

A meeting of the **CORPORATE GOVERNANCE PANEL** will be held in **CIVIC SUITE 0.1A, PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, PE29 3TN** on **WEDNESDAY, 26 NOVEMBER 2014** at **6:30 PM** and you are requested to attend for the transaction of the following business:-

**Contact
(01480)**

APOLOGIES

1. MINUTES (Pages 1 - 6)

To approve as a correct record the Minutes of the meeting held on 25th September 2014.

**C Bulman
388234**

2. MEMBERS INTERESTS

To receive from Members declarations as to disclosable pecuniary and other interests in relation to any Agenda Item.

3. CORPORATE GOVERNANCE PROGRESS REPORT (Pages 7 - 14)

To receive the Corporate Governance Progress Report.

**C Bulman
388234**

4. EXTERNAL AUDITORS: ANNUAL AUDIT LETTER 2013/14 (Pages 15 - 30)

To receive a report by the Head of Resources on the Annual Audit and Inspection Letter 2013/14.

**C Mason
388157**

5. VALUE FOR MONEY AT HUNTINGDONSHIRE DISTRICT COUNCIL (Pages 31 - 42)

To consider a report by the Head of Resources on the Council's achievement of Value for Money.

**C Mason
388157**

6. ANNUAL REPORT ON THE FREEDOM OF INFORMATION (FOI) AND ENVIRONMENTAL INFORMATION REGULATIONS (EIR) ACTS (Pages 43 - 48)

To consider the annual report on the Freedom of Information and Environmental Regulations Acts.

**J Taylor
388119**

7. ANNUAL REVIEW OF WHISTLEBLOWING POLICY AND PROCEEDURE (Pages 49 - 62)

To consider the annual review.

**D Harwood
388115**

8. WHISTLEBLOWING CONCERNS RECEIVED (Pages 63 - 64)

To consider a report by the Internal Audit & Risk Manager summarising the matters that have been received under the Council's Whistleblowing Policy on the 10 month period ending October 2014.

**D Harwood
388115**

9. INTERNAL AUDIT SERVICE: INTERIM PROGRESS REPORT (Pages 65 - 74)

To consider a report detailing the work completed by the Internal Audit Service during the period April to October 2014.

**D Harwood
388115**

10. IMPLEMENTATION OF AUDIT ACTIONS (Pages 75 - 80)

To consider a report by the Internal Audit and Risk Manager providing performance information for the implementation of agreed internal Audit actions for the year ending 31st October 2014.

**D Harwood
388115**

11. WORK PROGRAMME AND TRAINING (Pages 81 - 84)

To consider a report by the Internal Audit and Risk Manager.

**D Harwood
388115**

Dated this 18th day of November
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.

Non-Statutory Disclosable Interests

- (4) If a Member has a non-statutory disclosable interest then you are required to declare that interest, but may remain to discuss and vote providing you do not breach the overall Nolan principles.
- (5) A Member has a non-statutory disclosable 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 a disclosable pecuniary interest, 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, or
 - (c) it relates to or is likely to affect any body –
 - (i) exercising functions of a public nature; or
 - (ii) directed to charitable purposes; or
 - (iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union) of which you are a Member or in a position of control or management.

and that interest is not a disclosable pecuniary interest.

2. Filming, Photography and Recording at Council Meetings

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Please contact Mrs Claire Bulman, Democratic Services Officer, Tel No: 01480 388234 / e-mail: Claire.Bulman@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 Committee/Panel.

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

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

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

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

Emergency Procedure

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

Agenda Item 1

HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CORPORATE GOVERNANCE PANEL held in the Civic Suite 0.1A, Pathfinder House, St Mary's Street, Huntingdon, PE29 3TN on Thursday, 25 September 2014.

PRESENT: Councillor G J Harlock – Chairman.
Councillors E R Butler, K J Churchill,
P Kadewere and R J West.

APOLOGIES: Apologies for absence from the meeting were submitted on behalf of Councillors M G Baker, R Harrison and P G Mitchell.

IN ATTENDANCE: Councillor J A Gray.

93. MINUTES

The Minutes of the meeting held on 23rd July were approved as a correct record and signed by the Chairman.

94. MEMBERS' INTERESTS

No declarations were received.

95. CORPORATE GOVERNANCE PROGRESS REPORT

In monitoring progress/achievement of specific actions previously reported to the Panel, Members were advised that the appointments of authorising officers would be announced in October.

The Chairman questioned why an update on project management had been presented to the September meeting of the Overview and Scrutiny Panel (Economic Well-Being) but had not been included on the Panel's agenda. In response to which the Senior Democratic Services Officer undertook to circulate the report to the Panel by email and would remind the report's authors that future updates need to be considered by both Panels.

96. APPROVAL FOR PUBLICATION OF THE 2013/14 ANNUAL GOVERNANCE STATEMENT AND ANNUAL FINANCIAL REPORT

(Councillor J A Gray, Executive Councillor for Resources and Mr C Everest and Ms J Dudley of PricewaterhouseCoopers LLP were in attendance for consideration of this item).

Consideration was given to a report by the Head of Resources (a copy of which is appended in the Minute Book) seeking approval for the publication of the Council's Annual Governance Statement, Letter of Representation and the Annual Financial Report for 2012/13.

Members were reminded of the process required to be undertaken prior to the documents' publication. As part of which, Ms J Dudley

delivered the external auditors' ISA 260 report which outlined their findings arising from the audit of the 2013/14 accounts. Members were advised of reassessment of the level of risk in relation to the NDR appeals provision to "elevated" which has been necessary due to the lack of historic data in relation to appeals. Ms Dudley then proceeded to deliver an explanation of the audit approach undertaken and updated the Panel on matters which had progressed since the publication of the report.

The external auditors then proceeded to respond to a number of questions raised by the Panel relating to the use of reserves, provision against non-domestic rates appeals, succession planning, shared services and the introduction of zero based budgeting.

In considering the contents of the Annual Governance Statement, Members' attention was drawn to some significant areas for improvement, including developing the themes and aims of the Corporate Plan, publicising the vision statement and strategic themes and outcomes to key stakeholders, reviewing partnership commitments and compliance with the Code of Procurement.

The Panel complimented Officers on their efforts in finalising the documents in advance of the statutory deadline for publication of 30th September 2014. At the same time, Members congratulated the Internal Audit and Risk Manager on the quality and high standard of the Annual Governance Statement.

Having expressed their satisfaction with the content of the external auditors' Letter of Representation, the Panel

RESOLVED

- (a) that the content of the external auditor's ISA 260 report be noted;
- (b) that the Governance Statement for 2013/14 be approved and the Executive Leader and Managing Director authorised to sign the Statement on behalf of the Council;
- (c) that the Letter of Representation appended as an Annex to the auditors' report now submitted be approved and the Head of Resources authorised to sign it on behalf of the Council; and
- (d) that the Annual Financial Report be approved and the Chairman of the Panel authorised to sign the accounts on behalf of the Council.

97. ANNUAL REPORT OF THE PANEL

By way of a report by the Internal Audit and Risk Manager (a copy of which is appended in the Minute Book) Members were provided with the opportunity to comment on the draft annual report of the Panel in respect of the year ending 30th September 2014, prior to the document's submission to Council.

Whereupon, it was

RESOLVED

- (a) that the content of the draft annual report be noted; and
- (b) that the Chairman be authorised to approve any changes to the report prior to its submission to Council on 17th December 2014.

98. EFFECTIVENESS OF THE PANEL

A report by the Internal Audit and Risk Manager was submitted (a copy of which is appended in the Minute Book) detailing the outcome of a review undertaken by the Councillors E R Butler, G Harlock and R West on the effectiveness of the Panel (a copy of the report is appended in the Minute Book).

Members noted that the review had concluded that the Panel was generally acting effectively and fulfilling its terms of reference. In discussing opportunities to improve its efficiency, Members discussed the advantages and disadvantages of receiving draft accounts prior to audit and whether only receiving them after audit, in September, was sufficient to allow the Panel to discharge their governance responsibilities. The Panel felt that it would be beneficial to receive the draft accounts during the course of the audit at an informal meeting. The Panel also felt that they would benefit from further training on the accounts and suggested that this be provided through a series of informal meetings.

With regard to improving Member effectiveness the Panel were of the opinion that the performance of all Members of the Council should be evaluated and they supported a suggestion that the matter be referred to the Member Development Group.

The Chairman raised concerns that the review had identified that two previous agreed actions by the Panel, relating to the introduction of a procurement strategy and the Council becoming a signatory to the Prompt Payment Code, had not been carried forward from one Progress Report to another and had not been undertaken. In response to which, the Internal Audit and Risk Manager explained that it was his intention to amend the Progress Report to show both the outstanding actions and a summary of the actions that have been completed during the previous 12 months. This would allow the Panel to refer back to previously agreed actions and if necessary, request update reports to assure themselves that the issues identified have been properly addressed. In supporting this change, the Panel agreed that actions should remain on the progress report until such time as they were satisfied with the action that has been undertaken.

Having considered a revised terms of reference for the Panel together with a proposed action plan, the Panel

RESOLVED

- (a) that the results of the outcome of the review of the effectiveness of the Panel be noted;

- (b) that Council be recommended to approve the Panel's Terms of Reference appended to the report now submitted;
- (c) that the opportunities identified to further improve the effectiveness of the Panel as set out in the Executive Summary and Action Plan of the report be approved;
- (d) that draft Annual Financial Reports be received by the Panel during the course of the audit, at an informal meeting, and discussions held between the Chairman and Head of Resources on the provision of training ; and
- (e) that the evaluation of Member Performance be referred to the Member Development Group.

99. RISK REGISTER UPDATE

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 were acquainted with changes made to the Risk Register between the period 12th March to 1st September 2014.

In considering the content of the report, Members questioned the role of the Panel in risk management given the level of detail before them and the recent appointment of a Risk Management Champion. Having also referred to the involvement of the Cabinet and Overview and Scrutiny Panel (Economic Well-Being) Members agreed that the Panel should be considering the effectiveness of arrangements around risk management but felt that further thought should be given to the responsibility for managing risk. Having referred to the need for clarity over the roles, including that of the Risk Management Champion, Members felt that the Chief Officers Management Team should be made aware of their concerns. Whereupon, it was

RESOLVED

- (a) that the contents of the report be noted; and
- (b) that clarification over the responsibility for managing risk be referred to the Chief Officers Management Team.

100. WORK AND TRAINING PROGRAMME

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 November 2014 to September 2015.

101. EXCLUSION OF PRESS AND PUBLIC

RESOLVED

that the public be excluded from the meeting because the

business to be transacted contains exempt information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority and employees of, or office holders under, the authority.

102. OPTIONS FOR FRAUD INVESTIGATION POST SFIS

Consideration was given to a joint report by the Corporate Fraud Manager and the Head of Customer Services (a copy of which is appended in the Annex to the Minute Book) outlining the implications for the authority of the Department of Works & Pensions decision to launch a Single Fraud Investigation Service (SFIS). The Service will deal with the investigation of welfare fraud.

By way of introduction to the report, the Head of Customer Services explained that the Council would be transferring its housing benefit fraud function to the SFIS in May 2015. It was reported that some or all of the Council's Fraud Team would be transferred to the new service and that a significant number of risks connected to fraud across the Council's services would remain. At the same time a grant would be provided by the DWP to local councils for the administration of housing benefit/council tax benefit schemes.

In discussing the potential impact on fraud risk for the authority, Members' attention was drawn to the options available to the authority once the transfer of the housing benefit fraud function was completed. Following discussion on maintaining a level of fraud prevention and detection, Members were of the opinion that this should be provided through a smaller fraud team, delivery of which should be cost neutral whilst remaining effective. Having been advised that the future of the fraud service would be considered at a meeting of the Cabinet on 23rd October 2014, the Panel

RESOLVED

that the Cabinet be recommended to support the retention of a smaller fraud team, as outlined in option 4, with the aim of being cost neutral.

103. MRS H TAYLOR

Having been advised by the Chairman that Mrs Taylor would shortly be leaving the District Council to become Clerk at Yaxley Parish Council, the Chairman thanked Mrs Taylor for her contribution to their meetings and wished her well in her new post.

Chairman

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CORPORATE GOVERNANCE PANEL PROGRESS REPORT

Panel Date	Decision	Response & date for Action	Action Taken	Officer Responsible	Completed
29/1/14	<p><u>Internal Audit Interim Progress Report</u></p> <p>Internal Audit Manager to review the service delivery targets.</p> <p>Request that future reports include comparisons from previous years.</p>	<p>Details of the outcome of the review will be reported to the Panel in the Internal Audit half year progress report.</p> <p>26th November 2014</p>	<p>The Internal Audit Manager has reviewed the service delivery targets with colleagues and current best practice. It is proposed that they remain unchanged.</p>	<p>Internal Audit & Risk Manager</p>	
14/05/14	<p><u>Monitoring the Effectiveness of the Control Environment: Value for Money</u></p> <p>Request for an annual report on the arrangements in place to support the achievement of value for money.</p>	<p>Agreed at July CGP to be postponed until November 2014</p>	<p>This appears on the November Agenda for the Panel.</p>	<p>Head of Resources</p>	
14/05/14	<p><u>Grant Certification 2012/13</u></p> <p>Letter to be sent to the Local Government Associations outlining the Panel's concerns over the cost to the authority of auditing benefit claims and requesting that the criteria for taking a second sample be adjusted</p>	<p>Letter sent June 2014</p>		<p>Head of Resources.</p>	<p>Yes</p>

CORPORATE GOVERNANCE PANEL PROGRESS REPORT

Panel Date	Decision	Response & date for Action	Action Taken	Officer Responsible	Completed
	to only require this if errors in the previous round of sampling are material.				
23/07/14	<u>Implementation of Agreed Audit Actions</u>			Head of Resources	
25/09/2014	Progress of the new Governance Boards to be reported to Panel and Overview and Scrutiny. Questioned why an update on project management had been presented to Economic Well-Being and not the Panel	Overview and Scrutiny Panel (Economic Well-Being) had requested the report.	Report circulated to Panel Members by email and the report's authors were reminded that future updates needs to be considered by both Panels October 2014	Senior Democratic Services Officer	Yes
23/07/2014	<u>Employee Handbook</u> Recommendation to Council that the Handbook be removed from the Constitution.	Agreed by Council on 30 th July 2014.		Senior Democratic Services Officer	Yes

