

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, 3 JUNE 2015** at **6:30 PM** and you are requested to attend for the transaction of the following business:-

**Contact  
(01480)**

## **APOLOGIES**

**1. MINUTES (Pages 1 - 12)**

To approve as a correct record the Minutes of the meetings held on 25th March and 20th May 2015.

**M Sage  
388169**

**2. MEMBERS' INTERESTS**

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

**3. CORPORATE GOVERNANCE PANEL PROGRESS REPORT  
(Pages 13 - 16)**

To receive the Corporate Governance Panel Progress report.

**M Sage  
388169**

**4. IMPLEMENTATION OF AUDIT ACTIONS (Pages 17 - 28)**

To consider a report by the Internal Audit and Risk Manager providing performance information regarding the implementation of internal audit actions for the year ending 30th April 2015.

**D Harwood  
388115**

**5. AUDIT ACTIONS DATABASE (Pages 29 - 32)**

To consider a report by the Head of Customer Services regarding the Audit Actions Database.

**J Taylor  
388119**

**6. REVIEW OF FRAUD INVESTIGATION ACTIVITY (Pages 33 - 38)**

To consider a report by the Benefits Manager providing an overview of the activity of the Corporate Fraud Team for 2014/15.

**A Burns  
388122**

**7. ANTI-FRAUD AND CORRUPTION STRATEGY REPORT  
(Pages 39 - 50)**

To consider a report by the Head of Customer Services to enable the Panel to approve the Anti-Fraud and Corruption Strategy.

**J Taylor  
388119  
D Harwood  
388115**

**8. RISK REGISTER UPDATE (Pages 51 - 68)**

To receive a report by the Internal Audit and Risk Manager regarding the changes made to the Risk Register in the period 2nd September 2014 to 19th May 2015.

**D Harwood  
388115**

**9. WHISTLEBLOWING POLICY, GUIDANCE AND CONCERNS RECEIVED (Pages 69 - 82)**

To consider a report by the Internal Audit and Risk Manager to enable the Panel to approve the revised Whistleblowing Policy and Guidance and to note the whistleblowing concerns received.

**D Harwood  
388115**

**10. WORK PROGRAMME AND TRAINING (Pages 83 - 86)**

To consider a report by the Internal Audit and Risk Manager regarding the Panel's Work Programme and to decide what training the Panel would like in preparation for the next or future agendas.

**D Harwood  
388115**

Dated this 26 day of May 2015



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.*

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**Please contact Mrs Melanie Sage, Democratic Services Team, Tel No. 01480 388169/e-mail [Melanie.Sage@huntingdonshire.gov.uk](mailto:Melanie.Sage@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.**

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**If you would like a translation of Agenda/Minutes/Reports or would like a large text version or an audio version please contact the Elections & 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 Civic Suite 0.1a, Pathfinder House, St Mary's Street, Huntingdon, PE29 3TN on Wednesday, 25 March 2015.

PRESENT: Councillor G J Harlock – Chairman.  
Councillors M G Baker (part), P Kadewere, P G Mitchell and R J West.

APOLOGIES: Apologies for absence from the meeting were submitted on behalf of Councillors E R Butler and R Harrison.

IN ATTENDANCE: Councillor J A Gray (part)

### **115. MINUTES**

The Minutes of the meeting held on 26th November 2014 were approved as a correct record and signed by the Chairman.

### **116. MEMBERS INTERESTS**

There were no declarations of interest received from those Members that were present.

### **117. CORPORATE GOVERNANCE PANEL PROGRESS REPORT**

The Panel received and noted a report (a copy of which is appended in the Minute Book) of actions taken in response to recent decisions.

The Panel were informed that the format of the Progress Report had been amended and now indicated those items that were to be deleted from the report.

Regarding the review of the effectiveness of the Advisory Group, the Progress Report suggested that the review would be postponed until December 2015 to allow for an internal audit review of the S106 process, prior to reviewing the effectiveness of the Advisory Group. The Panel agreed with this proposal.

In response to the Panel's previous request for clarification on the respective roles of the Overview and Scrutiny Panel (Economic Well-Being), the Cabinet, Corporate Governance Panel and the Risk Management Champion in managing risk within the Council, it was explained that the matter had been referred to the Risk Governance Board and the definition of roles was near to completion.

It was noted that the Panel had referred the evaluation of Member performance to the Member Development Group. However, as the Member Development Group had been abolished it had been agreed to allow the Managing Director and Corporate Management Team to consider how this should be implemented.

In response to a query it was confirmed that at this present time it was not proposed to delete the 'Value for Money' item from the Progress Report and that the item would be considered at the next Panel meeting.

Regarding the Panel's concerns regarding the 'Implementation of Audit Actions' the Panel noted that a response was still awaited from the Managing Director and therefore was not to be removed from the progress report.

#### **118. EXTERNAL AUDIT PLAN 2014/15**

The Panel received and noted a report by the External Auditors (a copy of which is appended in the Minute Book) detailing the External Audit Plan for 2014/15.

Mr Everest of PricewaterhouseCoopers LLP drew the Panel's attention to the key audit risk areas identified for the year and highlighted the approach that would be undertaken to complete these audits. The plan also took account of the zero based budgeting exercise for expenditure that the Authority had undertaken.

The Panel's views on fraud and the triviality threshold of £90,000 were sought by the External Auditors. One of the External Auditor's responsibilities was to report any concerns identified during the audit regarding fraud. In response to a question it was explained that if fraud was suspected the External Auditors would notify the Council.

Councillor Michael Baker stated that as he would be leaving the meeting early he wished that it be noted that he was of the opinion that the Fraud Working Group should continue.

It was noted that overall materiality had been established at 2% of 2013/14 expenditure and in response to a question, it was explained that if a number of items were identified below the 2% level the External Auditors would highlight this to the Council's Finance Team.

