target date for the remaining area: the introduction of an annual report; does not fall due until September 2014.

### Financial and Legal implications

There are no financial or legal implications arising from the report.

### Recommendation

It is recommended that the Panel note the progress that has been made in introducing the key improvement areas arising from the 2012/13 Annual Governance Statement.

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## Annual Governance Statement 2012/13: Key improvement areas

Key Improvement Area	Delivered by	Current position
<p>Introduce a project management tool-kit that can be applied to projects across all levels of the authority, to improve the management and delivery of projects.</p>	<p>December 2013</p>	<p>Following the establishment of the Governance Board and supporting working groups (as reported to the Panel on 27 November 2013) the development of the project management tool-kit has become the responsibility of the Project Management working group.</p> <p>Limited progress has been made. The Managing Director has assumed responsibility for the working group and her expectations are that the tool-kit will be available by June 2014.</p>
<p>Continue to educate and train employees in good procurement and contracting practice to ensure that they understand how to act and comply with the requirements of the Code of Procurement.</p>	<p>March 2014</p>	<p>A report was presented to the Panel in March 2014 that explained the measures that had been taken to improve compliance with the Code of Procurement. This included:</p> <ul style="list-style-type: none"> <li>• 130 staff attending training courses.</li> <li>• A publicised and schedule plan of 12 training courses covering the significant procurement areas.</li> <li>• Monthly checks of the electronic contracts register to ensure full completion, with appropriate follow-up action taken.</li> </ul>
<p>Develop the themes and aims contained in the Leadership Direction through Service Plans, performance measures and reporting and links to employees key performance targets.</p>	<p>April 2014</p>	<p>The headline Corporate Plan was considered by Council on 30 April. A full corporate plan, including a work programme with key actions for 2014/15, is being developed with service managers.</p> <p>The performance management framework (a summary of how the Council sets, delivers, monitors and reports on its priorities) was also considered by Council on 30 April.</p> <p>The employee appraisal scheme has been reviewed. New performance development review templates are to be introduced from September 2014 for the 2014/15 review process.</p>

Key Improvement Area	Delivered by	Current position
Improve budget holders financial competency and awareness for good budgetary control and management	April 2014	<p>From October 2013, during monthly budget monitoring meetings:</p> <ul style="list-style-type: none"> <li>• Budget holders have received improved information from accountants, including trend analysis of spend/income over past years. Budget holders are able to make a more informed decision on expected forecasts.</li> <li>• Accountants have been taking a more robust approach to budget monitoring, thereby ensuring that budget holders are providing fair forecasts of outturn spend/income.</li> </ul> <p>During March 2014, training was provided to budget holders in preparation for the 2014/15 financial year. 39 managers attended.</p>
Reinvigorate engagement with the Huntingdonshire Strategic Partnership through the Huntingdonshire Matters process to create a vision around collaborative working;	April 2014	<p>Linked to the development of the Council's Corporate Plan. The Council has outlined its own priorities and its role in supporting the shared ambitions for Huntingdonshire. It is continuing to work with a range of partners to deliver its vision on the economy, growth and communities.</p>
Introducing an annual report from the 2013/14 financial year to be published alongside the statutory accounts.	September 2014	<p>The annual report will be drafted by the Corporate Office in preparation for the September 2014 Panel meeting.</p>

**CONTACT OFFICER**

David Harwood. Internal Audit & Risk Manager  
Tel No. 01480 388115

## HUNTINGDONSHIRE DISTRICT COUNCIL

<b>Title:</b>	<b>Grant Certification 2013/14</b>
<b>Meeting/Date:</b>	Corporate Governance Panel 14 May 2014
<b>Executive Portfolio:</b>	Resources: Councillor J A Gray
<b>Report by:</b>	Accountancy Manager
<b>Ward(s) affected:</b>	All Wards

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### **Executive Summary:**

For 2012/13, the Council received central government grant in two main areas; National Non-Domestic Rates and Housing & Council Tax Benefits.

Part of the control framework for such grants is that they are subject to external audit and the Councils auditors, PricewaterhouseCoopers undertake this work. As part of the auditors reporting requirements, they are required to issue an Annual Certification Report to those charged with governance, a copy is attached as Annex A.

In respect of National Non-Domestic Rates, no issues were reported. However, in respect of Housing & Council Tax Benefits some minor errors were identified which has meant that additional testing was required. The consequential impact of this additional testing is an increase in the original fee by £8,400.