CORPORATE GOVERNANCE PANEL PROGRESS REPORT

Panel Date	Decision	Response & date for Action	Action Taken	Officer Responsible	Completed
23/07/2014	<p><u>Office of the Surveillance Commissioner – RIPA</u></p> <p>Request to be informed of the appointments of authorising officers including the SRO.</p>	<p>As suggested by the Interception of Communications Commissioners Office (IOCCO), CMT agreed to name officers to the following posts: Senior Authorising Officer / Senior Designated Person – Jo Lancaster Senior Responsible Officer – Clive Mason Authorising Officer or Designated Person – Eric Kendall / John Taylor / Chris Stopford.</p>		Corporate Fraud Manager	Yes
23/07/2014	<p><u>Preparing the Annual Governance Statement</u></p> <p>Request that the inclusion of corporate surveys in future statements be discussed with the Managing Director.</p>	25 th Sept 2014	Information in respect of corporate surveys undertaken will be included in the supporting papers presented to Panel when they consider compliance with the Code of Procurement in June 2015.	Internal Audit & Risk Manager	

CORPORATE GOVERNANCE PANEL PROGRESS REPORT

Panel Date	Decision	Response & date for Action	Action Taken	Officer Responsible	Completed
23/07/2014	<p><u>Internal Audit Service – Internal Audit Plan</u> Significant changes to the Plan to be reported to the Panel</p>	25 th Sept 2014	Details are contained in the Internal Audit interim report to be discussed at the Panel on 26 November 2014.	Internal Audit & Risk Manager	
23/07/2014	<p><u>Members' Allowances Scheme – variation to support guidelines</u> Recommendation to Council that Para 10 of the Members Allowances Scheme and the Members' IT and Telephone Support Guidelines be amended.</p>	Agreed by Council on 30 th July 2014.		Senior Democratic Services Officer	Yes
23/07/2014	<p><u>Review of the effectiveness of the Licensing and Protection Panel/Committee</u> Agreed to undertake a review of the S106 Agreement Advisory Group during 2014/15.</p>		To commence.	Internal Audit & Risk Manager	

CORPORATE GOVERNANCE PANEL PROGRESS REPORT

Panel Date	Decision	Response & date for Action	Action Taken	Officer Responsible	Completed
23/07/2014	<p><u>Work and Training Programme</u></p> <p>Agreed to extend an invitation to a formal training day arranged for September to other authorities.</p>	Training took place in September		Internal Audit & Risk Manager	Yes
25/09/2014	<p><u>Approval for Publication of the 2013/14 Annual Governance Statement and Annual Financial Report</u></p> <p>Authorised the Executive Leader and Managing Director to sign the Statement on behalf of the Council.</p> <p>Authorised the Head of Resources to sign the Letter of Representation on behalf of the Council.</p> <p>Authorised the Chairman of the Panel to sign the accounts on behalf of the Council.</p>		Letter signed at the Panel meeting on 25 th September.	<p>Head of Resources</p> <p>Head of Resources</p> <p>Head of Resources</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p>

CORPORATE GOVERNANCE PANEL PROGRESS REPORT

Panel Date	Decision	Response & date for Action	Action Taken	Officer Responsible	Completed
25/09/2014	<p><u>Annual Report of the Panel</u> Authorised the Chairman to approve any changes to the report prior to its submission to Council on 17th December 2014.</p>	No changes have been made.	The annual report is being 'formatted' into the Corporate style by the Document Centre prior to being included in the Council Agenda Papers.	Internal Audit & Risk Manager	
25/09/2014	<p><u>Effectiveness of the Panel</u> Recommendation to Council that the Panel's amended Terms of Reference be approved.</p> <p>Approved the opportunities identified to further improve the effectiveness of the Panel.</p> <p>Agreed to receive the draft Annual Financial Reports during the course of the audit via an informal meeting.</p> <p>Discussions to be held between the Chairman and Head of Resources on the provision of training</p> <p>Referred the evaluation of Member performance to the Member Development Group.</p>	To be submitted to the December meeting of Council.	Included in the Report from the Panel	Senior Democratic Services Officer Head of Resources Head of Resources Head of Resources	Yes Yes Yes
			Corporate Team Manager advised of this request by email September 2014.		

CORPORATE GOVERNANCE PANEL PROGRESS REPORT

Panel Date	Decision	Response & date for Action	Action Taken	Officer Responsible	Completed
25/09/2014	<p><u>Risk Register Update</u> Sought clarification over the responsibility for managing risk from the Chief Officers Management Team.</p>		The Risk Register is to be discussed by the Corporate Management Team in mid November 2014.	Head of Resources	
25/09/2014	<p><u>Options for Fraud Investigation Post SFIS</u> Supported the retention of a smaller fraud team with the aim of being cost neutral.</p>	Options considered by Cabinet on 23 rd October 2014. The Cabinet approved the Panel's recommendation.	Views of the Panel included in the report to Cabinet.	Senior Democratic Services Officer	Yes

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HUNTINGDONSHIRE DISTRICT COUNCIL

Title: External Auditors: Annual Audit Letter 2013/14

Meeting/Date: Corporate Governance Panel
26 November 2014

Executive Portfolio: Resources: Councillor J A Gray

Report by: Head of Resources

Ward(s) affected: All Wards

Executive Summary:

The 2013/14 audit of the Council's Annual Financial Report, the Annual Governance Statement and relevant grant claims is now complete. Consequently, the Council's external auditor, PricewaterhouseCoopers is required to issue an Annual Audit Letter; this is attached at Appendix 1. The Annual Audit Letter is a digest of the auditor's findings, recommendations and fees in respect of 2013/14.

Recommendation(s):

The Panel is requested to note the 2013/14 Annual Audit Letter.

1. PURPOSE

- 1.1 At the conclusion of each year's audit work the external auditor issues an Annual Audit Letter, which is a digest of their findings and recommendations made along with an indication of the audit fee due.

2. BACKGROUND

- 2.1 The Panel is designated as "those charged with governance". Members will recall that at the meeting of the 26th September they:
- received a draft ISA 260,
 - approved the Executive Leader and Officers to authorise the Annual Governance Statement and the Letter of Representation, and
 - approved the Chairman to authorise the Annual Financial Report.

3. RECEIVING THE AUDITORS ANNUAL AUDIT LETTER

- 3.1 On the 26th September the auditors signed the 2013/14 Annual Financial Report and the report was published by the statutory deadline of the 30th September. The auditors have now issued the Annual Audit Letter, attached as Appendix 1, which is a digest of their findings, recommendations and fees for their work in respect of 2013/14.
- 3.2 The issues highlighted within the Annual Audit Letter which have also been reported in the draft ISA 260 report are:
- Valuation of Property – the 5 Leisure centres were revalued during the year following redevelopment. The valuation was conducted by an external valuation expert and whose findings were reviewed by PWC's own internal experts. The revaluation increased the assets value by £9,617k and there was also an impairment of £348k.
 - Estimation of the pension liability - this is the most significant estimate in the annual accounts and it is the valuation of the net pension liabilities for HDC employees in the Cambridgeshire County Council pension scheme.
 - Council tax benefit reform – from the 1st April 2013 the national Council Tax Benefit scheme was replaced by HDC's own local Council Tax Support scheme. This scheme has been set up within the guidelines set out by central Government.
 - Provision against Non-Domestic Rates appeals – as a result of the changes in the Non-Domestic Rates system, provision for appeals against the rateable value is now required within the Councils Collection fund. £1.6m provision was included for appeals received in 2013/14 and £3.5m was included for appeals from previous years. External experts were engaged to assist in this calculation.
- No material adjustments to the statutory accounts were required as a result of these issues.

4. LEGAL IMPLICATIONS

- 4.1 The purpose of this report is to satisfy procedural and legal requirements in connection with Code of Audit Practice and Statement of Responsibilities of Auditors and Audited Bodies.

5. RESOURCE IMPLICATIONS

- 5.1 The audit fee will be met from within current resources.

LIST OF APPENDICES INCLUDED

BACKGROUND PAPERS

Working papers in Financial Services

CONTACT OFFICER

Clive Mason, Head of Resources
(01480 388157

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Huntingdonshire District Council

Annual Audit Letter

2013/14

Government and
Public Sector

Contents

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

In April 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. The purpose of the statement is to assist auditors and audited bodies by explaining

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where the responsibilities of auditors begin and end and what is to be expected of the audited body in certain areas. Our reports and management letters are prepared in the context of this Statement.

Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the audited body and no responsibility is taken by auditors to any Member or officer in their individual capacity or to any third party.

An audit is not designed to identify all matters that may be relevant to those charged with governance. Accordingly, the audit does not ordinarily identify all such matters.

Introduction

The purpose of this letter

This letter summarises the results of our 2013/14 audit work for members of the Authority.

We have already reported the detailed findings from our audit work to the Corporate Governance Panel in the following reports:

- Audit plan for 2013/14;
- Audit opinion for the 2013/14 financial statements, incorporating our conclusion on the proper arrangements to secure economy, efficiency and effectiveness in the Authority's use of resources;
- Report to those charged with Governance (ISA (UK&I) 260); and
- Annual Certification Report (to those charged with governance) for 2012/13.

The matters reported here are the most significant for the Authority arising from our work.

Scope of Work

The Authority is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We met our responsibilities as follows:

Audit Responsibility	Results
<p>Perform an audit of the account in accordance with the Auditing Practice Board's International Standards on Auditing (ISAs (UK&I)).</p>	<p>We reported our findings to the Corporate Governance Panel on 25 September 2014 in our <i>Report to the Corporate Governance Panel of the Authority on the audit for the year ended 31 March 2014 (ISA (UK&I) 260)</i>. A final version of our report, following the completion of all audit work, was issued on 26 September 2014. We issued an unmodified audit opinion on the same date.</p>
<p>Report to the National Audit Office on the accuracy of the consolidation pack: the Authority is required to prepare for the Whole of Government Accounts.</p>	<p>On 26 September 2014, we reported to the National Audit Office that the consolidation return was consistent with the audited statutory accounts.</p>
<p>Form a conclusion on the arrangements the Authority has made for securing economy, efficiency and effectiveness in its use of resources.</p>	<p>On 26 September 2014, we issued an unqualified value for money conclusion.</p>

Audit Responsibility	Results	Audit Responsibility	Results
<p>▲ Consider the completeness of disclosures in the Authority's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work and consider whether it complies with CIPFA / SOLACE guidance.</p>	<p>We reviewed the AGS to consider whether it complied with the CIPFA / SOLACE "Delivering Good Governance in Local Government" framework and whether it is misleading or inconsistent with other information known to us from our audit work.</p> <p>No matters were noted in this regard.</p>	<p>▲ Issue a certificate that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.</p>	<p>We issued our completion certificate on 26 September 2014.</p>
<p>▲ Consider whether, in the public interest, we should make a report on any matter coming to our notice in the course of the audit.</p>	<p>There were no issues to report in this regard.</p>		
<p>▲ Determine whether any other action should be taken in relation to our responsibilities under the Audit Commission Act.</p>	<p>There were no issues to report in this regard.</p>		

Audit Findings

Accounts

We audited the Authority's accounts in line with approved Auditing Standards and issued an unqualified audit opinion on 26 September 2014.

We noted significant issues arising from our audit within our *Report to the Corporate Governance Panel (ISA (UK&I) 260)*. This report was presented in draft to the Corporate Governance Panel on 25 September 2014 and a final version was issued on 26 September 2014. We wish to draw the following points, included in that report, to your attention in this letter:

1. Valuation of property;
2. Estimation of the pension liability;
3. Council tax benefit reform; and
4. Provision against non-domestic rates appeals.

1. Valuation of property

The Authority holds a significant property, plant and equipment (PP&E) portfolio and, in common with other authorities, each year a number of significant judgements are required in order to generate the figures for the current valuation of these assets in the financial statements.

During 2013/14 the Authority revalued their Leisure Centres following significant redevelopment spend. These centres represent the majority of the Authority's PPE balance in the accounts. This resulted in a revaluation of £9,617k and an impairment of £348k being recorded in the 2013/14 financial statements within the Comprehensive Income and Expenditure Statement.

Huntingdonshire District Council

The Authority utilised the expertise of an external valuation expert in the annual valuation of the Authority's PP&E and investment properties. Our internal valuation experts reviewed the assumptions and methodologies used by the Authority's external valuation expert and confirmed these were reasonable for use in the accounts process.

The audit team validated the inputs into the valuation report including the site areas, with a particular focus on the Leisure Centres valued in the year. Based on our analysis, the key valuation inputs appeared to fall within an acceptable range for land and buildings.

Where assets were not re-valued in year, we reviewed the Authority's impairment assessment, and evaluated whether the assets were held at an appropriate value in the accounts at the year-end. We also reviewed the work performed by management to evidence that there were no material upward changes to the carrying values on these assets.

We tested the accounting entries made in relation to revaluations and impairments and found no significant issues to report to you in this regard.

2. Estimation of the pension liability

The most significant estimate in the Statement of Accounts is in the valuation of net pension liabilities for employees in the Cambridgeshire County Council Pension Fund, of which Huntingdonshire District Council is an admitted body.

We reviewed the reasonableness of the assumptions underlying the pension liability and we undertook audit work on the data supplied to the actuary on which to base their calculations. We have no matters to draw your attention to in this regard.

As part of our audit procedures we receive information under a protocol from the external auditors of the Cambridgeshire County Council Local Government Pension Scheme, which provides assurance over the existence and valuation of scheme assets in particular. Consistent with our *Report to the Corporate Governance Panel 2012/13*, we again identified a difference between the estimated scheme assets used within the actuarial calculation and the actual scheme assets held by the pension fund as at 31 March 2014. In comparing the asset value per the actuary's report to the admitted body's share of the audited pension fund assets, we are comparing two estimates. In effect we are using the estimated percentage share of the audited assets figure to assess the reasonableness of the actuary's estimate. In our view as a firm, and consistent with the prior year, a reasonable threshold would be +/- 5% of the asset value.

As the difference in 2013/14 between the actuary's estimate of the total value of the fund and the audited total value of the fund falls within the +/- 5% threshold (actual difference is c.1.7%) it was deemed to be reasonable.