Having received an explanation regarding the triviality threshold, the Panel were content with the triviality threshold of £90k.

In response to a question regarding the Council's new zero based budgeting approach and the external audit of this process, Mr Everest explained that External Audit considered the financial resilience of the Council, reviewed the new processes, evaluated the underlying assumptions in the Medium Term Financial Strategy, reviewed supporting savings plans and verified the calculations involved in setting the budget.

The Panel noted that the external audit function would transfer to Ernst and Young from 2015/16. The Chairman was disappointed that the Panel had not been informed of this via a more substantial item.

*Councillor Gray entered the room at this point of the meeting, at 7.10pm.*

It was explained that the transfer of the external audit function to Ernst and Young from 2015/16 onwards would initially be for two

years. In response to a question, it was explained that should the Council wish to change to another External Auditor after this time the Council would need to go out to tender. Whereupon, it was

RESOLVED

That the Panel note the content of the External Audit Plan for 2014/15 and the comments offered regarding the triviality threshold of £90k and fraud be noted.

**119. EXTERNAL AUDIT GRANT CERTIFICATION 2013/14**

The Panel has received and noted a report (a copy of which is appended in the Minute Book) from the External Auditor detailing the certification of specific grants received by the Council in 2013/14.

During 2013/14, the Council received a significant amount of central government grant for Housing Benefits and part of the control framework for such grants was that they be subject to external audit.

Mr Everest of PricewaterhouseCoopers LLP explained that whilst there were no significant issues arising from the report, in respect of Housing Benefits some minor errors had been identified which meant that additional testing was required. Mr Everest noted that these errors were similar to other Councils and that the External Auditors would prefer not to have to do the additional testing.

The Panel expressed their concerns again that the rules issued for auditing benefit claims were too rigid as minor errors following sampling had significant cost implications for an authority. In response to concerns expressed that previous correspondence from the Head of Resources to the Local Government Association had no effect, the Head of Resources reported that the Department for Work and Pensions now seemed to recognise that there was an issue. The Panel therefore

RESOLVED

That the content of the External Auditor's 2013/14 Grant Certification Report be noted.

**120. EXTERNAL AUDITORS: ISA 260 REPORT - 2013/14: IMPLEMENTATION OF RECOMMENDATIONS**

By way of a report (a copy of which is appended in the Minute Book) it was explained that following the external audit of the 2013/14 Annual Financial Report, the External Auditors were required to issue their ISA 260 Report. The report made four recommendations in respect of the 2013/14 Annual Financial Report and informed the Panel of progress with implementing the recommendations.

The External Auditors would undertake a review of all recommendations and report back to the Panel in September 2015. The Panel

RESOLVED

That the status of implementation of the recommendations included within external audit's ISA 260 report in respect of the 2012/13 and 2013/14 Annual Financial Report be noted.

## **121. FRAUD TEAM UPDATE**

Prior to consideration of the report, the Chairman reminded the Panel that the Appendix to the report contained confidential information and therefore any discussions specifically relating to information contained within the Appendix would need to be in closed session.

With the assistance of a report by the Head of Customer Services, (a copy of which is appended in the Minute Book) the Panel were informed that the Fraud Working Group had fulfilled its objectives and Terms of Reference. The Panel were therefore requested to disband the Fraud Working Group. Following the Cabinet's endorsement of the findings of the Panel, to retain an in-house Fraud Team, good progress was being made and it was expected that the Council would have an operational Fraud Team ready for the transfer of responsibility of welfare fraud investigation to the Department for Work and Pensions in May 2015.

The Chairman noted that Councillor Butler, who was absent from the meeting, was keen for the Fraud Working Group to be retained and suggested the Panel might wish to defer the item to allow for a discussion on the matter when Councillor Butler was present.

Following the Panel's deliberations on the retention of the Fraud Working Group, it was decided that the Fraud Working Group should be disbanded and that the matter should feature as an item on the Corporate Governance Panel Progress Report, to enable the Panel to consider whether they wished to establish a new Fraud Working Group, and if so, to determine the Terms of Reference, once the in-house Fraud Team was operational.

In response to a question regarding progress with the tenancy fraud service, the Benefits Manager who was in attendance in the absence of the Head of Customer Services, explained that the Council was the lead partner of the Cambridgeshire Anti-Fraud Network and over the next year will be working towards procuring software and working with housing associations to investigate tenancy fraud.

It was enquired whether the Council, as the lead authority for the tenancy fraud service would be charging other partners for this service. It was explained that no decision had been made on whether the service would incur a charge. However, other partners were unlikely to be willing to pay and the Council had to be mindful that they were its partners. Whereupon, it was

### **RESOLVED**

That the Corporate Governance Panel approve that the Fraud Working Group be disbanded having completed the tasks set out in its Terms of Reference

That the Corporate Governance Panel notes the ongoing work to deliver a Huntingdonshire District Council Fraud Service once the



transfer of welfare fraud investigation to the Department for Work and Pensions had been completed.

That the topic of a new Fraud Working Group be included as an item on the Corporate Governance Panel Progress Report to enable the Panel to consider whether they wished to establish a new Fraud Working Group and, if so, to determine the Terms of Reference.

## **122. CODE OF FINANCIAL MANAGEMENT AND CODE OF PROCUREMENT UPDATE FOR 2015/16**

Consideration was given to a joint report by the Accountancy Manager and Procurement Manager (a copy of which is appended in the Minute Book) which presented to the Panel the Code of Financial Management and the Code of Procurement.

The documents were reviewed on an annual basis to ensure that they reflected current legislation and the changing needs of the Council, as the policies underpin financial governance in the Council and are Annexes to the Council's Constitution.