### **Recommendation(s):**

It is recommended that the Panel notes the Auditor's report.

## 1. PURPOSE

- 1.1 To report to the Panel, as those charged with governance, the conclusions and recommendations of the external audit of the 2012/13 certification audit of both the National Non-Domestic Rates and the Housing & Council Tax Benefits Scheme grant claims/returns.

## 2. BACKGROUND

- 2.1 For 2012/13, the Council received two significant blocks of grant; National Non-Domestic Rates (£54.3m) and Housing and Council Tax Benefits Scheme (£45.7m). In respect of the grant claims/returns for these funding schemes, both are subject to external audit by the Councils appointed auditor, PricewaterhouseCoopers. The findings of the audit are required to be reported to “those charged with governance”; which is the Corporate Governance Panel at the Council. The auditor’s report is attached to this report as Annex A.

## 3. RESULTS OF CERTIFICATION WORK

### National Non-Domestic Rates

- 3.1 No amendments were made to the National Non-Domestic Rates grant return, consequently no qualification was made.

### Housing and Council Tax Benefits Scheme

- 3.2 The testing that was performed by the Councils external auditor identified a small number of errors in respect of the Council’s compliance with the scheme regulations; these errors are noted below:

- **Manual adjustments**

A total difference of £20.48 was found. Corrections were made in the certified subsidy claim but the auditors were not able to undertake further testing prior to the certification deadline, consequently a qualification letter was issued in late November 2013. Additional testing was undertaken during December 2013 and no further issues were found which resulted in an updated qualification letter being issued in early January 2014.

- **Uprating checklist**

It is required that “uprating parameters” are duly actioned when they have been notified to the Council. It was noted in the November 2013 qualification letter that the Council had a number of parameter omissions.

- **Classification of expenditure**

As a result of a system error, two errors were found where expenditure has been misclassified (totalling £40.91). Subsequent testing by the Council has shown no further errors so an adjustment was made to the Subsidy Claim in respect of the error found. The auditors made no further reporting to central government in respect of this error.

The management response in respect of these errors is noted below:

*The difference between the original and final values of the Housing and Council Tax Benefits claim was an increase in subsidy due to the local authority amounting to £28,763. It is worth noting that only £61.39 of this amount (i.e. £20.48 + £40.91) related to errors identified by the audit.*

*The remaining value was due to manual adjustments which had already been identified by the authority prior to the commencement of the audit work. Auditors were informed at the start of their work that the final claim would need to be edited to reflect the manual adjustments.*

*Manual adjustments are necessary as there are some types of benefit awards that are not dealt with automatically by the Northgate system and officer's must manually 'intervene' in order to ensure the correct benefit is awarded to the customer. These types of award also require subsidy to be manually calculated once the financial year has closed but, due to the tight deadlines of submitting the claim by the end of April each year, it is not possible to complete this work within the time restrictions. Hence, it is always necessary for these adjustments to be made to the audited claim prior to the final submission at the end of November.*

### **Prior year recommendations**

The external auditor reviewed the action plan in respect of the previous year's grant certification work. It was established that one Housing Benefit case was identified during the 2012/13 audit where income had been incorrectly calculated. The total impact of the error on the subsidy claim amounted to £2.26. The auditor recommended that the Council continues to monitor the accuracy of assessment calculations, ensuring that the total value or errors remains low.

The management response in respect of this error is noted below:

*Due to the high volume of claims that are assessed every year it is inevitable some human errors will be made in claims assessment. However, this is mitigated by a range of accuracy checking and reporting undertaken by the management team, in addition to monthly refresher training sessions given to assessment officers in order to ensure correct procedures and processes are applied. Whilst we will always strive to achieve 100% accuracy, we accept the small levels of error identified during the audit of the subsidy claim.*

## **4.0 CERTIFICATION FEES**

The original indicative fee for the audit of both the National Non-Domestic Rates and Housing and Council Tax Benefits Scheme grant claims was £29,584. As a consequence of the additional testing noted in paragraph 3.2, this 2012/13 cost of audit certification work increased to £37,984 (an increase of £8,400).

## **4. LEGAL IMPLICATIONS**

4.1 There are no direct legal implications arising from this report.

## **5. RESOURCE IMPLICATIONS**

5.1 The additional cost noted in paragraph 4.0 can be met from within current resources.

## **LIST OF APPENDICES INCLUDED**

Annex A: The external auditors Annual Certification Report to those charged with governance 2012/13.