3. Council tax benefit reform

From 1 April 2013, Council Tax Benefit (CTB) was replaced by local authorities' own council tax support and reduction schemes. Following the abolition of CTB, the Authority has introduced a Council Tax Support (CTS) scheme having set their own rules (subject to a number of restrictions imposed by the Government).

As a new scheme was introduced we performed additional audit procedures this year to:

- Understand the criteria the Authority had set and the initial modelling performed to estimate the cost of the scheme;
- Review the accuracy of budget monitoring and reporting of CTS;
- Understand and evaluate the change processes and access to the Northgate system, being the system used by the Authority to process CTS; and

Huntingdonshire District Council

- Review the parameters now used within the Northgate system.

We also undertook focused testing on a sample of transactions under the new arrangements to ensure these were correctly processed and recorded. Council Tax Benefit was previously subsidised by the Department for Work and Pensions (DWP) and prior to 2013/14 we undertook certification work on behalf of the Audit Commission as part of the Housing and Council Tax Benefit Return (BEN01). This work was also leveraged to support our work on the audit opinion. However, due to the localisation of schemes the Audit Commission has revised its certification instructions (as DWP involvement ceased with the new CTS schemes) and we therefore needed to perform additional detailed testing procedures as part of the financial statements' audit to gain assurance over the accuracy, completeness, cut-off and existence of a sample of CTS claims.

We had no issues to report regarding our additional work performed on the Northgate system or on the CTS claims balance included within the financial statements.

4. Provision against non-domestic rates (NDR) appeals

As noted within our audit plan presented in March 2014, there were changes this year to the arrangements for collection of non-domestic rates (NDR) and as a result the Council is required to recognise a provision for appeals against the rateable value upon which NDR is paid.

NDR income is collected by the Council from every business based in the Huntingdonshire jurisdiction. From 1 April 2013, the amount collected was split between the Government (50%), Cambridgeshire County Council (9%), Cambridgeshire Fire and Rescue Authority (1%), with 40% retained by the Council.

Government has put in place a "safety net" level for all Councils; in the event that the Council's share of the NDR

income falls below this threshold, Government will make a payment to reimburse the Council. As a result of the appeals provision, the Council has recognised a significant cost in 2013/14 and has invoked the safety net. The expected payment from Government, calculated based on the current provision, is £1.0m.

The total appeals provision stated in the Collection Fund of the Council's financial statements was £5.1m. £1.6m of this balance was in relation to appeals from 2013/14, and £3.5m was in relation to appeals from previous years. The Council engaged a firm of experts to assist in calculating the value of the provision, since there was no provision in previous years to base the figure on.

We assessed the Council's assumptions and basis of the calculation of the provision, and deemed these to be reasonable. We also benchmarked the Council's provision as a proportion of total NDR collected against other local Council's and the provision fell within the average range. We ran sensitivity analyses on the level of the provision and, due to the safety net arrangement, we noted any increase or decrease in the provision in the Council's accounts would have been offset by a payment or levy from government and therefore there was no net impact on the general fund.

We highlight that the provision figure in the Collection Fund and the proportion recognised by HDC is uncertain, as is the actual level of government safety net debtor, however, the net of these two amounts was not material to the Council's accounts. This was disclosed as an estimate with sensitivities in the accounts.

The Council did not include a provision in respect of any amounts for claimants who had not come forward and lodged an appeal. We were aware that some other councils had recognised an additional provision, and there was disagreement nationally over the appropriateness of this treatment. However, as noted above any increase in provision would have been offset by a safety net payment and therefore would have had nil net effect on the Council's reserves.

Our work performed over this area did not identify any issues, other than that the provision was initially recognised within "Short Term Liabilities" not "Provisions" within the draft financial statements. We proposed an adjustment in respect of this – which management applied to the final set of financial statements.

Use of Resources

We carried out sufficient, relevant work in line with the Audit Commission's guidance, so that we could conclude on whether you had in place, for 2013/14, proper arrangements to secure economy, efficiency and effectiveness in your use of the Authority's resources.

In line with Audit Commission requirements, our conclusion was based on two criteria:

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

To reach our conclusion, we carried out a programme of work that was based on our risk assessment.

We issued an unqualified conclusion on the ability of the organisation to secure proper arrangements to secure economy, efficiency and effectiveness in its use of resources. However, we found the following matters which we wish to bring to your attention:

- The recurring funding gap identified each year of the MTP as presented to Cabinet in February 2014 was as follows:

- 2014/15: £1.0m
- 2015/16: £1.8m
- 2016/17: £1.7m
- 2017/18: £2.4m
- 2018/19: £2.9m

- The total savings required over the first five years of the MTP are therefore £9.8m.
- We have considered and discussed the emerging savings options with officers, in order to understand the current

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plans to address the funding gap. We note that the plans are at various stages of development.

- The Council has £15.1m of usable reserves and maintains these at what they believe is a prudent level determined by the Council (there is no minimum level set by policy).
- We have considered the Council's historic record in delivering savings; the monitoring and reporting arrangements in the place and the governance structure in place.

In undertaking this work, we did not identify any matters, in relation to the arrangements in place at the Council to secure financial resilience that would cause us to modify our Use of Resources conclusion. Clearly, however, the ongoing achievement of savings, together with the impact of future financial settlements should remain a key focus for the Council, not least as the Council cannot continue to reach financial balance through the use of historic reserves.

In our *Report to the Corporate Governance Panel 2012/13*, we outlined four matters we wished to raise to your attention:

1. Financial position;
2. Project management;
3. Procurement and contracting; and
4. Culture of control and compliance.

We have assessed the Council's progress against these findings and note that actions have been taken in all four areas, and that these are in varying degrees of development. Progress is being made against each of our findings, however the Council is aware that more needs to be done and that these will continue to be areas of focus for the Council in the medium term.

Annual Governance Statement

Local authorities are required to produce an Annual Governance Statement (AGS) that is consistent with guidance issued by CIPFA/SOLACE. The AGS accompanies the Statement of Accounts.

We reviewed the AGS to consider whether it complied with the CIPFA/SOLACE guidance and whether it might be misleading or inconsistent with other information known to us from our audit work. We found no areas of concern to report in this context.

Whole of Government Accounts

We undertook our work on the Whole of Government Accounts consolidation pack as prescribed by the Audit Commission. The audited pack was submitted on 26 September 2014. We found no areas of concern to report in this context.

Certification of Claims and Returns

We presented our most recent *Annual Certification Report for 2012/13* to those charged with governance in March 2014. We certified two claims worth £100 million. In one case a qualification letter was required to set out the issues arising from the certification of the claim. These details were also set out in our *Annual Certification Report for 2012/13*. We will issue the *Annual Certification Report for 2013/14* in March 2015.

Other matters

In our capacity as appointed auditors, we are also required to consider matters raised with us by local electors. We have been required to undertake additional work to consider a matter brought to our attention in relation to trading licence monies. There were no matters arising to report in this regard.

An audit is not designed to identify all matters that may be relevant to those charged with governance. Accordingly, the audit does not ordinarily identify all such matters

Other matters reported to those charged with governance

These are the matters we consider to be **most significant** for the Authority and have been raised with those charged with governance. Other, less significant recommendations have been brought to the attention of the Head of Resources.

As part of our audit work in 2014/15, we will follow up the recommendations we have made and report the status of these in future reports.

Recommendation

The Council should extend their related party identification procedures to include All nominated/appointed roles and then consider whether any material transactions have occurred which would need to be disclosed.

Note: as these are all nominee positions we do not consider this to be significant weakness, but given reputational and fraud risks associated with related parties, we have recommended that these transactions be more closely controlled and disclosed.

Management Response

Management will seek views from other practitioners in preparation for 2014/15 accounts closure to determine if “member representations” are required disclosures in respect of Related Party Transactions.

Owner: Clive Mason, Head of Resources

Target Implementation Date

March 2015

Final Fees

Final Fees for 2013/14

We reported our fee proposals in our audit plan.

We have undertaken additional work this year as a result of accounting issues identified during the course of our audit and matters raised by an elector. Our fees will therefore be in excess of the scale fee and we are currently in the process of agreeing the final amount with the Authority and the Audit Commission. We will report the final position in due course.

Our fee for certification of claims and returns is yet to be finalised for 2013/14 and will be reported to those charged with governance in March 2015 within the *Annual Certification Report 2013/14*.

FINAL DRAFT



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

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Public
Key Decision No
* Delete as applicable

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Value for Money at Huntingdonshire District Council
Meeting/Date: Corporate Governance Panel – 26th November 2014
Executive Portfolio: Jonathan Gray (Portfolio Holder for Resources)
Report by: Head of Resources
Ward(s) affected: All Ward

Executive Summary:

At the Panel meeting held in May 2014, it was requested that the Responsible Financial Officer report annually on the Council's achievement of Value for Money.

Value for Money, as a service objective, will aid all organisations to be successful in the delivery of their services; however, this requires there to be an appropriate balance between the three E's; namely Economy, Efficiency and Effectiveness. In respect of local government, it is in fact a statutory requirement that Council services are delivered in a way where Value for Money is at its heart as the Councils external auditors are required to issue a specific Value for Money opinion.

However, Value for Money is a key business driver for all organisations and should be at the centre of every decision (strategic or operational), strategy and process and be considered by, and the responsibility of, every member and officer. In this way, the Council can ensure that it is using its limited resources to best effect and ensuring our residents, businesses and stakeholders are receiving an acceptable level of service.

Over the past 18 months the Council has recently undergone significant change, including the recruitment of a new management team and the start of a partnership working programme with two neighbouring Councils. However, even within this environment of change this report demonstrates that it does have in place a number of structures, processes and practices that aim to ensure that it delivers its service and corporate objectives in a Value for Money way.

Recommendation(s):

That the Panel note this report.

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1. WHAT IS THIS REPORT ABOUT/PURPOSE?

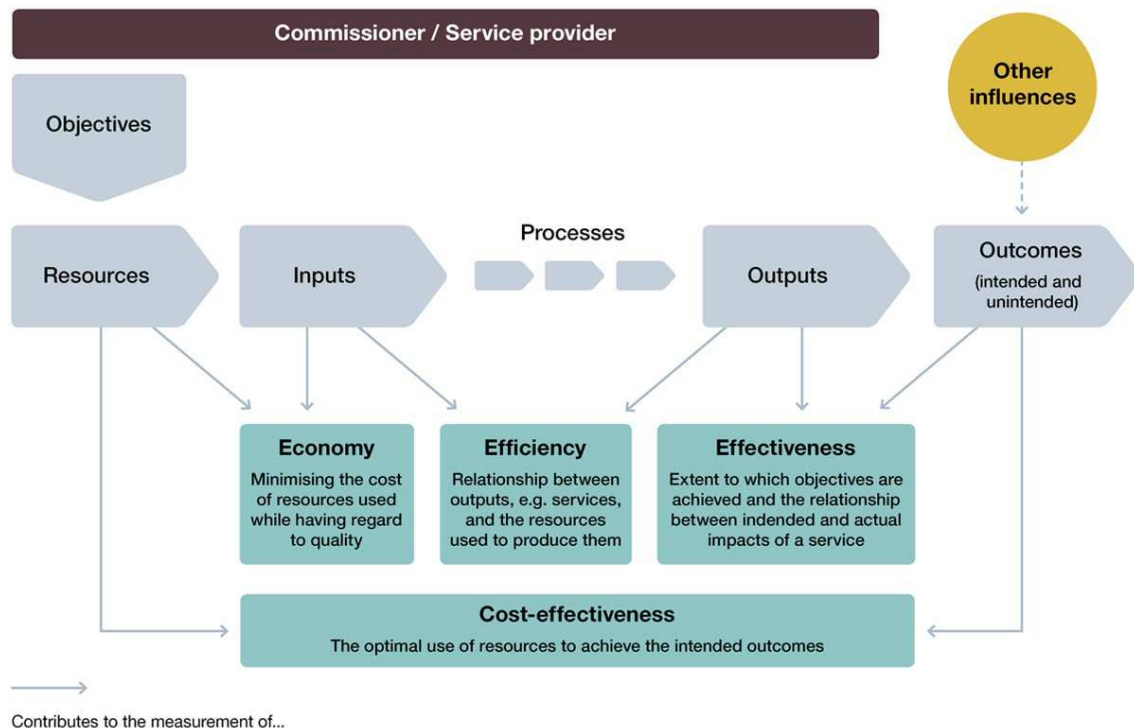
1.1 At the Corporate Governance Panel held on the 14th May 2014 it was agreed that the Head of Resources, as the Council's Responsible Financial Officer, would review and report on an annual basis how the Council's achieved Value for Money (VfM). This is the first report and looks at where the Council currently is in respect of VfM and what has happened over the past few years.

2. WHAT IS VALUE FOR MONEY

2.1 VfM is key business driver for any organisation and is a term to assess whether or not an organisation has obtained the maximum benefit from the goods and services it both acquires and provides, within the resources available to it.

2.2 Some elements of VfM may be subjective, difficult to measure, intangible and misunderstood; consequently judgement is therefore required when considering whether VfM has been satisfactorily achieved or not. However, VfM not only measures the cost of goods and services, but also takes into account the mix of quality, cost, resource use, fitness for purpose, timeliness, and convenience to judge whether or not, together, they constitute good value.

2.2 To pull all these variables together, VfM is typically represented by the "three E'S", and their relationship to the standard organisation process, as noted by the National Audit Office, is shown below:



2.3 In seeking to achieve VfM there are many ways that the Council can put in place process that will determine organisational behaviour and these can include:

- the culture of the organisation, for example, continually striving to do more at the appropriate quality for less money

- adopting good practice
- clearly defining the organisation's aims, strategies and policies
- providing an organisational structure which promotes accountability, through placing power at the point where responsibility is required to be taken, together with appropriate control and oversight exercised at a higher level
- being committed to effective communication and staff development so that the culture and aims of the organisation permeate to, and are identifiable at, all levels within the organisational structure
- providing an appropriate infrastructure in systems, resources and training.

3. VFM – RESPONSIBILITY OF ALL, and AT THE CORE OF ALL THAT WE DO

As noted earlier, VfM is a “key business driver for any organisation” and should be at the core of every decision (strategic or operational), strategy and process and considered by, and the responsibility of, every member and officer. In this way, the Council can ensure that it is using its limited resources to best effect and ensuring our residents, businesses and stakeholders are receiving an acceptable level of service.