Tabled at the meeting were amended pages 5 and 6 of the Code of Financial Management which the Panel considered.

The Panel were referred to paragraph 3 of the report which explained the proposed changes to the Code of Procurement and paragraph 4 of the report which detailed the main changes to the Code of Financial Management.

*At 7.40pm Councillor Baker left the room and did not return to the meeting.*

In discussing the documents it was suggested that risk management should be more prominent within the Code of Financial Management as it was unclear where the responsibility for risk management was within the authority. It was noted that the Code of Financial Management incorporated that the Corporate Governance Panel would ensure that the Council had a sound system of internal control including arrangements for the management of risk.

An amendment was made to paragraph 5.7 of the Code of Financial Management regarding insurance as it was considered by the Panel that any decision not to insure should be reported to the Executive Councillor for Resources and not be a decision taken solely by the Internal Audit and Risk Manager. The Internal Audit and Risk Manager noted that in some instances the law dictated what required insurance and that a full review of insurances was conducted and presented to the Cabinet.

Regarding paragraph 1.4 of the Code of Financial Management, the Internal Audit and Risk Manager requested that approval of the Risk Management Strategy be included as a separate bullet point, which was agreed by the Panel.

*At 8pm Councillor Gray left the room and did not return to the meeting.*

In conclusion the Panel agreed a further amendment to the eighth bullet point of paragraph 1.12 of the Code of Financial Management, to include the wording '*in accordance with the Risk Management Strategy*'. Whereupon, the Panel

## RECOMMEND

(a) That the Code of Financial Management, as attached as Annex A to the report now submitted, with the inclusion of the amended pages as tabled at the meeting (page 5 and 6) be adopted, including the following amendments (as highlighted in italics):

- Paragraph 1.4 be varied to read – The Cabinet:

**Will:**

• **Propose To The Council:**

- **The Medium Term Financial Strategy**
- **The Annual Budget And Council Tax Level**
- **A Combined Annual Report Including The Treasury Management Strategy, Treasury Management Policy And Prudential Indicators**

**after Considering The Views Of The Appropriate Overview And Scrutiny Panel And Representatives Of The Business Community.**

- **Set Financial Priorities, Allocate And Re-Allocate Resources In Accordance With The Limits In This Code, Monitor And Review Financial Performance.**
- ***Approve the Risk Management Strategy***

- Paragraph 1.12 be varied to read - Budget Managers (Service Managers, Heads of Service, Corporate Directors and Managing Director) – Eighth bullet point:

- ***Will, in accordance with the Risk Management Strategy, determine the inherent risks, within their services, to the achievement of the Council's priorities and establish, maintain and document adequate systems of risk management and internal control, in consultation with the Internal Audit Service and ensure that relevant employees or Members are familiar with such systems.***

- Paragraph 5.7 be varied to read - Insurance

**The Internal Audit and Risk Manager shall obtain insurance to protect the Council or minimise its potential losses from risks including those to employees, property, equipment and cash. Any decision not to insure significant risks must be**

**based on a detailed risk assessment *and reported to the Executive Councillor for Resources.***

**(b) That the Code of Procurement, as attached as Annex B to the report now submitted, be adopted.**

**123. ACCOUNTING POLICIES FOR THE ANNUAL FINANCIAL REPORT 2014/15**

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

The Panel were informed that three policies required amendment of which two were considered significant. However, none would have an impact on the Council's general fund balance. The amendments were for clarification, transparency and to ensure compliance with International Financial Reporting Standards (IFRS) accounting arrangements. Whereupon, the Panel

RESOLVED

That the amendments to the accounting policies for 2014/15, as set out in Annex A to the report, be approved.

**124. INTERNAL AUDIT SERVICE: INTERNAL ANNUAL PLAN**

By way of a report by the Internal Audit and Risk Manager (a copy of which is appended in the Minute Book) under the requirements of the Public Sector Internal Audit Standards, the Panel was provided with the Internal Audit and Risk Manager's opinion on the overall adequacy and effectiveness of the Council's internal control and governance processes.

The Panel were informed that internal audit resources were currently insufficient to deliver the annual audit plan owing to the vacant post held within the team since October 2014 and that efforts to recruit to the post had proved unsuccessful.

It was explained to the Panel that the internal audit plan for 2015/16 was based on delivering 352 days. However, current resources only allowed for 250 days to be delivered which was a shortfall of 102 days. It was anticipated that the vacant post would be filled during the year.

It was suggested by the Panel that Project Management should feature on the Internal Audit and Assurance Plan. However, it was explained that this was an item on the reserve list and until a sufficient amount of project work had taken place to satisfactorily audit, the internal audit services were better used elsewhere. Whereupon, it was

RESOLVED

That the Panel approved the Internal Audit Plan 2015/16.

**125. PROGRESS ON ISSUES ARISING FROM THE 2013/14 ANNUAL GOVERNANCE STATEMENT**

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 apprised of and noted the progress made to date in respect of the four areas for improvement identified in the 2013/14 Annual Governance Statement. Good progress had been made across all four improvement areas and it was considered that all would be achieved prior to the preparation of the 2014/15 Annual Governance Statement. The Panel

RESOLVED

To note the progress made in introducing the key improvement areas arising from the 2013/14 Annual Governance Statement when undertaking the 2014/15 governance review.

**126. IMPLEMENTATION OF AUDIT ACTIONS**

The Panel received and noted a report by the Internal Audit and Risk Manager (a copy of which is appended in the Minute Book) which provided performance information regarding the implementation of agreed internal audit actions for the year ending 28 February 2015.

Eight actions had not been introduced of which two were red actions and six were amber actions. However, the Panel were informed that despite the targets not being achieved, performance continued to improve month on month.