## **BACKGROUND PAPERS**

Working papers in Financial Services.

## **CONTACT OFFICER**

Clive Mason, Accountancy Manager (and Interim Chief Financial Officer)  
( 01480 388157

Julia Barber, Head of Customer Services  
( 01480 388105

Amanda Burns, Benefits Manager  
( 01480 388122

*Annual Certification Report  
to those charged with governance  
2012/13  
Huntingdonshire District Council*



## **The Members of the Corporate Governance Panel**

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

18 February 2014

Our Reference: CE1402

Ladies and Gentlemen

### **Annual Certification Report (2012/13)**

We are pleased to present our Annual Certification Report which provides members of the Corporate Governance Panel with a high level overview of the results of certification work we have undertaken at Huntingdonshire District Council in 2012/13.

We have also summarised our fees for 2012/13 certification work in Appendix A.

### **Results of Certification work**

For the period ended 31 March 2013, we certified two claims and returns worth a final net total of £100,075,176. Of these, one was amended following certification work undertaken and required a qualification letter (Housing and Council Tax benefits subsidy: BEN 01) to set out matters arising from the certification of the claim or return. We have set out further details in the attached report.

We identified a number of matters relating to the Council's arrangements for preparation of claims and returns during the course of our work, some of which were of a minor nature. The most important of these matters have been brought to your attention in this report.

We ask the Corporate Governance Panel to consider:

- the adequacy of the proposed management action plan for 2012/13 and the progress made in implementing the prior year action plan set out on page 7.

Yours faithfully,

PricewaterhouseCoopers LLP

*PricewaterhouseCoopers LLP, Abacus House, Castle Park, Cambridge, CB3 0AN  
T: +44 (0)1223 460055, F: +44 (0)1223 552300, www.pwc.co.uk*

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# Introduction

## *Scope of work*

Grant-paying bodies pay billions of pounds in subsidies and grants 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 which reaches a conclusion but does not express an opinion. 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; where this is not the case matters are raised in a ‘qualification letter’.

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. Our role is to act as ‘agents’ of the Audit Commission when undertaking certification work; certification work is not an audit but a different form of assurance engagement, the precise nature of which will vary according to the claim or return; we are required to carry out work and complete the auditor certificate in accordance with the arrangements and requirements set by the Commission.

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

## *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. 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.

## *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. 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.

# *Results of Certification Work*

# Results of Certification Work

## Claims and returns certified

A summary of the claims and returns certified during the year is set out in the table below. In one case a qualification letter was required to set out matters arising from the certification of the claim/return. One claim/return was amended following the certification work undertaken. All deadlines for submission of certified claims/returns were met. Fee information for the claims and returns is summarised in Appendix A.

### Claims and returns certified in 2012/13

CI Reference	Scheme Title	Form	Original Value (£)	Final Value (£)	Amendment	Qualification
BENo1	Housing and Council Tax Benefits Scheme	MPF720A	45,716,238	45,745,001*	Yes	Yes
LA01	National Non Domestic Rates Return	NNDR3	54,358,938	54,358,938	No	No

\*The total amendment includes manual adjustments made by the Council following the submission of the original claim, and adjustments identified during our certification.

#### Management comments:

The difference between the original and final values of the Housing and Council Tax Benefits claim was an increase in subsidy due to the local authority amounting to £28,763. It is worth noting that only £61.39 of this amount (ie £20.48 + £40.91) related to errors identified by the audit. The remaining value was due to manual adjustments which had already been identified by the authority prior to the commencement of the audit work. Auditors were informed at the start of their work that the final claim would need to be edited to reflect the manual adjustments.

Manual adjustments are necessary as there are some types of benefit awards that are not dealt with automatically by the Northgate system and officer's must manually 'intervene' in order to ensure the correct benefit is awarded to the customer. These types of award also require subsidy to be manually calculated once the financial year has closed but, due to the tight deadlines of submitting the claim by the end of April each year, it is not possible to complete this work within the time restrictions. Hence, it is always necessary for these adjustments to be made to the audited claim prior to the final submission at the end of November.

### *Matters arising*

The most important matters we identified through our certification work are summarised below. We are extremely grateful to the Housing Benefits and Council Tax Benefits team at the Council for the hard work undertaken throughout the year and during our review, to ensure that the certification process ran as smoothly as possible. There were only a small number of issues identified this year and the Council's staff were very helpful, working closely with us and assisting us in every way possible to ensure that the certification process was completed by the required deadline.