4. TABLE TOP REVIEW OF VFM AT THE COUNCIL

VFM AND SERVICES

4.1 In assessing VfM at the service delivery level the University of Cambridge (UoC) follows an approach that asks 7 questions. Following a slightly amended UoC approach a table top review of VfM at the service delivery level has been undertaken and the highlights are shown at **Appendix 1**.

4.2 Responsible Financial Officer Opinion – VfM and Services

At the “service level” the Council has made a fair effort to demonstrate VfM over recent times. There are services where the demonstration of VfM could be improved but this will require additional resources and with the ongoing review of services such practical demonstrations should be considered along with other service priorities.

VFM AND CORPORATE

4.3 Over and above the “service delivery” VfM activity noted above, there is considerable “corporate” VfM activity that takes places. This includes:

External Audit Review

4.4 As part of the annual audit of the accounts process, the external auditor is required make an assessment on whether the Council has in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources. This is guided by the Audit Commission who stipulates that the organisations have proper arrangements for:

- Securing financial resilience; and
- Challenging how it secures economy, efficiency and effectiveness.

4.5 Over the past three years, the Council has received an Unqualified VfM opinion, however members will recall that there was considerable commentary accompanying the 2012/13 opinion which highlighted issues pertaining to:

- Financial position.
- Project management
- Procurement and contracting
- Culture of control and compliance

4.6 With regard to 2013/14, the main thrust of the external auditors VfM review was in respect of reviewing and commenting on the medium-term funding gap and whether the current level of reserves the Council holds is sufficient to bridge the gap (which it is). Of course, the purpose for “General Reserves” is not solely to meet this objective but it is a fair test of “financial sustainability”.

Governance Boards

4.7 As a consequence of the 2012/13 external audit report, the Council has introduced a series of Governance Boards. The Boards are themed in nature and review the governance arrangements within each of the themes; the themes being:

- Risk
- Project Management
- Customers
- Culture & Compliance
- Finance
- Procurement

4.8 Each Board is led by a Head of Service whose area of responsibility is not “directly related” to the theme; each Board is sponsored by a member of the Corporate Management Team and the other main members of the Board are officers who have an active interest in the theme and its governance. The lead Head of Service for the theme attends in an advisory capacity to ensure that the activity of the Board meets service requirements.

4.9 Considering that the new management team has only been in place since early September, it is early days for each of the Boards. However, all have met at least once and are developing their programme of review.

Project Management (& Lean)

4.10 The Council has, over the past couple of years undertaken a number of substantial projects, some which have come in for some member comment; namely the Huntingdon Multi-Storey Car Park and the OneLeisure St. Ives development (both of which are being considered at the November Overview & Scrutiny (Economic Well-Being) Panel). Further, the Councils approach to project management was addressed as a VfM issue in the 2012/13 external audit report.

4.11 Consequently, the Council has commenced a project management training programme for relevant officers. As “business cases” for projects are approved, the project will be assigned to a project manager whose role will be to develop and manage the programme to its conclusion.

- 4.12 In addition, the Council has commenced a programme of training to develop a cohort of officers who can undertake “Lean” reviews of Council processes. The purpose of “lean thinking” is to work more efficiently by eliminating any activities that are not considered essential, maximising customer value whilst minimising waste - or doing more with less

Procurement

- 4.13 It is the responsibility of Heads of Service to ensure that procurement within their service areas is undertaken within the requirements of the Code of Procurement. However, the Council continues to provide procurement expertise as a central resource and the Procurement Manager:

- is proactive in ensuring that there is ongoing liaison with services to ensure that he “knows the business of the service” that is procuring,
- reviews and keeps up to date the Councils contracts register,
- ensures that the latest procurement best practice and other requirements are adopted by the Council,
- provides ongoing procurement training to all staff so they know what they need to do.

Corporate Policy

- 4.14 In addition to the above, the Council has in place a number of other “policy” related processes that aim to ensure that the Council achieves VfM; these include (but are not limited to) the following:

- **Corporate Plan**

A new Corporate Plan was introduced during 2014/15 that details the “Strategic Themes and Outcomes” for the period 2014-16. The Plan also illustrates the main work programme, key actions for 2014/15 and performance indicators.

Since July 2014 the Council has commenced reporting to Cabinet (and Overview and Scrutiny) a basket of performance indicators that demonstrates how the Council is achieving the Corporate Plan. In addition, services can develop their own performance indicators for their area; therefore there is the beginning of a change to a performance management culture within the Council.

However, with the transition to a Zero Based Approach (ZBB) to “budget setting”, there is at present time a lack of “outcome and output” measures/indicators and this is one area that needs to be addressed for future ZBB reviews. Further, with the planned development in the Service Planning process and improvements in the Staff Appraisal process, there will be the development of a “golden thread” approach to performance management; in this way performance management will become a key requisite within the Councils approach to service delivery.

- **Constitution**

This details how the Council has to be “democratically managed and led”.

- **Shared Service Protocols**

With the development of the Partnership working arrangement between the Council, Cambridge City Council and South Cambridgeshire District Council, there is the start of the development of some protocols on how

the three Councils will endeavour to develop shared service delivery models.

- **Medium Term Financial Strategy & Other Finance Related Strategies, Reports and Processes**

Each February, the Council, as part of the annual budget setting process sets the Council Tax for the forthcoming year. An integral part of this process is the development of the Medium Term Financial Strategy (formerly known as the Medium Term Plan). The current plan covers the period 2014/15 to 2018/19.

In addition, the Council has in place a number of finance related strategies, reports and processes, including:

- **Zero Based Budgeting**, this new approach will endeavour to “rebase” the Councils budget ensuring that the true cost of services and income are represented within the Councils budget.
- **Budget Monitoring**, there is ongoing budget monitoring that results in monthly reporting of the forecast outturn to all members via the Financial Dashboard.
- **Treasury Management Strategy**, this details how the Council will conduct and manage its Treasury activity, with subsequent performance reporting at key dates throughout the year.
- **Annual Financial Report**, this demonstrates to key stakeholders the financial performance for the preceding year.
- **Annual Governance Statement**, this demonstrates to key stakeholders the governance performance for the preceding year.
- **Code of Financial Management**, this details the “financial procedures and practices” that the Council has to adhere to.
- **Code of Procurement**, this details the “procurement procedures and practices” that the Council has to adhere to.

- **Human Resource Policies**

Human resource is the main resource within all Councils. To support the use of this resource, the Council has a range of policies that detail the terms of employment and what is expected of each employee (and also the employer).

- **Policy Delivery**

The Council has in place a number of policies and statements that detail how it will conduct its services e.g. Communication Strategy, Customer Services Strategy and Pay Policy.

- **Asset Management Plan**

The Council is currently developing an Asset Management Plan (AMP) and other supporting documents that detail how it acquires, uses and disposes of its assets (both operational and non-operational assets). In addition a further asset related plan is in the beginning stages of development that will set the strategy on how the Council will develop its “investment asset” portfolio.

4.15 **Responsible Financial Officer Opinion – VfM and Corporate**

Over the past year the Council has made great strides in putting in place new corporate structures, processes and practices that will only assist the Council in improving VfM and its ability to be able to demonstrate this. As the new management structures, processes and practices bed down, the VfM aspects

of service delivery should improve and this should be better demonstrated through the Councils Corporate approach to VfM.

5. LEGAL IMPLICATIONS

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

6. RESOURCE IMPLICATIONS

6. 1 There are no direct financial implications arising from this report.

7 LIST OF APPENDICES INCLUDED

Appendix 1 - Summary of VfM Activity undertaken at a service level.

BACKGROUND PAPERS

External Auditors - ISA 260 31 March 2013 – HDC

External Auditors – ISA 260 31 March 2014 - HDC

CONTACT OFFICER

Clive Mason, Head of Resources
01480 388157

Summary of Vfm Activity undertaken at a service level.

	Resources	Operations	Leisure	Customer	Community	Development	Corporate Office
<ul style="list-style-type: none"> Benchmarking an activity against similar activities in other organisations 	<p>Corporate Finance compared nationally on an annual basis</p> <p>Internal Audit peer review, 2014</p>	<p>Various indices followed, but last benchmarking undertaken 2013</p>	<p>Competitor Analysis, last undertaken 2013</p>	<p>Ongoing participation in various national and professional benchmarking schemes.</p>	<p>Ad-hoc participation in countywide and subregional groups.</p>	<p>Recent shared services exploration has required some benchmarking activity.</p>	<p>Occasional participation in specific reviews. Last review was 2013.</p>
<ul style="list-style-type: none"> Using performance indicators (PI's) 	<p>Use of PI's for internal comparison.</p>	<p>Use of local PI's but limited use since the demise of the national NI suite.</p>	<p>PI's regularly used for all activities to inform management of service activity.</p>	<p>Comprehensive use of PI's across the service, both internally and externally.</p>	<p>PI's are used to inform internally on compliance in commercial health.</p>	<p>PI's are used extensively to support internal performance monitoring.</p>	<p>A mix of service specific and general management PI's.</p>
<ul style="list-style-type: none"> Undertaking VFM studies 	<p>Peer review undertaken for Internal Audit in early 2014. Vfm studies not undertaken routinely.</p>	<p>Vfm study undertaken in 2011/12.</p>	<p>No specific Vfm study, but using PI's to show improvements in cost per user on an ongoing basis.</p>	<p>Various activities undertaken that provide a Vfm portrait rather than specific studies.</p>	<p>None undertaken.</p>	<p>None undertaken.</p>	<p>None undertaken.</p>
<ul style="list-style-type: none"> Seeking out 	<p>Regular vocational and</p>	<p>Attend network events,</p>	<p>Customer satisfaction</p>	<p>Regular vocational and</p>	<p>Regular vocational and</p>	<p>Regular vocational and</p>	<p>Ad-hoc training and using</p>

and then adopting recognised good practice	professional training; including subscriptions to professional and advisory networks.	seminars and contact with peers.	surveys to establish locality needs and attending events on current and future service offerings.	professional training; including subscriptions to professional and advisory networks.	professional training; including subscriptions to professional and advisory networks.	professional training; including subscriptions to professional and advisory networks.	industry standard practice.
<ul style="list-style-type: none"> Utilising good business planning practices (i.e. procurement etc) in the conduct of your service 	Using local and statutory practices is “business as usual” in the conduct of service activity.	Using local and statutory practices is “business as usual” in the conduct of service activity.	National accreditation scheme achieved 4 years ago. As well as using local and statutory practices as “business as usual”.	Various practices followed to ensure services are provided in line with local and statutory requirements.	Using local and statutory practices is “business as usual” in the conduct of service activity.	Using local and statutory practices is “business as usual” in the conduct of service activity	Using local and statutory practices is “business as usual” in the conduct of service activity.
<ul style="list-style-type: none"> Examining the results or outcomes of an activity. 	Balanced budget setting and ongoing monitoring provides effective support to the Council.	Comparing to other Councils to ensure service delivery is in line with industry.	Traffic light system operated by centres to determine service activity and future programming options. Outcome/output measures for Sport and Physical Activity	Performance information that is generated is reviewed to influence service delivery.	Service results are not actively reviewed.	Performance information that is generated is reviewed to influence service delivery.	Performance information that is generated is reviewed to influence service delivery.

			programme being developed. Output measures readily available and shared with funders and partners				
<ul style="list-style-type: none"> Demonstrating VfM principles are the core of business and service activity. 	Adherence to Council policies and procedures, training programme in place and ongoing review of systems and processes.	Processes and practices are reviewed on an ongoing basis to ensure services are delivered as effectively as possible.	Processes and practices are reviewed on an ongoing basis to ensure services are delivered as effectively as possible; including reporting to the OneLeisure Board on a monthly basis.	Where possible processes are automated and there every effort made to achieve business plans. Further, LEAN review being undertaken within Housing.	Service results are not actively reviewed to determine achievement of VfM principles.	Service results are not actively reviewed to determine achievement of VfM principles.	Recent structural review and review of budgets has been undertaken in light of VfM principles and effective service delivery

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HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Annual report on the Freedom of Information (FOI) & Environmental Information Regulations (EIR) Acts
Meeting/Date:	Corporate Governance Panel 26 th Nov 2104
Executive Portfolio:	Councillor Chapman, Executive Councillor for Customer Service
Report by:	Head of Customer Service
Ward(s) affected:	All or list individual Ward(s)

Executive Summary:

This an annual report on the Freedom of Information and Environmental Information Regulations Acts.

The numbers of requests received by the Council continues to rise, and already in 2014 more requests (677 to date) have been received as in the whole of 2013 (HDC received 571).

Approximately 25% of the requests are not disclosed (as they are for information already in the public domain or are for information the Council is not responsible for). The remaining requests are dealt with. Earlier in 2014 the Council did not meet its target time for responses within 20days – this was due to the loss of experienced Officers who administer/manage the system combined with record levels of submissions. These posts were replaced, and with new Officers in post, performance is now meeting target.

More work is required in this area to ensure compliance, and in the coming year more training and support is planned to ensure Officers continue to respond to requests from the public in a timely manner.

Recommendation(s):

Corporate Governance Panel is asked to note the content of this report.

1. PURPOSE

1.1 The purpose of this report is to:

- Analyse the requests for information received by the Council under FOI & EIR.
- Highlight any issues that have been encountered and the action taken to correct issues.

2. BACKGROUND

2.1 The public has had the right to access information held by the Council under the Freedom of Information Act. The Freedom of Information Act (FOI) works alongside the Environmental Information Regulations (EIR) which came into force in 2004. IMD are responsible for managing the process for dealing with FOI and EIR requests.

3. ANALYSIS

3.1 FOI and EIR Requests received

3.2 The table below shows the number of requests due for completion* by Huntingdonshire Council each month over the past 3 years.

Month	2012	2013	2014
January	36	-	50
February	40	63	84
March	46	52	74
April	25	53	78
May	53	42	75
June	44	48	71
July	42	56	65
August	32	48	60
September	25	59	73
October	41	52	47
November	40	45	48*
December	30	53	
Total	454	571	725

3.2 Further detail is supplied in the Appendices to this report.

3.3 In 2013, 93% of requests were completed in time (meeting the target on 90% within 20 days). However, to date, the number of requests completed on time in 2014 has dropped below this level, and currently stands at c.70%.