The Panel expressed concern and disappointment that a number of agreed internal audit actions had not been implemented and were overdue, particularly as Heads of Service had been in post sufficiently to be aware of their service area and budgets. The Chief Finance Officer explained that a report would be presented to the next Panel meeting regarding the management of monitoring and implementing internal audit actions. The Panel welcomed this report. However, the Panel were aggrieved and therefore resolved to call to account the Heads of Service to meetings of the Panel in order that they provide an explanation as to why the audit actions remained outstanding.

The Chief Finance Officer agreed to circulate to the Panel a commentary on outstanding internal audit actions once the Panel's concerns had been considered by the Corporate Management Team.

The Panel also indicated its concern at the loss of data within the Audit Action e-database following a software transfer and the resulting officer time this has incurred. The Panel therefore requested that the Internal Audit and Risk Manager and IMD Operations Manager provide a report to the next meeting of the Panel on the current situation, remedies to resolve the issues and prevention of a future re-occurrence. Whereupon, it was

RESOLVED

That the Panel noted the report.

That a report be presented to the next meeting regarding the management of monitoring and implementing internal audit actions.

That the relevant Heads of Service attend the next Panel meeting to provide an explanation as to why internal audit actions remain outstanding and have not been implemented.

That the Internal Audit and Risk Manager and IMD Operations Manager provide a report to the next Panel meeting on the current situation regarding the loss of data, remedies to resolve the issues and prevention of a future re-occurrence regarding the Audit Actions e-database system.

## **127. WORK PROGRAMME AND TRAINING**

By way of a report by the Internal Audit and Risk Manager (a copy of which is appended in the Minute Book) Members were acquainted with a work programme for the Panel for the forthcoming twelve months.

Referring to the item on the work programme entitled 'Effectiveness of the Panel', the Internal Audit and Risk Manager stated that he would prefer if this could be conducted prior to the elections. The Panel in attendance at the meeting agreed on the proviso that there was commitment from the full membership of the Panel.

## **128. COUNCILLOR GREG HARLOCK**

Prior to leaving the meeting Councillor Mike Baker expressed his appreciation to the Chairman as this was his last meeting prior to the elections.

At the conclusion of the meeting Councillor Richard West expressed his appreciation to the Chairman. Councillor West stated that he was grateful for what he had learnt from the Chairman since becoming a member of the Panel and he wished both the Chairman and the Vice-Chairman well for the future.

Councillor Patrick Kadewere further echoed these sentiments.

Chairman

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## HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CORPORATE GOVERNANCE PANEL held in Civic Suite, Pathfinder House, St Mary's Street, Huntingdon, PE29 3TN on Wednesday, 20 May 2015.

PRESENT: Councillor M Francis – Chairman.

Councillors T D Alban, E R Butler,  
K J Churchill, Mrs P A Jordan and R J West.

APOLOGY(IES): Apologies for absence from the meeting were submitted on behalf of Councillor Mrs D C Reynolds.

### 1. ELECTION OF CHAIRMAN

RESOLVED

That Councillor M Francis be elected as the Chairman of the Corporate Governance Panel for the ensuing Municipal Year.

**Following which Councillor M Francis took chairmanship of the meeting.**

### 2. MEMBERS' INTERESTS

There were no declarations of interest received from those Members that were present.

### 3. APPOINTMENT OF VICE-CHAIRMAN

RESOLVED

That Councillor Mrs D Reynolds be appointed as the Vice-Chairman of the Corporate Governance Panel for the ensuing Municipal Year.

Chairman

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**CORPORATE GOVERNANCE PANEL PROGRESS REPORT**

Panel Date	Decision	Date for Action	Action Taken	Officer Responsible	Deleted from future list
23/07/2014	<b><u>Preparing the Annual Governance Statement</u></b> Request that the inclusion of corporate surveys in future statements be discussed with the Managing Director.	June 2015	Information in respect of corporate surveys undertaken will be included in the supporting papers presented to the Panel when they consider compliance with the Code of Corporate Governance in June 2015.	Internal Audit & Risk Manager	No
23/07/2014	<b><u>Review of effectiveness:</u></b> Agreed to undertake a review of the S106 Agreement Advisory Group during 2014/15.	March 2015	The financial systems that monitor S106 funding are being replaced. It was intended to undertake an internal audit review of the S106 process prior to undertaking the effectiveness review of the Advisory Group. It is suggested that the review be postponed until December 2015 so as to allow the new financial system and associated reporting systems to be introduced.	Internal Audit & Risk Manager	No
25/09/2014	<b><u>Effectiveness of the Panel</u></b> Referred the evaluation of Member performance to the Member Development Group.		The Managing Director called a meeting with the Chairman and Vice Chairman to discuss this further. However, this was then cancelled.	Corporate Team Manager	No
25/03/2015	Effectiveness review to be conducted prior to the elections but only if all Members of the		Not all Members of the Panel were able to attend the effectiveness meeting, it was cancelled. The	Internal Audit and Risk Manager	No

**CORPORATE GOVERNANCE PANEL PROGRESS REPORT**

<b>Panel Date</b>	<b>Decision</b>	<b>Date for Action</b>	<b>Action Taken</b>	<b>Officer Responsible</b>	<b>Deleted from future list</b>
	Panel attended.		review remains outstanding and Panel are asked to consider how they wish to proceed.		
<b>25/09/2014</b>	<b><u>Risk Register Update</u></b> Sought clarification on the respective roles of the Overview and Scrutiny Panel (Economic Well-Being), the Cabinet, Corporate Governance Panel and the Risk Management Champion in managing risk within the Council.	None stated.	A note clarifying the role and responsibilities of Members with regard to risk management was circulated to Panel by email on 15 April.	Internal Audit & Risk Manager	Yes
<b>26/11/2014</b>	<b><u>Training</u></b> The Panel are of the opinion that there is a need for mandatory training for Members of the Corporate Governance Panel.	The Corporate Director (Services) has been asked to consider this as part of her review of the District Council's Constitution.		Corporate Director (Services)	No
<b>26/11/2014</b>	<b><u>Value for Money at HDC</u></b> Requested that the report of the Overview and Scrutiny Panel (Economic Well-Being) detailing the outcome of the Select Committee on Project Management should be considered by the Panel.			Corporate Director (Services)	No