## *Housing and Council Tax Benefits Scheme 2012/13*

Our testing identified a small number of errors in relation to the Council's compliance with Housing and Council Tax Benefit regulations. We reported the first two matters below to the DWP in a qualification letter. An amendment was made in respect of the third issue raised.

In summary, the matters related to:

- Manual adjustments

Total differences of £20.48 were identified during our testing of manual adjustments made by the Council to the subsidy. The correct adjustments in respect of these cases were processed in the certified subsidy. However, no further work was performed over the untested manual adjustments as the Council was unable to produce the adjustments for our review until two weeks prior to the certification deadline.

A qualification letter dated 27 November 2013 was issued as we did not have assurance that the untested manual adjustments had been accurately processed. At the request of the DWP, additional procedures were performed in December 2013 to verify that the remaining untested manual adjustments actioned by the Council were fairly stated. We are pleased to report that no issues were identified during our additional sample testing. A second, updated, qualification letter dated 9 January 2014 was therefore issued to supercede the original qualification letter dated 27 November 2013.

- Uprating checklist

The Certification Instructions require that all uprating parameters must have been actioned by the Council and that omissions should be reported in a qualification letter. We noted a number of parameter omissions and these were stated in our qualification letter dated 27 November 2013.

The Council informed us that the Northgate system offers the flexibility to hold default values for certain income parameters but it is up to each council how they configure their income codes and how they are used in the system calculation. At the Council, incomes are updated each year either via ATLAS, by checking individual cases via the DWP Customer Information System, by bulk upratings as permitted by the benefit rules or as required on a case by case basis using available sources.

- Classification of expenditure

Two cases were identified during our non-HRA rent rebate testing where the expenditure had been misclassified between cells on the subsidy. The total impact of the errors on the claim was £40.91.

We were informed that the errors occurred due to a system issue that was not picked up by the Council's software providers, Northgate. We are pleased to report that the extended testing (40+ testing) performed by the Council following our initial testing of benefit cases was of a very high quality, and we agreed with the Council's findings in all cases that we re-performed.

An amendment was made in respect of the error identified. As such, no reporting to the DWP was required in respect of this matter.

## Prior year recommendations

We have reviewed progress made in implementing the certification action plan for 2012/13.

Claim/Return (deadline)	Issue	Recommendation	Prior year management response	Recommendation Status
Housing and council tax benefits subsidy (BEN 01) (30 Nov 2012)	<p>We identified examples of the following:</p> <ul style="list-style-type: none"> <li>Over and under payment of benefit due to inaccurate income assessment calculations; and</li> <li>Manual adjustments made which were not in sufficient detail to ensure that the in year reconciliation cells match the related expenditure cells.</li> </ul>	<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>	<p><u>Over/under payments</u></p> <p>There were a total of 3 errors identified in the testing which resulted in increasing our claim by £15.49. It is considered that this level of error is not unreasonable given that there are over 10,000 cases per year. Staff are frequently reminded of the importance of accuracy.</p> <p><u>Manual adjustments</u></p> <p>The Council's Benefits system is unable to automate a few types of transaction. Therefore these require manual adjustment and because of the automatic reconciliation embedded in the claim form this will always result in problems. We will always analyse these as far as time allows and this resulted in the claim being increased by around £29k. There was just £1k where we had not got sufficient analysis and so we removed this from the final claim.</p> <p>We will continue to do all we can that appears to be cost effective within the time and resources available.</p>	<p>One case was identified during our current year testing where income had been incorrectly calculated. The total impact of the error on the subsidy claim amounted to £2.26.</p> <p>No issues relating to the in year reconciliation have been noted in the current year.</p> <p>It is recommended that the Council continues to monitor the accuracy of assessment calculations, ensuring that total value of errors remains low.</p>

### Current year management response:

Due to the high volume of claims that are assessed every year it is inevitable some human errors will be made in claims assessment. However, this is mitigated by a range of accuracy checking and reporting undertaken by the management team, in addition to monthly refresher training sessions given to assessment officers in order to ensure correct procedures and processes are applied. Whilst we will always strive to achieve 100% accuracy, we accept the small levels of error identified during the audit of the subsidy claim.