3.4 This is due to a number of factors. There has been an increased demand for FOI/EIR over previous years with highest ever recorded intake. In addition there have been several changes of personnel within the IMD Team over the past 12 months, with a significant loss of knowledge on the structure of the organisation, the process for completing requests and confidence in dealing with teams who are not providing the requested information within the statutory timescales.

3.5 However, since the backlog of cases has been reduced, and stability achieved with the IMD Team, there has been an increase in compliance with the legislation, and in the last 3 months the target has been met.

3.6 Support and refresher training to staff on both FOI and EIR has also been given and this has helped services in dealing with requests.

3.7 Types of FOI/EIR requests

3.8 The most frequent requests continue to be for:

- Land Charges information
- Contracts
- NNDR information
- Planning Preliminary Enquiry files

3.9 The majority of people requesting information continue to be members of the public but there have been a number of requests from companies and the media.

3.10 Reviews of FOI/EIR requests

3.11 During 2013 there were 3 complaints received with regard to the handling of FOI requests as well as 1 complaint from the Information Commissioner. In 2014, to date there have been 6 complaints reviewed by the Internal Review Panel. All complaints have been dealt with; on 2 occasions the applicant has escalated their complaint to the Information Commissioner. Decisions are still under consideration by the ICO at the time of this report.

3.12 Training

3.13 There is a continuing need to make Officers and Members aware of the FOI/EIR legislation. FOI/EIR training has been included in the essential training for all Officers as part of their Personal Development Plan.

3.14 Interactive online training has been setup to give self-service training for Officers and Members. A new online DPA training package should improve monitoring capacity. A FOI/EIR course is available on the [e-learning zone](#). Additional training on EIR/ FOI was provided to a number of staff at HDC, overall comments from attendees were that this training was beneficial.

4. COMMENTS OF OVERVIEW & SCRUTINY PANEL

4.1 None – paper is intended for Corporate Governance Panel.

5. KEY IMPACTS/RISKS? HOW WILL THEY BE ADDRESSED?

5.1 The future provision of FOI/EIR will be examined bearing in mind the decision to share IT services with Cambridge City Council and South Cambridgeshire District Council. This may mean some changes to where this activity is delivered, and plans are in place to assess the options.

6. WHAT ACTIONS WILL BE TAKEN

6.1 The next steps for FOI/EIR are to continue delivering Business As Usual. In the coming months it is also intended to relaunch the Council's Information Management Strategy and conduct more staff awareness and briefing sessions.

These will continue to ensure FoI/EIR is dealt with efficiently by the organisation.

7. LINK TO THE LEADERSHIP DIRECTION

7.1 This supports the aim of 'Ensuring we are a customer focussed and service led council'. HDC must comply with the law concerning FoI/EIR.

8. CONSULTATION

8.1 None

9. LEGAL IMPLICATIONS

9.1 There are no direct legal implications arising from this report. However, consideration should be given to the legislative requirements with regards to timescales for responding to and dealing with request in order to prevent complaints to the ICO.

10. RESOURCE IMPLICATIONS

10.1 There are no direct resource implications arising from this report. However, consideration should be given to the additional administrative burden if non-compliance with relevant response deadlines was to re-emerge as an issue.

11. OTHER IMPLICATIONS

(Equalities, environment, ICT, etc)

+

11.1 None

12 REASONS FOR THE RECOMMENDED DECISIONS

12.1 This paper updates Members on how FoI/EIR has been dealt with by HDC. Record levels of requests are being received. At times in 2014 performance fell below target levels, but with an appropriate management response, performance is now achieving targets.

12.2 Members of the Corporate Governance Panel are asked to note the contents of this report.

13. LIST OF APPENDICES INCLUDED

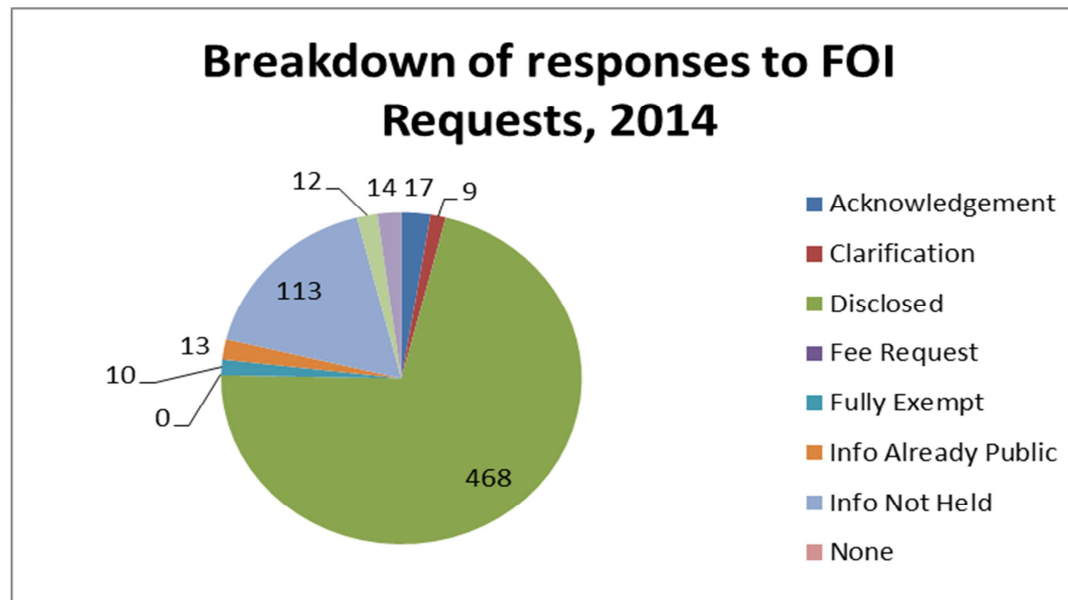
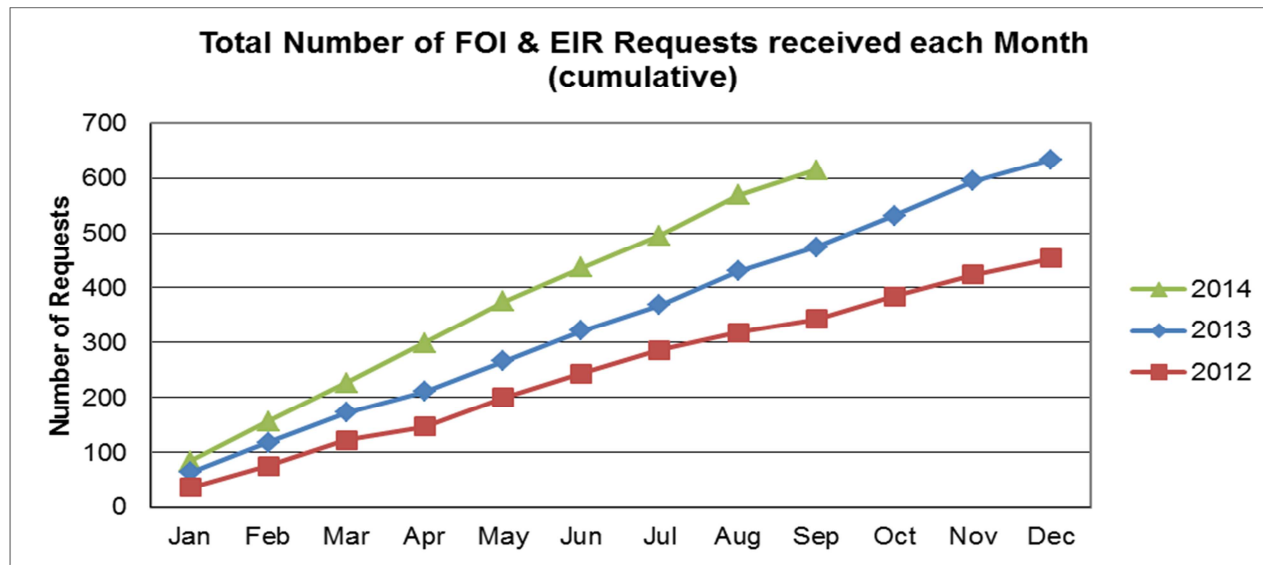
Appendix 1 – Charts and further information

BACKGROUND PAPERS

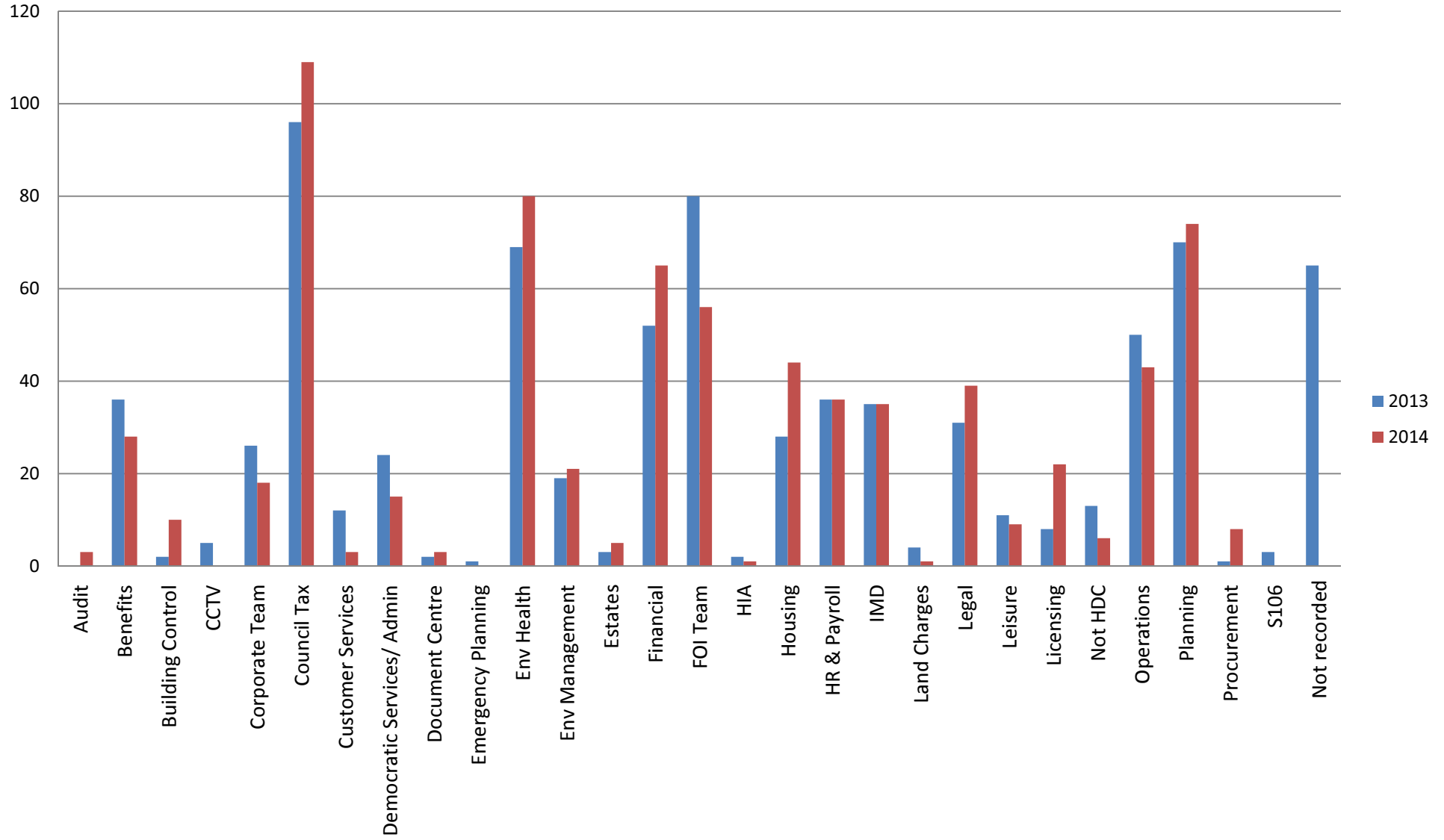
None

CONTACT OFFICER

John Taylor/Head of Customer Service
01480 388119



Number of Requests received by department, 2013 and 2014 (to 31st October)



**Public
Key Decision - No**

HUNTINGDONSHIRE DISTRICT COUNCIL

Title:	Annual Review of Whistleblowing Policy and Guidance
Meeting/Date:	Corporate Governance Panel – 26 November 2014
Executive Portfolio:	Resources: Councillor J A Gray
Report by:	Internal Audit & Risk Manager
Ward(s) affected:	All Wards

Executive Summary

The whistleblowing policy and guidance is reviewed annually.

The purpose of whistleblowing law is to protect individuals who make disclosures of wrongdoings in the public interest without fear of reprisals from their employer.

The review of the policy and guidance has been completed by the Internal Audit & Risk Manager. A number of changes are being proposed to both the policy and guidance to reflect the new management structure. No other substantial changes are proposed. The policy and guidance can be found at Appendix 1 and 2.

Public Concern at Work (PCaW), the leading independent supporter of whistleblowers and provider of guidance and advice, has issued a code of practice (Appendix 3) that it encourages organisations across all sectors to sign up to. Promotion of the code by the PCaW is through 'The First 100 Campaign'. It is recommended that the Council supports the campaign and becomes a signatory to it. This will send a strong message to employees that it is supportive of those who wish to raise a concern via whistleblowing and that harassment, bullying or victimisation of a whistleblower will not be tolerated.

Recommendations:

It is recommended that the Panel :

1. Approve the revised whistleblowing policy and guidance.
2. Agree the Council becomes a signatory to the Public Concern at Work, 'The First 100 Campaign'.

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1. WHAT IS THIS REPORT ABOUT/PURPOSE?

- 1.1 This report deals with the review of the whistleblowing policy and guidance.

2. WHY IS THIS REPORT NECESSARY/BACKGROUND

- 2.1 The whistleblowing policy and guidance was introduced in 2000 in response to the Public Interest Disclosure Act 1998 (PIDA). Both documents are reviewed annually to ensure they continue to be fit for purpose. Consequently both documents mirror best practice requirements. This year's review has been conducted by the Internal Audit & Risk Manager.
- 2.2 The policy allows any employee, contractor or member of the public the opportunity to report, without fear or victimisation, a serious or sensitive concern. (e.g. a potential fraud or corrupt act, any danger to health and safety or the mistreatment or abuse of any customers, particularly children).