**CORPORATE GOVERNANCE PANEL PROGRESS REPORT**

Panel Date	Decision	Date for Action	Action Taken	Officer Responsible	Deleted from future list
	Suggested that the Council's Procurement Manager should be invited to attend a future meeting of Panel.	It would be better if there was a more focused reason for the Procurement Manager to attend.		Head of Resources	
26/11/2014	<b><u>Implementation of Audit Actions</u></b> Agreed that the Panel's continuing concerns be brought to the attention of the Managing Director.		The Panels concerns were conveyed to the Managing Director by email after the meeting. Managing Director to respond.	Managing Director	
25/03/2015	<b><u>Fraud Working Group</u></b> That the subject of a new Fraud Working Group be included as an item on the Corporate Governance Panel Progress Report to enable the Panel to consider whether they wish to establish a new Fraud Working Group and, if so, to determine the Terms of Reference once the in-house Fraud Team was operational.			Head of Customer Services	

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# Agenda Item 4

Public  
Key Decision – No

## HUNTINGDONSHIRE DISTRICT COUNCIL

**Title/Subject Matter:** Implementation of Audit Actions  
**Meeting/Date:** Corporate Governance Panel – 3 June 2015  
**Executive Portfolio:** Resources: Councillor J A Gray  
**Report by:** Internal Audit and Risk Manager  
**Ward(s) affected:** All Wards

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### Executive Summary:

Performance information for the implementation of agreed internal audit actions for the year ending 30 April 2015 is shown below (and in detail at Appendix 1).

<b>Status of Action</b>				
	Introduced on time	Introduced Late	Not introduced	<b>TOTAL</b>
Red Action	20	9	3	32
Amber Action	57	29	10	96
<b>Total</b>	<b>77</b>	<b>38</b>	<b>13</b>	<b>128</b>
<b>% age</b>	<b>60%</b>	<b>30%</b>	<b>10%</b>	

13 actions have not been introduced, and of these 2 are more than 6 months late and 2 are more than 1 year 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**

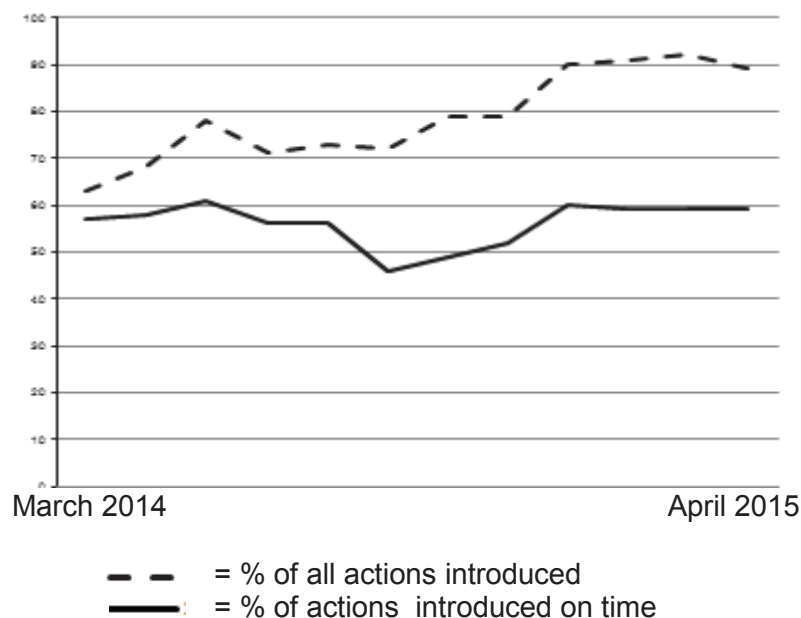
2.1 The continued poor performance with the introduction of agreed internal audit actions remains a matter of concern for the Panel. Whilst the Managing Director has reported to the Panel that delivery of the actions is to be a priority for the Corporate Management Team (CMT), the Panel felt that it needed to take positive action to support CMT 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 The CMT have set a target of 100% of agreed internal audit actions should be introduced on time.

3.2 The performance for the year ending April 2015 shows that target has not been achieved, with 60% of agreed audit actions introduced on time. A further 30% of the agreed audit actions have been introduced, but late. There remains 10% outstanding. A breakdown by Head of Service is attached at Appendix 1 whilst Appendix 2 details the outstanding actions.

3.3 Despite previous improvements, performance for the current period has reduced overall.



**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. CMT will be reviewing the implementation of actions monthly as part of the performance monitoring information.

## **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 Council's governance and internal control framework.

## **13. LIST OF APPENDICES INCLUDED**

Appendix 1 – Implementation of Agreed Internal Audit Actions  
as at 30 April 2015.

Appendix 2 – Outstanding Audit Actions as at 30 April 2015.

