

## 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 November 2014.

PRESENT: Councillor G J Harlock – Chairman.  
Councillors M G Baker, E R Butler,  
P Kadewere, P G Mitchell and R J West.

APOLOGIES: Apologies for absence from the meeting were submitted on behalf of Councillors K J Churchill and R Harrison.

### 104. MINUTES

The Minutes of the meeting held on 25 September 2014 were approved as a correct record and signed by the Chairman.

It was the opinion of the Panel that the Minutes did not reflect their conclusions on the need for mandatory training for Members of the Corporate Governance Panel. As a consequence it was

RESOLVED

that the Corporate Director (Services) be requested to consider the potential for mandatory training for Members of the Panel as part of her review of the District Council's Constitution.

### 105. MEMBERS INTERESTS

No declarations were received from those Members that were present.

### 106. CORPORATE GOVERNANCE PROGRESS REPORT

The Panel received and noted a report (a copy of which is appended in the Minute Book) which contained details of actions taken in response to recent discussions. Members were informed that there had been no response to the Panel's letter to the Local Government Association outlining their concerns over the cost to the authority of auditing benefit claims.

In response to a question from the Chairman as to the current position with regard to the roll-out of the Employee Handbook, the Head of Resources undertook to establish the reasons for the delay and report back to the Panel.

In response to the Panel's previous request for clarification on the respective roles of the Overview and Scrutiny Panel (Economic Well-Being), the Cabinet, Corporate Governance Panel and the Risk

Management Champion in managing risk within the Council, the Internal Audit and Risk Manager explained that the matter had been referred to the Risk Governance Board.

Finally, it was re-affirmed that all actions should remain in the progress report until the Panel were satisfied with the action that had been undertaken.

**107. EXTERNAL AUDITORS: ANNUAL AUDIT LETTER 2013/14**

With the aid of a report by the Head of Resources (a copy of which is appended in the Minute Book) the Panel gave consideration to the Annual Audit Letter for 2013/14. The letter outlined the Auditor's findings, recommendations and fees for their work in respect of 2013/14 and had been produced following the completion of the Council's Annual Financial Report.

In considering the contents of the Audit Letter, Panel Members drew attention to the words of caution "that the ongoing achievement of savings together with the impact of future financial settlements should remain a key focus for the Council" and were assured that due regard had been taken of this advice within the Council's Financial Planning processes. With regard to the auditor's recommendations that the Council should extend their related party identification procedures, the Panel noted that management will seek views from other practitioners in preparation for the closure of 2014/15 accounts.

Having noted that the Auditors Final Fees had yet to be agreed with the Authority and the Audit Commission, Panel Members received an explanation of the charging process and noted that additional work had arisen during the course of the year. Having been assured that the final fees would be challenged by the Head of Resources, it was

RESOLVED

that the Annual Audit Letter from the Council's External Auditors, PricewaterhouseCooper for 2013/14 be formally received.

**108. VALUE FOR MONEY AT HUNTINGDONSHIRE DISTRICT COUNCIL**

Further to Minute No. 78/14, the Panel considered the annual report by the Head of Resources (a copy of which is appended in the Minute Book) on the Council's achievement of Value for Money (VfM) Members were advised that the report had been divided into two sections - value for money at service delivery level and value for money in corporate activity. The Panel's attention was drawn to the opinion of the Council's Responsible Financial Offer in each area.

In considering the corporate activities which are undertaken to secure value for money for the Authority, Members drew attention to the failings which had been identified in the delivery of the Huntingdon Multi-Storey Car Park and the re-development of facilities at One Leisure, St Ives. Members were reminded that following the 2012/13 external audit report, a number of measures (including the establishment of a number of Governance Boards) had been put in

place to improve the Council's approach to project management. However the projects referred to had commenced prior to these new arrangements being put into place. Members were firmly of the opinion that this situation should not be allowed to re-occur.

With reference to the specific projects outlined above, Councillor P G Mitchell explained that the Overview and Scrutiny Panel (Economic Well-Being), would be investigating these matters further, together within the Council's approach to project management more generally. Members were of the opinion that the resulting report should be presented to the Corporate Governance Panel to enable Members to make an informed comment on the Annual Governance Statement in due course. It was also suggested that the Council's Procurement Manager should be invited to attend a future meeting of the Panel to provide his comments on the extent to which Council Officers were following procurement recommendations and the effectiveness of his role within the organisation.