3. OPTIONS CONSIDERED/ANALYSIS

- 3.1 Panel last reviewed the policy and guidance in November 2013, shortly before Public Concern at Work (PCaW), the leading independent supporter of whistleblowers, issued their 'Whistleblowing Commission' Report on the effectiveness of existing arrangements for workplace whistleblowing in the UK.
- 3.2 The Report recommended that the PIDA be amended to allow the Government to issue a whistleblowing code of practice that would be taken into account by courts and tribunals when issues of whistleblowing arise. The Government has not amended the PIDA as suggested, but it does support the code of practice.
- 3.3 The code of practice provides practical guidance on the raising, handling, training and reviewing of workplace whistleblowing procedures and practices. It has been compared to our own policy and guidance. There are a few differences in phrasing and terminology but these are not considered sufficient enough to require the policy and guidance to be amended.
- 3.4 To support the code of practice, PCaW has started 'The First 100 Campaign'. An appeal to organisations across all sectors to sign up to the principles of the code and work towards compliance with it. It is recommended that the Council supports this, and becomes a signatory to it. This will show employees that we wish to support them in speaking up about wrongdoing and listen to them when they do.
- 3.5 There are a number of changes being proposed to both the current policy and guidance to reflect the new management structure. No other substantial changes are proposed. All the changes are clearly marked on the policy and guidance which are attached, as appendices, to this report. Once approved, they will be made available on the Council's website and intranet.

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

- 4.1 The Council is not required by statute to have a whistleblowing policy in place although it is considered to be best practice.
- 4.2 It is important the employees, service users and contractors etc., have the ability to report, in confidence, issues of concern to the Council. The whistleblowing policy introduces a framework in which this can be done and importantly, sets out the protection that will be afforded to a whistleblower. Dealing effectively with a whistleblowing allegation is important to protect the Council from potentially significant reputation, commercial and financial risks.
- 4.3 Not having a reporting mechanism in place, may lead people to report matters outside of the Council with consequential impacts upon the reputation of the Council.
- 4.4 Having a policy and guidance in place is of limited use if it is not publicised or made known. Raising the profile of whistleblowing internally has been done through the use of posters, intranet and notes on the employee bulletins etc. The challenge is to raise the profile externally, with service users and contractors etc. In previous years the Council Tax leaflet, and posters in Post Offices, Doctors and Dentists surgeries have all been used to raise the profile of whistleblowing.

5. LINK TO THE LEADERSHIP DIRECTION

- 5.1 The whistleblowing policy sits within the corporate aim of ensuring we are a customer focused and service led council, which has the aims of delivering value for money services, becoming more business-like and efficient in the way we deliver services and ensuring customer engagement drives service priorities and improvement.

6. CONSULTATION

- 6.1 Not applicable.

7. LEGAL IMPLICATIONS

(Comments from the Head of Legal & Democratic Services)

- 7.1 There are no legal implications arising from this report.

8. RESOURCE IMPLICATIONS

(Comments from the Assistant Director, Finance & Resources)

- 8.1 There are no resource implications arising from this report. If a decision is taken to join the '100 First Campaign' then resources may need to be spent to publicise that decision both within and outside the Council. The cost of doing this will be funded from current resources.

9 REASONS FOR THE RECOMMENDED DECISIONS

- 9.1 Changes are required to the whistleblowing policy and guidance to reflect the managerial changes that have been introduced.
- 9.2 Supporting the 'The First 100 Campaign' organised by PCaW will show all employees and those we provide services to and undertake business with, that the Council is committed to properly investigate all whistleblowing allegations.

10. LIST OF APPENDICES INCLUDED

- Appendix 1 – Whistleblowing Policy
- Appendix 2 – Whistleblowing Guidance
- Appendix 3 – Public Concern at Work – Code of Practice

BACKGROUND PAPERS

Public Concern at Work, Whistleblowing Commission report

CONTACT OFFICER

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



Huntingdonshire District Council Whistleblowing Policy

Introduction

Huntingdonshire District Council recognises that those that it employs and provides services to are often in the best position to know when the interests of the public are being put at risk. They can act as an early warning system on matters of health and safety or help to uncover fraud and mismanagement.

The Council also recognises that these people may not wish to express their concerns for a number of reasons. They may think it is disloyal to do so or they may fear reprisals, or they may not expect any action to be taken, or they may not know the best way to proceed. They may therefore find it easier to ignore their own concerns, or to “blow the whistle” to someone outside the Council.

The Council wants to build an environment of trust and openness so that people are prepared to whistle blow knowing that their concern will be treated confidentially and investigated appropriately. This Policy has been prepared in response to the Public Interest Disclosure Act 1998 and other legislation¹ and has been formally adopted by the Corporate Governance Panel on behalf of the Council.

Policy Statement

The Council is committed to the highest possible standards of openness, probity and accountability and to dealing with all fraud and other forms of malpractice reported.

Any employee, contractor, member of the public or any other organisation with serious or sensitive concerns about any aspect of the Council’s work shall be encouraged to come forward and voice those concerns at an early stage without fear of victimisation, subsequent discrimination or disadvantage. These concerns may relate to issues that are occurring now, took place in the past, or are likely to happen in the future.

All concerns received will be treated in confidence, examined and investigated in accordance with this policy.

Any employee or contractor who raises a concern shall be treated as though they are making a ‘protected disclosure’ (within the meaning of employment legislation)², if the concern is connected with any of the areas listed under the following section and been raised in the public interest.

¹ Enterprise and Regulatory Reform Act 2013

² Employment Rights Act 1996

Concerns covered by the Policy

The policy is intended to deal with genuine concerns of a serious or sensitive nature about wrongdoings in the following areas:-

- fraud and corruption
- any customers that we deal with, particularly children, being mistreated or abused
- an unlawful act
- the health and safety of any individual has been, or is likely to be endangered
- damage to the environment
- discrimination of any kind; or the
- deliberate concealment of any information that falls into any of the areas above.

Concerns not covered by the Policy

The Council wants all serious or sensitive concerns to be raised.

Any concern that falls under another Council policy or procedure will be investigated in accordance with that policy, for example the grievance or dignity at work policy if the issue is raised by an employee, or the complaints procedure if the issue is raised by a service user or contractor. Concerns involving Councillors will be referred to the Council's Monitoring Officer.

If the concern refers to an issue that is not in the public interest, not covered by this policy or any other Council policy or procedures (e.g. an employee not performing their duties correctly whilst under the influence of alcohol or non-prescribed drugs) it will be investigated as though it was received under this policy.

Implementing the Policy

The Council shall take appropriate action to publicise the policy so that all potential whistleblowers:

- feel confident that they are able to contact the Council and raise their concerns about Council practices
- realise that concerns should be raised about any employee, councillor, supplier or anyone who provides services to the public on the Council's behalf
- are aware of the different ways they can inform the Council of their concerns
- understand that concerns will be received in good faith and taken seriously
- are aware that anonymous concerns may not be investigated
- understand that they will receive a response to their concerns and are aware of how to pursue them further if they are not satisfied with the response
- are reassured that they will be protected from victimisation, subsequent discrimination or disadvantage

A guidance note shall be made available setting out the actions that will normally be taken when a concern is received.

Investigating Officer

All whistleblowing concerns received under this policy shall be reported immediately to the Audit & Risk Manager. He will be responsible for reviewing the concern, deciding upon the action to take, leading and directing investigations, preparing any subsequent reports and liaising with the person raising the concern.

Safeguards

The identity of the person raising the concern will remain confidential. If disclosure is required for any reason then this will be discussed with the person concerned.

The Council will not tolerate the harassment or victimisation (including informal pressures) of any person who has raised a concern. The Council's disciplinary procedures will be used against any employee who is found to be harassing or victimising the person raising the concern or who has disclosed the name of a whistleblower to any person other than the Council's Managing Director, the Corporate Director (Services) or the Audit & Risk Manager.

Whistleblowing Externally

Whilst the Council would like all concerns to be raised with it initially, it recognises that the Public Interest Disclosure Act 1998 allows for concerns to be made to "prescribed persons". The guidance note will provide information on external whistleblowing.

Monitoring and Review

The ~~Head of Legal and Democratic Services~~ Corporate Director (Services) will be responsible for monitoring the implementation and effectiveness of the Policy and the guidance note. This will include an annual review and an annual report to the ~~Chief Officers'~~ Corporate Management Team and the Corporate Governance Panel.

End.

Huntingdonshire District Council Guidance for Whistleblowers

Introduction

This guidance explains how the Council will react when it receives a concern under its whistleblowing policy. You can read the Council's whistleblowing policy on its website or request a copy from the Head of Legal and Democratic Services. His telephone number is listed at the end of this note.

We realise that for some individuals it will take a great deal of courage to raise a concern. Please be assured that your concern will be treated in confidence at all times and that we will not tolerate the victimisation of anyone who reports an issue to us.

Concerns received will probably require different responses. This guidance is intended to provide you with an idea of the steps we will generally follow when a concern is received.

The guidance applies to all employees, suppliers, contractors and members of the public who wish to raise a serious or sensitive concern about a potential criminal offence, breach of the law, health and safety or environmental issue.

What you need to tell us

If you have a concern then please raise it with us sooner rather than later. We would much rather be told about a concern and investigate it, even if the investigation shows your concern was unfounded, than not know about the matter in the first place.

It is best if your concern is raised in writing and that you provide your name and some contact information. A telephone number is sufficient.

When you first raise your concern we will treat it in good faith and accept that it is true. You should however try and avoid making your concern anonymously. If your concern is justified, but made anonymously, we may still be unable to investigate it if we can't contact you to obtain further information. Please think carefully about remaining anonymous.

You need to tell us as much as you can about your concern. Please try and provide some background information and all the names, dates and places that are relevant. If you have any documentary evidence to support your concern then please tell us about that as well. The more information you are able to provide the easier it will be for us to investigate your concern.

If you are uneasy about putting your concern in writing then contact us using one of the methods below and ask for a meeting, which doesn't have to be at

the Council's offices. If you wish you can bring other people to the meeting if that will reassure you.

How to contact us

There are a number of ways you can contact us.

Complete the electronic form that is available on the Council's web pages at <http://www.huntingdonshire.gov.uk>. Type whistleblowing into the search engine or go to W on the A to Z listing, and then select whistleblowing

Send an email to whistleblower@huntingdonshire.gov.uk

Leave a message on the 24 hour telephone hotline, 01480 387080.

Write a letter, clearly marking the envelope Strictly Private & Confidential to:

Internal Audit & Risk Manager
Huntingdonshire District Council
Pathfinder House
St Mary's Street
Huntingdon
PE29 3TN

No matter which method you use to contact us, all the information you provide will be treated in confidence.

Who will investigate your concern?

All concerns are passed to the Council's Internal Audit & Risk Manager as soon as they are received. All electronic forms and emails together with the telephone hotline are accessible only by him. Post that is marked 'strictly private and confidential' will be passed unopened to him.

What we will do?

Once you have told us of your concern the Internal Audit & Risk Manager will look into it to assess initially what action should be taken.

The initial assessment may involve an internal inquiry or a more formal investigation. Please be assured that the number of people who are made aware of the concern will be kept to a minimum.

If he believes that your concern is valid, but should not be classed as a whistleblowing concern, e.g. a potential breach of planning consent, then he may pass your concern to a member of staff in the relevant department to investigate. Your concern will be passed on anonymously, your details will remain confidential.

Depending on the outcome of the initial assessment we may decide that your concern is valid but that we have insufficient information to continue with the investigation. If this happens we will try and obtain further information to allow us to continue with the investigation. If this is not possible and no other option is available to us, we may request you to gather additional information on our behalf. You are under no obligation to do this however.

Once we have validated your concern and have sufficient information to continue, your concern will be investigated.

All meetings, decisions and actions taken in dealing with the concern will be recorded in writing.

Letting you know what we're doing

If you have provided contact information you will be told who is handling the matter, how you can contact them and whether your further assistance may be needed. If you request it, we will write to you summarising your concern and setting out how we propose to handle it.

When the investigation has been completed we will contact you again with as much detail about the investigation as we are able to provide. Please note that we may not be able to tell you the precise action we have taken, as this may infringe a duty of confidence owed by us to someone else.

What if we take no action?

If after undertaking the initial assessment and speaking with you, we feel that we do not have sufficient information to undertake an investigation into your concern then we will tell you. If you are unhappy about this, you should contact the Council's Managing Director or ~~Head of Legal & Democratic Services~~ Corporate Director (Services) who will decide if any further action needs to be taken.

Maintaining confidentiality

We will do our utmost to protect your identity. If it has to be disclosed to allow us to undertake disciplinary or other more serious action against any wrongdoer, then we will discuss this with you. In some circumstances, especially if the Police are involved, we may be legally obliged to disclose your identity without your consent. Again, we will discuss this with you.

If you feel that you are being harassed or victimised because you have raised a concern then you must let us know. We will take action to protect you as long as we believe that your concern was raised in the public interest.

Who to report to externally

If you sincerely believe that, by raising your concern with us, you will be subject to victimisation or reprisals of whatever sort, or that evidence to support your concern will be destroyed, then you should raise the matter with an external organisation, known as a “prescribed person”.

If you wish to take this course of action, but are unsure of what to do then please contact either the Internal Audit & Risk Manager or the ~~Head of Legal and Democratic Services~~ Corporate Director (Services). They will be able to advise you on what you need to do, without asking for details of your concern.

Alternatively you could contact the Council’s external auditors, PriceWaterhouseCoopers, on 0207 213 5497.

When raising a concern externally remember to make it clear that you are raising the issue as a whistleblower. This gives you additional statutory rights.

Further information and advice

If you want further information or advice about whistleblowing then please contact either:

David Harwood, Internal Audit & Risk Manager (01480 388115

or

~~Colin Meadowcroft, Head of Legal and Democratic Services (01480 388021~~

Julie Slatter, Corporate Director (Services) (01480 388103

End.

arrangements, including:

- a) the number and types of concerns raised;
- b) any relevant litigation; and
- c) staff awareness, trust and confidence in the arrangements.

Anonymity and confidentiality

9. The best way to raise a concern is to do so openly. Openness makes it easier for the employer to assess the issue, work out how to investigate the matter and obtain more information. A worker raises a concern confidentially if he or she gives his or her name on the condition that it is not revealed without his or her consent. It is important that this is a clear option for anyone to use when raising a concern.