## **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 30 April 2015.

Head of Service	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	Number	Percentage	Red	Amber	
Managing Director	0	0%	3	100%			0	0	3
Corporate Team Manager	13	52%	22	88%			1	2	25
Corporate Director, Services									
Head of Resources	10	37%	20	74%			1	6	27
Head of Customer Services	32	89%	36	100%			0	0	36
Head of Operations	5	38%	13	100%			0	0	13
Corporate Director, Delivery									
Head of Development	1	33%	3	100%			0	0	3
Head of Community	3	100%	3	100%			0	0	3
Head of Leisure & Health	13	72%	15	83%			1	2	18
<b>Total</b>	<b>77</b>	<b>60%</b>	<b>115</b>	<b>90%</b>			<b>3</b>	<b>10</b>	<b>128</b>
<b>Target</b>		<b>100%</b>							

**Red Actions:** These are actions that must be implemented as the current exposure to risk is unacceptably high, indicating a major control weakness. Actions will be given a red priority when the residual risk identified may adversely affect the annual governance statement, result in the loss of funds or assets, or lead to service delivery failures which could adversely affect the Council's reputation.

**Amber Actions:** These are actions that managers should consider introducing as the current risk exposure is high. Control weaknesses have been identified that have the potential to compromise internal control, operational effectiveness or service delivery. Actions will be given amber priority when the residual risk has identified non-compliance with established good practice, the lack of failure of performance management or reporting systems, or failures in subsystems.

## Outstanding Audit Actions as at 30 April 2015.

## Corporate Team Manager

Audit	Findings	Agreed Action	Due Date (month end)	Current Position
Staff Training & Development 2014/15	<p><b>Red</b></p> <p>Testing revealed that training spend for 2013/14 outside of the LGSS contract was approximately £230k. It was also noted that the 500 training place allocations are consistently under used. LGSS consider that these places are not available for service specific / technical training (for example Operations related training), but are for generic training only, e.g. equality &amp; diversity.</p> <p>The OWD element of the LGSS contract includes a number of areas where the LGSS proposal does not appear to be delivered in full (e.g. service (technical) training and development needs are analysed and learning interventions and solutions commissioned as appropriate), and others which are being interpreted differently by ourselves and LGSS.</p> <p><i>Training provision may not meet the needs of staff and the authority</i></p> <p><i>Savings may not be realised where spend continues in addition to the LGSS provision</i></p> <p><i>Service provision may be adversely affected where contract terms are not enforced.</i></p> <p><i>The current expenditure on training is not delivering value for money.</i></p>	<p>Agreement will be sought with LGSS on the scope of the training that is to be delivered under the contract. If necessary, protocols and guidelines for the operation of the contract will be documented and agreed for clarity.</p>	<p>March 2015</p>	<p>Partially introduced.</p> <p>The LGSS currently offer a wide and varied training programme. However not all of the Council's training needs are covered by it.</p> <p>Once the 2014/15 appraisal process has been completed, training needs that sit outside of the LGSS programme will be identified and referred to LGSS. LGSS intend to update their training programme to reflect the Council's requirements so allowing for an increase in use of the 500 training places. It is expected that this will also lead to a reduction in off-contract spend.</p>

Audit	Findings	Agreed Action	Due Date (month end)	Current Position
National and Local Indicators 2009/10	<p><b>Amber</b> From our testing of five indicators, two (NI195 and 'The number of dwellings improved by the actions of the Council') did not have a data measure template in place for recording of the indicator methodologies and responsible officers, including the officer accountable for data quality checks.</p> <p><i>There is a risk that inconsistent recording and/or methodologies could result in incorrect data being reported. In addition, unless designated officers are assigned responsibility, there is a risk of a lack of accountability in place.</i></p>	<p>To enable consistent accurate reporting of data each of the indicators included within the divisional quarterly performance reports should be documented on the standard data measure template.</p> <p>This document should record the officer responsible for compiling and checking the information, the methodology used, the reporting timescales and associated measures and targets.</p>	March 2014	Partially introduced. Templates have been issued and 50% have been completed.
Payments in Lieu 2011/12	<p><b>Amber</b> Overtime and additional hours are paid at different rates (1, 1.5 or 2 times hourly rate) with little guidance as to the application of each rate. This issue was identified in the June 2007 internal audit review of Overtime. The Head of HR agreed that standard procedures for overtime would be introduced by November 2007 to ensure that employees receive the same overtime rates. This action was not introduced.</p>	<p>LGSS will review our current procedures for the payment of overtime with a view to standardising practice.</p>	March 2015	Outstanding. This will be included in our Pay Policy and Flexible Working Policy scheduled for review during 2015/16.

Head of Service: Resources

Audit	Findings	Agreed Action	Due Date (month end)	Current Position
Loans and Investments 2014/15	<p><b>Red</b> The Head of Resources maintains a Treasury Management Practices (TMP) manual that details how the CIPFA 2011 Code of Practice for Treasury Management in the Public Services will be followed. The manual contains a number of minor errors which need to be corrected. It also needs to be revised to reflect current working practices and post changes, including the DMO authorised list.</p> <p><i>The current manual does not reflect the current working arrangements. Staff may be unaware of the correct procedures to follow</i></p>	The TMP manual will be reviewed and updated to reflect current decision making responsibilities and working practices.	April 2015	Outstanding.
VAT 2013/14	<p><b>Amber</b> Discussion confirmed that the CIPFA VAT code of practice has not been adopted</p> <p><i>Non-compliance with best practice guidelines</i></p>	Adopt the CIPFA VAT code of practice and review the processes involved to ensure compliance with the code.	March 2014	Partially introduced. Processes have been reviewed and training is being looked into to achieve compliance.
Repairs and Maintenance of HDC property and equipment 2013/14	<p><b>Amber</b> 18% of property on the fixed asset register has not been assigned to a manager. It should also be noted that the fixed asset register does not contain all the Council's operational property</p> <p><i>Property assets may not be maintained</i></p>	Once the appropriate Head of Service have been recruited, they should work towards delivering a corporate fixed asset register that covers all council owned property. A manager will be named as being responsible for the management and maintenance of each property on the register.	March 2015	Outstanding.