In response to a number of general questions, the Head of Resources outlined the mechanisms which would be used to measure value for money on an ongoing basis and the ways in which elected Councillors could help through ensuring that value for money is at the heart of everything that they do. It was the view of the Head of Resources that the Council had made great strides in establishing new corporate processes and practices that should improve the Council's corporate approach towards the achievement of value for money.

The Head of Resources then proceeded to respond to a number of specific questions raised by Panel Members with regard to the corporate policy related processes which the Council had in place that aimed to ensure that the Council achieved value for money. These related to the development of Shared Service protocols, an asset management plan for the Authority and the introduction of zero based budgeting. An explanation of the 'golden thread' approach to performance management was also provided and Members were reminded that the need to embed this approach within the organisation had been identified as an issue within the Annual Governance Statement for last year.

Finally Members reviewed the outcome of the table top review of value for money at service delivery level. In response to a question as to whether there was any potential to standardise the activities which were being undertaken in different service areas, the Panel were informed that the Council's Senior Management Team were keen to develop a more standardised approach.

Having noted the intention to prepare a further report on an annual basis, the Panel commended the Head of Resources on the provision of an honest opinion. Whereupon, it was

**RESOLVED**

that the contents of the report be noted.

**109. ANNUAL REPORT ON THE FREEDOM OF INFORMATION (FOI) AND ENVIRONMENTAL INFORMATION REGULATIONS (EIR) ACTS**

With the assistance of a report by the Head of Customer Services (a copy of which is appended in the Minute Book) the Panel received a report on the number of requests received by the Council under the Freedom of Information (FOI) and Environmental Regulations Acts.

Members were informed that the number of requests had continued to rise in 2014 and at the same time a number of staffing vacancies within the Division had impacted on the target time for responses. The Panel congratulated Officers on only receiving 3 complaints with regard to the handling of FOI requests during this time.

In response to a number of questions raised by the Panel, Members received an explanation of the powers of the Information Commissioner in dealing with complaints. An explanation as to why it was difficult for the Authority to prepare a standardised response to the requests which were received on a similar subject was also provided. Whereupon, it was

RESOLVED

that the content of the report now submitted be noted.

**110. ANNUAL REVIEW OF WHISTLEBLOWING POLICY AND PROCEDURE**

With the aid of a report by the Internal Audit Manager (a copy of which is appended in the Minute Book) the Panel were acquainted with the outcome of the review of the Council's Whistleblowing Policy and Guidance. As a consequence a number of changes were being proposed to reflect the District Council's new management structure.

The Panel was advised that Public Concern at Work (PCaW) had now issued a code of practice on the raising, handling, training and reviewing of workplace whistleblowing procedures and practices. To promote the Code, PCaW had started 'The First 100 Campaign' to encourage organisations across all sectors to sign up to the principles of the Code and work towards compliance with it.

RESOLVED

(a) that the contents of the Whistleblowing Policy and Guidance, appended to the report now submitted be approved; and

(b) that Council be recommended to become a signatory to the Public Concern at Work, 'The First 100 Campaign'.

**111. WHISTLEBLOWING CONCERNS RECEIVED**

Consideration was given to a report by the Internal Audit Manager (a copy of which is appended in the Minute Book) summarising the issues which had been raised under the Council's Whistleblowing Policy for the period 1st January to 31st October 2014.

Members were advised that the outcome of any investigation through the Whistleblowing procedure would be provided to those who had raised a concern, provided that their contact details were available and they wished to be kept informed.

RESOLVED

that the content of the report now submitted be noted.

## **112. INTERNAL AUDIT SERVICE: INTERIM PROGRESS REPORT**

The Panel received and noted a report by the Internal Audit and Risk Manager (a copy of which is appended in the Minute Book) on the work of the Internal Audit Service during the period April to December 2014, together with associated performance issues.

By way of introduction, the Internal Audit and Risk Manager updated the Panel on the key issues which would have an impact on the work of the service for the remainder of the year. These included the secondment of one of the Team to the post of Accountancy Manager and the decision which had been taken not to retender the IT audit service immediately following the expiration of the current contract, pending the introduction of a shared service arrangement for the Council's IT services.