10. A worker raises a concern anonymously if he or she does not give his or her name at all. If this happens, it is best for the organisation to assess the anonymous information as best it can to establish whether there is substance to the concern and whether it can be addressed. Clearly if no-one knows who provided the information it is not possible to reassure or protect them.

Examples of Detriment

11. The code at paragraph 5(c) requires an assurance that a worker will not suffer a detriment for having raised a concern. Paragraph 6 of the code states that an employer

should also sanction those who subject an individual to detriment. Subjecting a worker to a detriment means subjecting the worker to "any disadvantage" because they blew the whistle. This could include (but is not limited to) any of the following:

- a) failure to promote;
- b) denial of training;
- c) closer monitoring;
- d) ostracism;
- e) blocking access to resources;
- f) unrequested re-assignment or re-location;
- g) demotion;
- h) suspension;
- i) disciplinary sanction;
- j) bullying or harassment;
- k) victimisation;
- l) dismissal;
- m) failure to provide an appropriate reference; or
- n) failing to investigate a subsequent concern.

Part IV of the Employment Rights Act 1996 – The Public Interest Disclosure Act

12. PIDA sets out a framework for a worker to make disclosures about the following categories of wrongdoing, provided that they reasonably believe it to be in the public interest to do so:

- a) criminal offences,
- b) failure to comply with legal obligations,
- c) miscarriages of justice,
- d) dangers to health or safety,
- e) dangers to the environment,
- f) deliberate concealment of any of the above categories.

13. This disclosure will be protected if the workers discloses:

- a) in course of obtaining legal advice;
- b) to the employer;
- c) in certain circumstances, to a Minister of the Crown;
- d) to a 'prescribed person,' reasonably believing that the information and any allegation contained within it are substantially true. The Secretary of State (in practice the Secretary of State for Business, Innovation and Skills) prescribes by list both the identity of the prescribed person (usually regulatory body) and its remit;
- e) to any person or body

provided that a number of detailed conditions are satisfied. Those conditions include a requirement that the worker does not make the disclosure for purposes of personal gain and a requirement that it is reasonable to make the disclosure in the circumstances. A further section makes provision for a disclosure of an exceptionally serious failure to any person or body.

14. The Act makes it unlawful for an employer to dismiss or subject a worker to a detriment for having made a 'protected disclosure' of information. The protection provided by the Act is not subject to any qualifying period of employment and so is referred to as a 'day one' right in employment law. By contrast under ordinary unfair dismissal, there is a two year qualifying period.

Settlement agreements

15. In the light of section 43J ERA 1996 (anti-gagging provisions in PIDA) employers drafting settlement agreements which not include a clause which precludes a worker from making a protected disclosure.

Further information

If you want to learn more about the Code of Practice and how Public Concern at Work can help you please contact services@pcaw.org.uk or **020 3117 2520**.

The report of the Whistleblowing Commission can be found here: www.pcaw.org.uk/whistleblowing-commission.

The Whistleblowing Commission, established in 2013 by whistleblowing charity Public Concern at Work, developed a Code of Practice for effective whistleblowing arrangements. The Commission recommended that this is rooted in statute, can be taken into account in court cases and by regulators. To find out more about the code, contact Public Concern at Work on 020 3117 2520.

6.2

The Code of Practice

Every employer faces the risk that something will go badly wrong in their organisation and ought to welcome the opportunity to address it as early as possible. Whenever such a situation arises the first people to know of such a risk will usually be “workers”^[1] yet while these are the people best placed to speak up before damage is done, they often fear they have the most to lose if they do (otherwise known as “whistleblowing”).

This Code of Practice provides practical guidance to employers, workers and their representatives and sets out recommendations for raising, handling, training and reviewing whistleblowing in the workplace.

[1] Worker is defined in section 230 of the Employment Relations Act 1996

1. This Code sets out standards for effective whistleblowing arrangements. It is designed to help employers, workers and their representatives deal with whistleblowing.
2. Whistleblowing is the raising of a concern, either within the workplace or externally, about a danger, risk, malpractice or wrongdoing which affects others.
3. When developing whistleblowing arrangements employers should consult staff and their representatives.

Written Procedures

4. As part of the whistleblowing arrangements, there should be written procedures covering the raising and handling of concerns. These procedures should be clear, readily available, well-publicised and easily understandable.
5. The written procedures for raising and handling concerns:
 - a) should identify the types of concerns to which the procedure relates, giving examples relevant to the employer;
 - b) should include a list of the persons and bodies with whom workers can raise concerns, this list should be sufficiently broad to permit the worker, according to the

- i. the worker’s line manager;
 - ii. more senior managers;
 - iii. an identified senior executive and/or board member; and
 - v. relevant external organisations (such as regulators);
- c) should require an assurance to be given to the worker that he/she will not suffer detriment for having raised a concern, unless it is later proved that the information provided by the worker was false to his or her knowledge;
 - d) should require an assurance to be given to the worker that his or her identity will be kept confidential if the worker so requests unless disclosure is required by law;
 - e) should require that a worker raising a concern:
 - i. be told how and by whom the concern will be handled;
 - ii. be given an estimate of how long the investigation will take;
 - iii. be told, where appropriate, the outcome of the investigation^[3]

[2] By “according to the circumstances” we mean workers should be able to bypass their manager, where they fear that they will suffer a detriment or that their concern will not be listened to.

[3] The Data Protection Act, on-going investigations, or the rights of third parties may impact the ability to provide feedback.

- iv. be told that if the worker believes that he/she is suffering a detriment for having raised a concern, he/she should report this; and
 - v. be told that he/she is entitled to independent advice.
6. The employer should not only comply with these procedures but should also sanction those who subject an individual to detriment because he/she has raised a concern and should inform all workers accordingly.

Training, Review and Oversight

7. In addition to the written procedure for raising and handling concerns, the employer should:
 - a) identify how and when concerns should be recorded;
 - b) ensure, through training at all levels, the effective implementation of the whistleblowing arrangements;
 - c) identify the person with overall responsibility for the effective implementation of the whistleblowing arrangements;
 - d) conduct periodic audits of the effectiveness of the whistleblowing arrangements, to include at least:
 - i. a record of the number and types of concerns
8. Where an organisation publishes an annual report, that report should include information about the effectiveness of the whistleblowing
 - a) make provision for the independent oversight and review of the whistleblowing arrangements by the Board, the Audit or Risk Committee or equivalent body. This body should set the terms of reference for the periodic audits set out in 7(d) and should review the reports.

raised and the outcomes of investigations;

- ii. feedback from individuals who have used the arrangements;
- iii. any complaints of victimisation;
- iv. any complaints of failures to maintain confidentiality;
- v. a review of other existing reporting mechanisms, such as fraud, incident reporting or health and safety reports;
- vi. a review of other adverse incidents that could have been identified by staff (e.g. consumer complaints, publicity or wrongdoing identified by third parties);
- vii. a review of any relevant litigation; and
- viii. a review of staff awareness, trust and confidence in the arrangements.

Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title: Whistleblowing concerns received
Meeting/Date: Corporate Governance Panel – 26 November 2014
Executive Portfolio: Resources: Councillor J A Gray
Report by: Internal Audit & Risk Manager
Ward(s) affected: All Wards

Executive Summary

This report summarises the matters that have been received under the Council's whistleblowing policy during the 10 month period ending October 2014.

Employees' and customers have a number of ways to raise whistleblowing concerns. These include an internet form, a specific email address and a dedicated 24 hour telephone. 22 allegations have been received through the whistleblowing channels in the period (as compared to 16 for the thirteen month period ending December 2013). They fall into the following categories:

- housing and council tax benefit (15)
- enforcement (1)
- tenancy fraud (2)
- planning (1)
- personal social care (1)
- insurance claims (1)
- business rates (1)

15 of the concerns were made anonymously; none were considered to be malicious or vindictive. The allegation with regard to personal social care has been referred to the County Council. The remaining concerns have been appropriately investigated.

Financial and Legal implications

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

Recommendations:

It is recommended that the Panel note the report.

BACKGROUND PAPERS

Whistleblowing allegations received

CONTACT OFFICER

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

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Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title:	Internal Audit Service: Interim Progress Report
Meeting/Date:	Corporate Governance Panel – 26 November 2014
Executive Portfolio:	Resources: Councillor J A Gray
Report by:	Internal Audit & Risk Manager
Ward(s) affected:	All Wards

Executive Summary

The report details the work completed by the Internal Audit Service during the period April to October 2014 and associated performance issues.

During the reporting period it should be noted that:

- Three 'substantial', seven 'adequate' and four 'limited' assurance opinions were issued.
- 49% of agreed internal audit actions for the year ending 31 October 2014 were introduced on time. An additional 30% were introduced, but late. 21% have not been introduced.
- An auditor has been seconded to the post of Accountancy Manager. This will affect the delivery of the audit plan for the remainder of the year.

With effect from 20 October, an auditor (0.6fte) was seconded to the post of Accountancy Manager. Corporate Management Team (CMT) have agreed to the recruitment of a temporary auditor to back-fill the auditor post.

The computer audit contract with Mazars ends on 31 January 2015. The computer audit plan is underway and expected to be completed by this date. Whilst there will be a requirement for IT audit coverage following the introduction of IT shared services, it has been decided not to re-tender the IT audit service immediately. Once the technical/infrastructure/service related risks to the Council from delivery of the IT shared service are clearer, a decision on IT audit coverage will be made. The Panel will be updated on the action that is taken.

Following the introduction of the Public Sector Internal Audit Standards in April 2013 and the requirement for the 'Chief Audit Executive' to be formally qualified, the Internal Audit & Risk Manager, has become a Chartered Member of Institute of Internal Auditors. All members of the Internal Audit Service are now professionally qualified.

In accordance with the Internal Audit Charter, the Internal Audit & Risk Manager continues to report functionally to the Corporate Governance Panel and administratively to the Head of Resources. He has maintained organisational independence and 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.

Financial & Legal implications

The back-filling of the auditor post will be contained within the current service budget. The delay to the re-tendering of specialist IT audit services will not have an effect upon the 2014/15 budget as the IT audit plan for the year has already been agreed. The budget for 2015/16 and onwards is not expected to increase.

There are no legal implications arising from this report.

Recommendation:

It is recommended that the Panel in considering the report, note the following:

1. The secondment of an auditor to the post of Accountancy Manager;
2. The decision of CMT to allow the Internal Audit & Risk Manager to recruit to the auditor vacancy; and
3. The postponement to the re-tendering of specialist IT audit services.

1. Delivery of the 2014/15 Audit Plan

- 1.1 Panel approved the internal audit plan (consisting of 34 reviews and 5 continuous audit areas) at its July 2014 meeting.
- 1.2 The nature of the internal audits work is such that the audit plan changes frequently. Two audits have been removed from the plan: email monitoring (due to issues with not being able to download the required data for analysis) and Making Assets Count (on account of the very limited progress that has been made). The audit days for these two areas has been reallocated to undertake some preliminary assurance mapping work to assist the annual governance statement process and in assisting the Managing Director in preparing post project reviews of the Huntingdon multi-storey car park and One Leisure St Ives redevelopment.
- 1.3 The audit plan included a 'consultancy' review of Chart of Accounts. This review took longer than expected and consequently the days allocated to two audit reviews (Charging for Council Services and Payroll) were transferred to this piece of work.
- 1.4 With effect from 20 October, an auditor (0.6fte) was seconded to the post of Accountancy Manager for a maximum of 12 months. CMT have agreed to the recruitment of a temporary auditor (for the same time period) to back-fill the seconded post. The recruitment process has commenced.

Considering the time it takes to recruit an employee, it is anticipated that any new appointment will not be in post until February 2015 at the earliest.

- 1.5 Whilst the plan is reviewed and amended each Quarter to respond to changes that are occurring within the Council and ensure that resources are focused on the most appropriate areas, the secondment and recruitment process will inevitably affect the overall audit time available this year.

In recognising the need to undertake internal audit reviews that cover the significant risks facing the authority and the need to ensure that resources are spent appropriately, options have been evaluated as to the most appropriate way to back-fill the vacancy. These have included the use of agency staff, buying in resources from a neighbouring authority, the increased use of Mazars and a direct recruitment. Due to the appointment being for a period of up to 12 months, a decision was taken to undertake an external recruitment process.

- 1.6 The audit plan has been recast for the period 1 November 2014 to 31 March 2015 based on the current risks and resources available.

It is anticipated that the continuous audit reviews of the five key financial systems will be undertaken, together with reviews of the following areas.

One Leisure
E-recruitment
Staff training and development
Service developed ICT systems
Licences

S151 & Monitoring Officer roles
Loans and investments
Housing Benefits
Housing Policy/Strategy

In addition, time has been made available to review/support the development of shared services, attend quotation openings and deal with whistleblowing allegations received.

Time has also been allowed to undertake an effectiveness review of the S106 Agreement Working Group. As part of this review, an internal audit of S106 Agreements will also be undertaken.

1.7 Audits that will not be completed this year are listed below.

Refuse and kerbside waste collection	Bailiffs and debt collection
CCTV	Management of health & safety
Car parks incl. excess charges	Economic development
Budgetary control	Staff Allowances
Recruitment to 'high risk' posts	Casual and temporary employees
Payment of election fees	Delivery of Corporate Plan

1.8 Further adjustments may need to be made to the audit plan dependent upon how quickly a replacement auditor can be recruited. The Chairman of the Panel will be kept informed of the progress that is being made.

1.9 Details of all the audits that have been issued in the reporting period (both in respect of the 2013/14 and 2014/15 audit plans) are shown in Appendix 1. All completed audit reports are available via the internal audit intranet pages and have also been circulated to Panel Members.

2. IT Audit Coverage

2.1 Due to the specialist nature of IT audit, it is delivered by a specialist provider, Mazars. Mazars are currently undertaking the planned schedule of IT reviews. No reports have been issued at this time.