Audit	Findings	Agreed Action	Due Date (month end)	Current Position
Commercial Rents and Estates Management 2013/14	<p><b>Amber</b> From review and discussion it has been confirmed that the Current Estates spreadsheet (the main record for recording tenant and property information) is out of date and does not contain all the necessary lease information. (e.g. changes in tenants, underlying property data, rent review completions, due dates etc).</p> <p><i>Inaccurate and incorrect data reduces efficiency and increases the risk of errors being made</i></p>	<p>The commercial estates module in the Uniform system will be investigated &amp; assessed for 'fit for purpose'.</p> <p>If the Uniform system is deemed 'fit for purpose', the system will be implemented as a replacement for the estates spreadsheet.</p>	February 2015  January 2015	Partially introduced. System still being considered in view of a number of upgrades.  Partially introduced.
Commercial Rents and Estates Management 2013/14	<p><b>Amber</b> There is no plan of work for the repairs or maintenance of commercial properties; repairs are carried out on a reactive basis only. The repairs and maintenance budget is based on previous years spend.</p> <p><i>The condition of the property portfolio may decline leading to reduced occupation and increased repair costs</i></p>	<p>Prioritise maintenance and repair work to ensure that commercial properties are maintained to the required standards to achieve the optimum rent and maintain tenant satisfaction.</p>	March 2015	Outstanding.
Main Accounting System – Continuous Auditing 2013/14	<p><b>Amber</b> The Income and Income Suspense bank reconciliation summary has not been completed. At present there is a difference of approximately £20k. The main bank account reconciliation summary for March 2014 has not been produced. All transactions in this bank account have to be entered manually using a journal. Due to the issues with the income reconciliation, the overall bank summary spreadsheet has not been completed. The Paymaster and the Loans and Investment reconciliations have not yet been signed off by Accountancy.</p>	<p>All bank accounts for the period ending 30 June, will be fully reconciled and approved by the 31 July 2014</p>	July 2014	Partially introduced.

Head of Service: Leisure and Health

Audit	Findings	Agreed Action	Due Date (month end)	Current Position
One Leisure Impressions 2013/14	<p><b>Red</b></p> <p>Impressions facilities are operating without formal business, strategies and targets / performance measures. There has been little management presence or direction at a site level. Staffing arrangements are inconsistent across the sites.</p> <p><i>Reduced use and reputation of facilities as a result of poor corporate management</i></p>	<p>Formal plans, strategies and targets will be established for the Impressions facility, which will be subject to regular review and monitoring. Staffing structures will be formalised to ensure that appropriate skills and resources are available both at a site and cross – facility level. Meeting schedules will be agreed to ensure that issues are discussed and communicated.</p>	September 2014	<p>Partially introduced.</p> <p>Recruitment process is underway and once complete work will begin on reviewing the impressions structure and operations.</p>
One Leisure Impressions 2013/14	<p><b>Amber</b></p> <p>Procedure notes in place do not cover all aspects of the service / work undertaken by staff. Guidance is split between the QMS and Impressions Data drives, which may hinder staff in locating and accessing information.</p> <p>At OLS a manual file is retained in the Gym Office containing key policies / procedures, which are reviewed and signed off by staff as appropriate.</p> <p><i>Staff may be unaware of the correct procedures to follow</i></p>	<p>Procedure notes will be reviewed for relevance and appropriateness. Guidance will cover all key processes / work undertaken within Impressions, including stock control. Guides will be located in a SharePoint site so that staff can easily locate information.</p>	March 2015	<p>Partially introduced.</p> <p>Recruitment process is underway and once complete work will begin on reviewing the impressions structure and operations.</p>
One Leisure Impressions 2013/14	<p><b>Amber</b></p> <p>16 PARQ forms were selected for review – in 1 case the form could not be located, and in 1 case the form only recorded the client name, no other details had been included.</p> <p>In a small number of cases the Wellness system had not been updated with information from the</p>	<p>PARQ forms will be completed and signed by all members. Staff will be reminded of the need to update the Wellness system with all information</p>	March 2015	<p>Partially introduced.</p> <p>Recruitment process is underway and once complete work will begin on reviewing the</p>

Audit	Findings	Agreed Action	Due Date (month end)	Current Position
	<p>PARQ. Where PARQs have been archived, the system provides the most accessible health record.</p> <p>It was found during testing that different versions of the Wellness system are in use, and subsequently differing degrees of information is captured.</p> <p><i>Incomplete / inaccurate records may be maintained.</i></p>	<p>recorded on the PARQ and identified in the induction programme.</p> <p>All sites will use the same version of Wellness for completeness of record keeping.</p>		<p>impressions structure and operations.</p>

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## HUNTINGDONSHIRE DISTRICT COUNCIL

**Title/Subject Matter:** Audit Actions Database

**Meeting/Date:** CMT – 18<sup>th</sup> May 2015  
Corporate Governance Panel – 3 June 2015

**Executive Portfolio:** Executive Councillor for Customer Services

**Report by:** Head of Customer Service

**Ward(s) affected:** All

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### **Executive Summary:**

Some data held within the Audit Actions Database was lost in November 2014 during a system migration piece of work. Due to a number of factors this data was found to be non-recoverable. This resulted in additional work to manually recover as much of this data as possible and restoring it into the Audit Actions Database.

Lessons have been identified from this incident and are detailed in this report.

### **Recommendation:**

It is recommended the Corporate Governance Panel note the findings of this report.

## 1. PURPOSE

- 1.1 This report summarises the issues concerning the loss of data from the Audit Actions database and the lessons learnt. The report was requested by the Corporate Governance Panel in March 2015.