Having congratulated the Internal Audit and Risk Manager on his qualification as a Chartered Member of the Institute of Internal Auditors, the Panel discussed the impact of recent staffing changes within the Audit Team on the delivery of the audit plan for the remainder of the year. Members were advised that the audit plan had been recast for the period 1st November to 31st March 2015 based on the current risks facing the Authority and the availability of resources. The Panel was assured that should the Internal Audit and Risk Manager consider that he would not be in a position to provide an adequate annual internal audit opinion, he would raise the issue with the Chief Finance Officer and report back to the Panel. In addition, the Chairman would be informed of progress with delivery of the plan and any further adjustments which may be required.

In terms of the work which had been undertaken by the Audit Service during the reporting period, Members were informed that three 'substantial', seven 'adequate' and four 'limited' assurance opinions had been issued. In response to a question by a Panel Member with regard to the latter, the Panel received an explanation as to the process for addressing the issues which had been identified to help move towards an adequate opinion. The Panel also noted the work which had been undertaken by the Internal Audit and Risk Manager during the reporting period to prepare a post project review for the Huntingdon multi-storey car park.

Attention was drawn to the 100% target which had been set for the implementation of agreed actions and Members expressed their disappointment that only 49% had been introduced on time. Whilst this would be discussed in more detail as part of the Panel's discussions on the next Agenda item, Members were reminded of the background to the decision by the Corporate Management Team to increase this target to 100%. The Internal Audit and Risk Manager

indicated that it had been rare to achieve the previous target which had been set at 60%.

Having queried the reasons why the service delivery targets were not being met, the Internal Audit and Risk Manager explained that the responsibility for these actions was outside of his direct control and lay with service managers. However Members acknowledged that there had been an improvement in three areas since March 2014

Whereupon and having agreed that the Panel would continue to monitor progress in this area, it was

RESOLVED

that the content of the report be noted.

### **113. IMPLEMENTATION OF AUDIT ACTIONS**

With the aid of a report by the Internal Audit and Risk Manager (a copy of which is appended in the Minute Book) the Panel received details of the performance by Heads of Service in implementing agreed audit actions.

Having noted that, over the period ending 31st October 2014, only 49% of the actions had been introduced, Members expressed their continuing disappointment that this remained an issue for the Authority. Reference was also made to the previous assurance which had been made that the implementation of these actions would become a priority for the new Senior Management Team. In response to a comment as to whether there had been any improvement during the course of the past 12 months, Members attention was drawn to the information which had been produced as part of the previous agenda item which demonstrated a downward trend in the percentage of actions introduced on time over the course of the past year.

In terms of the specific audit actions which were outstanding, Members were particularly concerned to note that 6 of these had been identified as 'red' and therefore represented a significant risk to the Authority. It was suggested that the Chairman and the Vice-Chairman should be briefed on these actions outside of the meeting such that they were better informed as to the level of risk which they might represent to the Authority.

Members then discussed the action which could be taken by the Panel to ensure that this situation was improved. Members were of the opinion that the Managing Director should be made aware of the Panel's disappointment that there appeared to have been very little progress in addressing the issue and of the need to do so at the earliest opportunity. In response to a suggestion that the Panel should hold to account Officers who failed to implement fully, on a timely basis, agreed audit actions, the Council's Chief Finance Officer indicated that it was his intention to give further consideration to the establishment of a mechanism by which Heads of Service would be made more accountable for the implementation of agreed audit actions and suggested that any further action should be considered once this had been undertaken. He also provided an assurance that

the matter would be addressed.

#### RESOLVED

- (a) that the Panel's continuing concerns be brought to the attention of the Managing Director;
- (b) that the Internal Audit and Risk Manager be requested to submit a further report to the Panel's next meeting, to provide an update on the current position and to identify the trends in the implementation of agreed audit actions; and
- (c) that in the event of no improvement in performance, a further discussion on the action which the Panel wishes to take to address the situation be held at the next meeting.

#### **114. WORK PROGRAMME AND TRAINING**

By way of a report by the Internal Audit and Risk Manager (a copy of which is appended in the Minute Book) Members were acquainted with a work programme for the Panel for the period January to December 2015. The Panel were advised that their request for training on the Council's accounts would be taken forward through a series of informal meetings as suggested at the last meeting.

With regard to a suggestion which had been made at their previous meeting that the performance of all Members of the Council should be evaluated to improve the effectiveness of Members within the Authority, the Internal Audit and Risk Manager was asked to establish the position with regard to this request.

Chairman