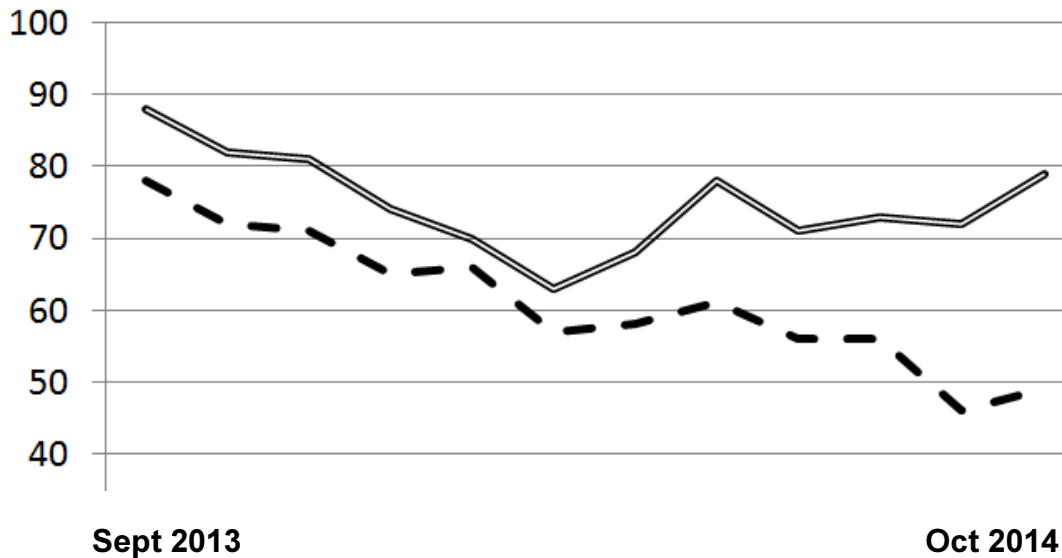
2.2 The contract with Mazars ends on 31 January 2015. The re-tendering of the contract would normally have been undertaken at this time. However due to the decision to enter into a shared IT service, the re-tendering process has not commenced. Whilst Huntingdonshire are currently leading on preparing the IT business case, the exact scope or nature of IT audit coverage across the three shared service partners will not be known until the business case has been approved.

3. Implementation of Agreed Actions

3.1 The target for introducing agreed audit actions on time is 100%.

For the year ending October 2014, 49% of agreed actions were introduced on time. A report elsewhere on the agenda details the performance of individual managers.

3.2 The chart below shows performance for the year ending October 2014.



———— = % of all actions introduced
 - - - - - = % of actions introduced on time

Status of Action				
	Introduced on time	Introduced Late	Not introduced	TOTAL
Red Action	14	9	6	29
Amber Action	39	23	17	79
Total	53	32	23	108
% age	49%	30%	21%	

3.3 A sample of the actions that have been fully introduced are reviewed each quarter. Changes have been made to the Internal Audit reporting process to improve the effectiveness of the follow up process.

At the conclusion of an audit, Managers are now required to agree the 'evidence' they will provide (e.g. amended procedure notes, reconciliation statements) to show that an agreed action has been fully introduced. The 'evidence' details are included in the final audit report and recorded in the audit actions database. When a Manager indicates that an action has been fully completed, they are required to upload the 'evidence' to the database to support this statement.

Rather than having to meet managers to obtain the evidence that supports the action that has been introduced, auditors will be able to undertake a desktop review of the 'evidence' and form an opinion as to whether or not the agreed audit action has been fully introduced or not.

- 3.4 If during the desktop review it is found that the evidence or action taken does not adequately mitigate the risk that the audit report identified, then the matter is discussed with the appropriate manager and if necessary, changes to the database are made to reflect the actual position.

4. Issues of Concern Identified in previous reports

- 4.1 The annual audit report for the year ending March 2014, identified a number of issues of concern. Progress made in dealing with these issues is detailed below.

Social Media

- 4.2 The Council's use of social media was found to be largely uncontrolled across services. A social media policy has been approved by CMT and a Social Media user group established, which Internal Audit attend.

One Leisure – Café Zest

- 4.3 The review of the management of the Café Zest identified a number of control failings, including: inconsistent operations across the Centres; lack of formal business plans, strategies and targets; little management review or monitoring performed; stock controls weak and inconsistent; pricing and discount arrangements not sufficiently controlled. A follow-up review is currently underway.

Post Project Reviews

- 4.4 There is infrequent, formal challenge or consideration of the value for money aspects of completed projects.

Project management guidance has been prepared that explains the process for undertaking project close down reports. The first such reviews (One Leisure St Ives redevelopment and Huntingdon multi-storey car park) using the methodology in the guidance were reported to Overview & Scrutiny Panel (Economic Well-Being) earlier this month.

Establishment Control

- 4.5 Ensuring the accuracy of the payroll to reduce the opportunity for fraud is a key control. The last six monthly report and check was undertaken in February 2014. HR confirmed that all managers responded and this was completed by mid-May 2014. Action is underway to produce the next six monthly check.

5. Internal Audit's Performance

5.1 Information is included in Appendix 2.

Service Developments

5.2 Two specific service developments were agreed for 2014/15.

- I. Trialling commercial software to enhance the continuous audit approach.

A three month trial commenced in September. The software allows pre-defined tests to be automatically run so that any control breaches are quickly identified and passed to the appropriate person to action. The trial is proving successful and a project will be considered by CMT prior to a decision as to whether to purchase the software and roll it out across other systems.

- II. 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".

This review has not yet started. It will be completed as part of annual statutory effectiveness review.

6. List of Appendices

Appendix 1 – Internal audit work undertaken.

Appendix 2 – Internal audit performance

CONTACT OFFICER

David Harwood. Internal Audit & Risk Manager

Tel No. 01480 388115

**Summary of Internal Audit Work
1 April to 31 October 2014**

Internal Audit reports issued during the period

Audit area	Level of assurance				Agreed action status	
	Substantial	Adequate	Limited	Little	Red	Amber
Insurance					--	--
Risk Management					--	--
Housing Benefits					--	--
Promotion of Active Lifestyles*				--	--	1
Pay Review Amendments & Redundancy					--	1
Grants to Outside Bodies				--	--	2
Repairs and maintenance of operational property				--	--	4
Freedom of Information					--	4
CIL: Community Infrastructure Levy					1	1
One Leisure - Impressions			β		3	6
Commercial Rents			β		--	8
Computer Audit						
Business Continuity/Disaster Recovery					--	3
E-Payments			β		1	1
Virtualisation, Network Infrastructure & Backup			β		--	13

* Draft report issued

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

- e-recruitment process
- compliance with the Code of Procurement
- separation of duties within cashiering

The table above also does include the work that has been undertaken in respect of the continuous auditing of key controls within the main financial systems of

- Council Tax
- National Non Domestic Rates
- Main Accounting System (incl. bank reconciliations)
- Accounts Payable (Creditors)
- Accounts Receivable (Debtors)

Reviews have been conducted on a quarterly basis within these areas. A number of minor control failings have been identified and reported to the appropriate manager.

Internal audit have also undertaken work in a number of other areas. These include:

- Supporting the Managing Director in preparing the project close down report on the Huntingdon multi storey car park
- Advising One Leisure on new procedures to support the introduction of the central administration team and the introduction of telephone payments
- Responding to whistleblowing allegations
- Submission of national fraud initiative data sets
- Supporting the Panel in the annual governance review, the preparation of the annual governance statement and its annual report
- Development of the employee handbook
- Reviewing the effectiveness of the Licensing Panel
- Advising the Social Media User Group and developing policy
- Attending eight quotation openings

Guidance has also been provided to managers and staff on an ad-hoc basis on a wide variety of control issues.

For information: **Levels of Assurance - Definitions**

<i>Substantial Assurance</i>	<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>
<i>Adequate Assurance</i>	<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>
<i>Limited Assurance</i>	<i>β 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>
<i>Little Assurance</i>	<i>ββ 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>

Internal Audit Performance

Customer Satisfaction

Target: 85% or more of auditees rating service quality as good or better.

Achieved: 12 months to October 2014 - 89% (from 18 responses)

At the conclusion of all audits, managers are requested to complete an end of audit survey form and give an opinion on the value of the audit. The options available are – very good, good, acceptable, requires improvement or unacceptable. Target information is calculated on a rolling twelve month basis rather than by financial year.

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 the three auditor posts became 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. There is no intention to change the targets. They are challenging.

	Target	Achieved			
		@ June 2013	@ Dec 2013	@ March 2014	@ Oct 2014
a) Complete audit fieldwork by the date stated on the audit brief.	75%	71%	57%	63%	60%
b) Issue draft audit reports within 15 working days of completing fieldwork.	90%	75%	61%	62%	70%
c) Meet with customer and receive response allowing draft report to progress to final within 15 working days of issuing draft report.	75%	64%	67%	79%	95%
d) Issue final audit report within 5 working days of receiving full response.	90%	92%	78%	83%	85%

Public
Key Decision – No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Implementation of Audit Actions
Meeting/Date: Corporate Governance Panel – 26 November 2014
Executive Portfolio: Resources: Councillor J A Gray
Report by: Internal Audit and Risk Manager
Ward(s) affected: All Wards

Executive Summary:

Performance information for the implementation of agreed internal audit actions for the year ending 31 October 2014 is shown below (and in detail at Appendix 1).

108 actions were due in the period.
49% have been introduced on time.
79% have been introduced on time and late.

23 actions have not been introduced, and of these 9 are more than 3 months late.

The performance information has been prepared from the audit actions e-database. This sits on the Council's intranet and is managed by Internal Audit. It is designed to be accessed and updated by Managers who have been allocated actions (through the agreed final internal audit report).

The performance information is produced monthly. Managers are reminded at the mid-point of each month to review any outstanding actions, to update the progress / implementation status or to contact the Internal Audit team if they consider that they are unable to achieve the agreed date.

Recommendation(s):

It is recommended that the Panel note the report.

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- 1. WHAT IS THIS REPORT ABOUT/PURPOSE?**
 - 1.1 The report provides the Panel with details of the implementation rates achieved by Managers in respect of agreed internal audit actions.
- 2. WHY IS THIS REPORT NECESSARY/BACKGROUND**
 - 2.1 The continued poor performance with the introduction of agreed internal audit actions remains a matter of concern for the Panel. Whilst the Managing Director has reported to the Panel that delivery of the actions is to be a priority for the Management Team, the Panel felt that it needed to take positive action to support them in improving performance and requested that a report on performance be presented to each Panel meeting until such time that performance was considered 'satisfactory'.
- 3. ANALYSIS**
 - 3.1 Chief Officers' Management Team have set a target of 100% of agreed internal audit actions should be introduced on time.
 - 3.2 The performance for the year ending (insert date) shows that target has not been achieved, with 49% of agreed audit actions introduced on time. A further 30% of the agreed audit actions have been introduced, but late. There remains 21% outstanding. A detailed breakdown is available at Appendix 1.
- 4. KEY IMPACTS/RISKS?
HOW WILL THEY BE ADDRESSED?**
 - 4.1 Monitoring the introduction of agreed audit actions is an important management responsibility. The Panel need to have confidence that action is being taken by the agreed deadline to improve the governance and internal control framework and/or further mitigate unacceptable levels of risk.
 - 4.2 The successful implementation of agreed internal audit actions is an indicator of the control tone across the Council and enables it to demonstrate that it maintains high standards of governance and internal control.
- 5. LINK TO THE CORPORATE PLAN**
 - 5.1 The Internal Audit Service provides independent, objective assurance to the Council by evaluating the effectiveness of risk management, control, and governance processes. It identifies areas for improvement across these three areas such that Managers are able to deliver the Corporate Plan objectives as efficiently, effectively and economically as possible.
- 6. LEGAL IMPLICATIONS**
 - 6.1 There are no legal implications arising from this report.
- 7. RESOURCE IMPLICATIONS**
 7. 1 There are no financial implications arising from this report.

8. REASONS FOR THE RECOMMENDED DECISIONS

- 8.1 The report is for information only. It contributes to the Panels understanding of the improvements being made to the Council's governance and internal control framework.

13. LIST OF APPENDICES INCLUDED

Appendix 1 – Implementation of Agreed Internal Audit Actions as at 31 October 2014.

BACKGROUND PAPERS

Agreed audit actions database

CONTACT OFFICER

David Harwood – Internal Audit and Risk Manager
Tel No. 01480 388115

Implementation of Agreed Internal Audit Actions as at 31 October 2014.

Head of Service	Actions Introduced on Time	Actions Introduced on Time	Actions Introduced on Time and Late	Actions Introduced on Time and Late	Not Introduced		Total Actions Due in 12 Month Period
	Number	Percentage	Number	Percentage	Red	Amber	
Managing Director	1	14%	5	71%		2	7
Corporate Team Manager	9	33%	20	74%		7	27
Corporate Director, Services							
Head of Customer Services	10	59%	12	71%	3	2	17
Head of Resources	12	50%	20	83%	1	3	24
Head of Operations	7	50%	13	93%		1	14
Corporate Director, Delivery							
Head of Community	1	100%	1	100%			1
Head of Leisure & Health	11	79%	12	86%	2		14
Head of Development	2	50%	2	50%		2	4
Total	53	49%	85	79%	6	17	108
Target		100%					

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Public
Key Decision – No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Work Programme & Training
Meeting/Date: Corporate Governance Panel – 26 November 2014
Executive Portfolio: Resources: Councillor J A Gray
Report by: Internal Audit & Risk Manager
Ward(s) affected: All Wards

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.

Financial implications

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

Recommendation

It is recommended that the Panel consider what training they wish to receive prior to the January meeting.

Background papers

None

Contact Officer

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

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Anticipated Work Programme

January 2015

Progress on introducing external audit recommendations
 External Audit: Grant certification
 Review of the anti-fraud & corruption strategy
 Annual reports – Business Continuity Planning

March 2015

Review of Council constitution incl.
 Code of financial management
 Code of procurement
 Internal Audit Plan and review of Internal Audit Charter
 External Audit: Audit plan and grant claims
 Risk register review
 Progress on issues raised in the Annual Governance Statement

May 2015

Review of the internal audit service
 Internal audit annual report & opinion
 Corporate Fraud Team investigation activity
 Corporate Board and assurance mapping

June 2015

Preparing the Annual Governance Statement
 Effectiveness review of S106 Agreement Advisory Group
 Internal Audit Plan

September 2015

Approval of the Statement of Accounts
 Approval of the Annual Governance Statement
 External audit – ISA 260 report
 Effectiveness of the Panel and Annual Report
 Risk register review

December 2015

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

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

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

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