# *Appendices*



# Appendix A

## Certification Fees

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

Claim/Return	2012/13 Indicative Fee *	2012/13 Variation *	2012/13 Total (£)	2011/12 Billed Fee (£)	Comment
BEN01 Housing and Council Tax Benefits Scheme	25,084	8,400	33,484	29,000	The increase in fee was a result of further testing required following the errors identified, which are detailed above.
LA01 National Non Domestic Return (NNDR)	4,500	-	4,500	6,000	
<b>Total</b>	<b>29,584</b>	<b>8,400</b>	<b>37,984</b>	<b>35,000</b>	

These fees reflect the Council's current performance and arrangements for certification.

\*It should be noted that the Audit Commission updated the fee approach for certification in 2012/13. This applied a 40% discount to the 2010/11 billed fee. Indicative fees may subsequently have been updated for Audit Commission approved variations; for example where there was a change in the level of work required. The variation for 2012/13 is currently subject to approval by the Audit Commission.

It may be possible to reduce fees should the Council improve its performance by reviewing the evidence to support claims and processing this information accurately in order to ensure that the correct benefits are awarded. However, it is important to note that as recorded in the 2012/13 qualification letter and the results of certification work section above, we only identified a small number of issues during our certification.

We will continue to seek ways in which we can improve the overall level of liaison with senior officers regarding the progress of certification work, time and issues.

# Glossary

## Audit Commission Definitions for Certification work

### Abbreviations used in certification work are:-

**'appointed auditor'** is the auditor appointed by the Audit Commission under section 3 of the Audit Commission Act 1998 to audit an authority's accounts who, for the purpose of certifying claims and returns under section 28 of the Act, acts as an agent of the Commission. In this capacity, whilst qualified to act as an independent external auditor, the appointed auditor acts as a professional accountant undertaking an assurance engagement governed by the Commission's certification instruction arrangements;

**'assurance engagement'** is an engagement performed by a professional accountant in which a subject matter that is the responsibility of another party is evaluated or measured against identified suitable criteria, with the objective of expressing a conclusion that provides the intended user with reasonable assurance about that subject matter;

**'auditor'** is a person carrying out the detailed checking of claims and returns on behalf of the appointed auditor, in accordance with the Commission's and appointed auditor's scheme of delegation;

**'authorities'** means all bodies whose auditors are appointed under the Audit Commission Act 1998, which have requested the certification of claims and returns under section 28(1) of that Act;

**'certification instructions' ('CIs')** are written instructions from the Commission to appointed auditors on the certification of claims and returns;

**'certify'** means the completion of the certificate on a claim or return by the appointed auditor in accordance with arrangements made by the Commission;

**'claims'** includes claims for grant or subsidies and for contractual payments due under agency agreements, co-financing schemes or otherwise;

**'Commission'** refers to either the Audit Commission or the Grants Team of the Audit Policy and Regulation Directorate of the Commission which is responsible for making certification arrangements and for all liaison with grant-paying bodies and auditors on certification issues;

**'grant-paying bodies'** includes government departments, public authorities, directorates and related agencies, requiring authorities to complete claims and returns;

**'returns'** are either:

- returns in respect of grant which do not constitute a claim, for example, statements of expenditure from which the grant-paying body may determine grant entitlement; or
- returns other than those in respect of grant, which must or may be certified by the appointed auditor, or under arrangements made by the Commission;

**'Statement'** is the *Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns*, available from [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk);

**'underlying records'** are the accounts, data and other working papers supporting entries on a claim or return.



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Public  
Key Decision - No

## HUNTINGDONSHIRE DISTRICT COUNCIL

<b>Title:</b>	Monitoring the effectiveness of the control environment: Value for Money
<b>Meeting/Date:</b>	Corporate Governance Panel – 14 May 2014
<b>Executive Portfolio:</b>	Resources: Councillor J A Gray
<b>Report by:</b>	Internal Audit Manager
<b>Ward(s) affected:</b>	All Wards

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### Executive Summary

The Panel at their last meeting requested a report as to how they can satisfy themselves that the Council is ensuring that value for money (VfM) is being obtained and if that cannot be shown, what additional information will be provided in the future.

Value for money is widely accepted as ensuring the best results possible are obtained from any money that is spent. The VfM 3 E's: economy, efficiency and effectiveness are recognised as being the drivers for ensuring value for money is obtained.

Whilst VfM historically is associated with specific studies of service areas, it can also be evidenced in a number of other ways, for example:

- Through collaborative working
- Ensuring sustainable and sound finances, through procurement, business transformation and improvement
- Understanding costs and how they relate to performance and comparison against peers

The Council does not have a VfM framework or strategy that explains its approach to VfM. The Performance Management Framework, adopted by Council in April, does however deal with many of the issues listed above. Whilst obtaining VfM is a requirement for the Council (and is explicitly referred to as one of the 'outputs' of the Corporate Plan) the Constitution does not give oversight of this area to any one Member body.

### Information received by the Panel

Through its routine business, the annual review of the Code of Corporate Governance and preparatory work for the Annual Governance Statement (AGS), the Panel receives primarily financially based information that contributes to the achievement of VfM. Major initiatives that sit outside of the Panel's remit, such as the Facing the Future exercise, will be referred to by the Panel when preparing the AGS.

### **Seeking greater assurance**

Whilst service delivery issues and financial performance are reviewed by Overview & Scrutiny Panels and/or Cabinet, and the Panel itself routinely receives information from both the internal and external auditors, there is no summary of the VfM activities undertaken within services or across the Council or its performance relative to its peers.

Whilst the Panel does not need to become involved in considering the details of any VfM exercises or initiatives themselves, they do need to satisfy themselves that work has been undertaken to show that the Council is achieving VfM. This assurance can then be taken into account when preparing the Annual Governance Statement.

### **Financial and Legal implications**

There are no financial or legal implications arising from the report.

### **Recommendations:**

It is recommended that the Panel:

- a) Request the Chief Financial Officer to provide an annual report to the Panel to evidence the arrangements in place to support the achievement of VfM.

## 1. WHAT IS THIS REPORT ABOUT?

1.1 CIPFA audit committee guidance (discussed at the Panel's March 2014 meeting), includes a list of seven core functions of an audit committee. Core function four states:

- *[The audit committee shall]* Monitor the effectiveness of the control environment, including arrangements for ensuring value for money (VfM) and for managing the authority's exposure to the risks of fraud and corruption.

1.2 Whilst the majority of the seven core functions are currently undertaken by the Panel, the Panel wished to know how they could satisfy themselves that the Council is ensuring that value for money (VfM) is being obtained and if that cannot be shown, what additional information will be provided in the future.

## 2. CURRENT ASSURANCES

2.1 Whilst VfM historically is associated with specific studies of service areas, it can also be evidenced in a number of other ways, for example:

- Through collaborative working
  - partnering or sharing of services
  - making assets count initiative
  - by seeking out and then adopting recognised good practice
- Ensuring sustainable and sound finances, through procurement, business transformation and improvement
  - medium term financial planning, treasury management, budgetary control, monitoring and out-turn forecasting
  - code of procurement and the explicit VfM requirement
  - peer review process
  - service planning: through retaining documents that show how a service is to build VfM into its work (continuous improvement) and evidence of the outcomes
  - internal and external audit work
  - post implementation review of projects
- Understanding costs and how they relate to performance and comparison against our peers
  - through benchmarking against similar organisations
  - performance indicators and performance management information
  - customer survey's and consequential service improvements

2.2 Through its routine business and in order to fulfill its terms of reference, the Panel receives information that deals with a number of the areas listed above – i.e. annual accounts, internal and external audit reports and procurement issues.

2.3 Through reviewing the evidence that supports the delivery of the Code of Corporate Governance (and the Annual Governance Statement), the Panel is also aware of how VfM is achieved against the Code principles (201/13 extract at Appendix 1) – i.e. external audit value for money conclusion, medium term financial planning, budgetary control and monitoring.

- 2.4 The information that the Panel receives provides only a snap-shot of VfM activity, based primarily around financial outputs. There are a number of areas in the listing at 2.1 above, that the Panel receive little or no information upon, e.g.
- partnering or sharing of services
  - peer review process
  - service planning: continuous improvement
  - success delivery of projects & VfM improvements resulting
  - benchmarking against similar organisations
  - performance indicators & performance management information
  - customer survey's
- 2.5 The lack of information provided to the Panel, has not stopped them from challenge VfM previously. When discussing the 2012/13 Annual Governance Statement, the Panel raised concerns about a number of issues of VfM 'governance' at its July 2013 meeting:
- the lack of customer surveys
  - obtaining assurance on out-sourced services; and
  - evidence of service delivery and performance management plans

### 3. VfM ARRANGEMENTS

- 3.1 The Code of Corporate Governance includes the following requirement: "Decide how value for money is to be measured and make sure that the Council...has the information needed to review value for money and performance effectively".
- 3.2 The Council does not have a risk register entry that outlines how the risk of not delivering/achieving value for money is to be managed, nor does it have a VfM framework or strategy that explains its approach to VfM. The Corporate Plan 2014-16 does however recognise the need to provide VfM services within the strategic theme of 'A customer focussed and service led Council'.
- 3.3 A formal VfM conclusion is reported to the Panel each year by the external auditors. For 2013/14 the Audit Commission require the external auditor to give their conclusion on the Council's VfM arrangements, based on the following two criteria:

**Criteria:**

The organisation has proper arrangements in place for securing financial resilience; and

The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

**Focus of the criteria:**

The Council has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to operate for the foreseeable future.

The Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

- 3.4 Chapter 3 of the Audit Commission 'Code of Audit Practice' (Code) describes the Council's responsibilities to put in place proper arrangements to secure VfM, ensure proper stewardship and governance and regularly review the adequacy and effectiveness of these arrangements.



- 3.5 The Code defines 'proper arrangements' as those corporate performance management and financial management arrangements that form a key part of the system of internal control. These comprise the arrangements for:
- planning finances effectively to deliver strategic priorities and secure sound financial health;
  - having a sound understanding of costs and performance and achieving efficiencies in activities;
  - reliable and timely financial reporting that meets the needs of internal users, stakeholders and local people;
  - commissioning and procuring quality services and supplies that are tailored to local needs and deliver sustainable outcomes and VfM
  - producing relevant and reliable data and information to support decision making and manage performance;
  - promoting and demonstrating the principles and values of good governance;
  - managing risks and maintaining a sound system of internal control;
  - making effective use of natural resources;
  - managing assets effectively to help deliver strategic priorities and service needs; and
  - planning, organising and developing the workforce effectively to support the achievement of strategic priorities.

Demonstrating achievement of the arrangements above will show that VfM is being obtained.

- 3.6 The Performance Management Framework adopted by Council in April, explains how the performance cycle will consider and deal with a number of the issues listed in 3.5 above. It will not cover all the items listed however, leaving the Panel with a lack of information in a number of areas, e.g.
- understanding cost and performance
  - making effective use of natural resources
  - managing assets
  - planning, organising and developing the workforce
  - commissioning and procuring quality services and supplies

#### **4. INVOLVEMENT OF OTHERS**

- 4.1 The oversight of VfM is not the sole responsibility of the Panel. All Members, irrespective of their role, have a responsibility to ensure that the Council is delivering the best service possible for the lowest cost. This challenge also falls to the Managing Director and all levels of staff with managerial responsibility.
- 4.2 The Overview & Scrutiny Panel's currently identify areas of the Council's work that needs to be scrutinised and challenge performance and service improvement initiatives. These reviews include an element of VfM challenge. Whilst no decision has yet been reached, changes are being proposed to the way that the Overview & Scrutiny Panel's operate. The suggestion that they operate in a manner similar to that of a Select Committee, potentially increases the opportunity for greater robust challenge of service performance and with it, the VfM delivered.

## **5. REASONS FOR THE RECOMMENDED DECISION**

- 5.1 The Council has a responsibility to deliver its services economically, efficiently and effectively. It does not have a specific framework/strategy that outlines how this will be achieved. A lot of information on how VfM is being delivered is available, but not collated or reviewed by Members. Providing a formal report to the Panel (and possibly other Member forums) will allow it to form a view as to the effectiveness of the arrangements for ensuring VfM is being achieved.

### **LIST OF APPENDICES INCLUDED**

Appendix 1 – Code of Corporate Governance: 2012/13 Value for Money references

### **BACKGROUND INFORMATION**

Audit Commission Code of Audit Practice  
Corporate Plan 2014-16

### **CONTACT OFFICER**

David Harwood. Internal Audit & Risk Manager  
Tel No. 01480 388115

**Code of Corporate Governance  
2012/13 Value for Money references**

<b>Supporting Principles</b>	<b>Ensuring that the Council makes best use of resources and that tax payers and service users receive good value for money</b>	
<b>Specific requirements</b>	<b>Current position</b>	<b>Evidence/source documents</b>
Decide how value for money is to be measured and make sure that the authority has the information needed to review value for money and performance effectively.	Audit Commission's Code of Audit Practice - our external auditors are required to reach a conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('VFM conclusion').	External Audit VFM opinion – December 2012
Measure the environmental impact of policies, plans and decisions.	Social value of One Leisure. Officers have been tasked with developing financial values to One Leisure benefits. O&S Working Group to be held on 18th July 2013.	Overview & Scrutiny (Social Well Being) Working Group.
Ensure that timely, accurate and impartial financial advice and information is provided to assist in decision making and to ensure that the authority meets its policy and service objectives and provides effective stewardship of public money and value for money in its use.	In Place  The primary pressure for value for money is the existence of savings targets and the recognition that good value for money will maximise service retention.	Code of Financial Management, Cabinet & Panel reports Budget Monitoring reports Final Accounts COMT minutes External Audit value for money opinion.
Ensure that the authority maintains a prudential financial framework; keeps its commitments in balance with available resources; monitors income and expenditure levels to ensure that this balance is maintained and takes corrective action when necessary.	In Place	In Place
Ensure compliance with CIPFA's Code on a Prudential Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code.	In Place	In Place

<p><b>Supporting Principles</b></p>	<p>Ensuring effective leadership throughout the Council and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function.</p> <p>Ensuring that a constructive working relationship exists between members and employees and that the responsibilities of members and employees are carried out to a high standard.</p>	
<p><b>Specific requirements</b></p>	<p><b>Current position</b></p> <p>In Place</p>	<p><b>Evidence/source documents</b></p> <p>Code of Financial Management Internal audit reviews and opinion</p>
<p>Ensure that the CFO leads the promotion and delivery by the whole Council of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.</p>		

Public  
Key Decision – No

## HUNTINGDONSHIRE DISTRICT COUNCIL

**Title/Subject Matter:** Work Programme & Training  
**Meeting/Date:** Corporate Governance Panel – 14 May 2014  
**Executive Portfolio:** Resources: Councillor J A Gray  
**Report by:** Internal Audit & Risk Manager  
**Ward(s) affected:** All Wards

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### **Executive Summary**

The anticipated work programme for the Panel for the next year is shown at Appendix 1. This is based upon the Panel's current terms of reference.

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.

Training can be provided by appropriate officers, external audit or external trainers (subject to budgetary constraints).

The outline of a formal training day for Panel members has been agreed with a number of 'expert' speakers. It is expected that the training will be provided shortly after Panel membership for the 2014/15 municipal year has been determined. Chief Financial Officers from other Cambridgeshire authorities have requested that their Panel members be invited to the training. If Panel are agreeable to this, then arrangements will be made to invite others and a small delegate fee charged to cover the costs associated with the event.

### **Financial implications**

The costs associated with the external training day are expected to be less than £1000 and will be funded from existing budgets. If external delegates attend and depending on their number, it is anticipated that the Council's costs will be further reduced.

### **Recommendation**

It is recommended that the Panel:

- a. Consider what training is to be provided prior to the July meeting.
- b. Invite colleagues from other Cambridgeshire authorities to the training event.

### **Background papers**

None

### **Contact Officer**

David Harwood. Internal Audit & Risk Manager  
Tel No. 01480 388115

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## Anticipated Work Programme

### July 2014

Preparing the Annual Governance Statement  
Effectiveness review of Licensing Committee  
Internal Audit Plan  
Corporate Board and assurance mapping

### September 2014

Approval of the statement of accounts  
Approval of the Annual Governance Statement  
External audit – ISA 260 report  
Effectiveness of the Panel  
Risk register review

### November 2014

Whistleblowing : policy review & investigations  
Annual reports – Freedom of Information  
– Business Continuity Planning  
Internal Audit interim progress report

### January 2015

Progress on introducing external audit recommendations  
External Audit: Grant certification  
Review of the anti-fraud & corruption strategy  
Whistleblowing concerns received  
National Fraud Initiative

### March 2015

Review of Council constitution incl.  
Code of financial management  
Code of procurement  
Employee code of conduct  
Internal Audit Plan  
External Audit: Audit plan and grant claims  
Risk register review

### May 2015

Review of the internal audit service  
Internal audit annual report & opinion  
Progress on issues raised in the Annual Governance Statement  
Corporate Fraud Team investigation activity

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

Ombudsman reviews	Money laundering and bribery
Accounting policies	National Fraud Initiative
External audit recommendations	Effectiveness reviews of Panels/Committees
Constitutional matters	Other governance matters (e.g. equality)
Employee's code of conduct	

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