## 2. BACKGROUND

- 2.1 Due to Microsoft support expiring for a particular server software (Windows Server 2003) IMD took steps to upgrade this software. Work started on this activity towards the end of 2014. The work covered over 40 servers running a wide variety of computer systems used by the council. Support of another piece of Microsoft software, SharePoint 2007, was also coming to an end at the end of July 2015. SharePoint is the system that was used to build the Audit Actions database.
- 2.2 The work in upgrading SharePoint involved migrating over 280+ sites. This migration unfortunately had to be a semi-manual process as fully automated processes proved not to work – this was not a ‘drag and drop’ exercise. In total over 1 million items of data were moved.
- 2.3 Whilst undertaking the movement of data three columns of data were lost from within the Audit Actions Database. The loss was discovered in February 2015 and at the time was thought to be recoverable. Most of the lost data was recovered but a small subset was found to be non-recoverable. This resulted in additional work being created to manually recreate the missing data.

## 3. ANALYSIS

- 3.1 An investigation has occurred to establish why data was lost and not recoverable. The following sections summarise the key findings.
- 3.2 **Back-up of the system** – in order to manage disk space a manual task was created to back-up SharePoint systems. This was found not to be working properly.
- 3.3 **Movement of data held in the system** – this occurred, but some data was not manually transferred leading to gaps in the system. When this was discovered the back-ups were examined, and found to be incomplete.
- 3.4 **Management of resources** – the team in IMD are active across all parts of the Council, and communication between the team could have been better to ensure the migration and backup of systems and data was more closely controlled.
- 3.5 In addition to these concerns the investigation has also examined a number of other audit reports (internal & external) and operational records held within IMD. No other records of a similar data loss have been found, and this places this occurrence within context – what happened is extremely rare.

## 4. COMMENTS OF OVERVIEW & SCRUTINY PANEL

- 4.1 Not relevant – paper is for Corporate Governance Panel.

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

- 5.1 Section 6 details the actions that are being implemented to manage the risk of this occurring again.

## **6. WHAT ACTIONS WILL BE TAKEN?**

- 6.1 **Back up of SharePoint** – IMD revisited the steps it has in place to create back-ups. In addition it also engaged with an external supplier to help install and configure an improved backup process for SharePoint 2010. This ensures SharePoint is backed up more effectively and efficiently and also allows quicker and more granular recovery from within SharePoint. This will be very useful for the many thousands of items currently stored in SharePoint. Additional checks have also been put place to ensure disk space is being managed more closely; this will reduce the risks connected to managing back-ups.

- 6.2 **Check-points** – Further steps will be taken to ensure that when work such as that undertaken for the migration of SharePoint data check-points and balances are incorporated. This will ensure that adequate data backups are verified at crucial points of a piece of work should recovery be required. These checks will be formally recorded within the workplan.

- 6.3 **Management of resources and workload** – IMD has improved the management of resources within the group. This has mainly taken the form of a central repository of workload and resources across the group. This information is reviewed at least weekly. IMD is also using a software system that allows individual Team Leaders to manage the workload of their teams. These improvements in management of resources and workload allows IMD to manage a forward plan of demand against resource availability - and to identify when additional resources may be required to deliver pieces of work or projects.

## **7. LINK TO THE CORPORATE PLAN**

- 7.1 Having a robust data back-up and management plan supports all Council services and objectives

## **8. CONSULTATION**

- 8.1 No implications

## **9. LEGAL IMPLICATIONS**

*(Comments from the Acting Legal Services Manager / Solicitor)*

- 9.1 No implications

## **10. RESOURCE IMPLICATIONS**

*(Comments from the Head of Resources)*

- 10. 1 No implications

## **11. OTHER IMPLICATIONS**

- 11.1 No implications

## **12 REASONS FOR THE RECOMMENDED DECISIONS**

- 12.1 The loss of data is regrettable and is extremely rare. Lessons have been learnt from the issues highlighted in this report and the chances of such a failure happening again have been reduced.
- 12.2 It is recommended that the Corporate Governance Panel note the findings of this report.

## **13. LIST OF APPENDICES INCLUDED**

None

## **BACKGROUND PAPERS**

None

## **CONTACT OFFICER**

John Taylor – Head of Customer Service  
Tel No. 01480 388119

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

## HUNTINGDONSHIRE DISTRICT COUNCIL

**Title/Subject Matter:** Review of Fraud Investigation Activity  
**Meeting/Date:** Corporate Governance Panel – 3 June 2015  
**Executive Portfolio:** Executive Councillor for Customer Services  
**Report by:** Benefits Manager  
**Ward(s) affected:** All

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### **Executive Summary:**

This report provides an overview of the activity of the Corporate Fraud Team for 2014/15.

During the year, the team:

- Received 1028 allegations of fraud
- Investigated 345 cases and identified fraud valued at £464k
- Recovered 7 social housing properties
- Carried out 29 prosecutions

This performance is comparable to that of the previous year. This is against a national trend of a reduction in the number of investigators employed by local authorities which has in turn resulted in a decline in the number of cases investigated. However, the value of fraud found nationally has increased as authorities widen their remit beyond benefit fraud.

This has been the last year that the Corporate Fraud Team's remit within Huntingdonshire District Council included the investigation of Housing Benefit fraud before its transfer to the Department for Work and Pensions (DWP) which also saw the transfer of a number of staff.

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

It is recommended that the Panel:

- Reviews the work undertaken by the Fraud Team during 2014/15.

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## 1. WHAT IS THIS REPORT ABOUT?

- 1.1 This report provides a summary of the activity of the Council's Corporate Fraud Team in 2014/15 including the number of investigations undertaken, types of investigation and the value of the fraud identified.

## 2. BACKGROUND

- 2.1 Housing Benefit fraud remained the main emphasis of the team during 2014/15 as this is where the biggest numbers and highest value of fraud is found, but resources also targeted Council Tax discounts and Housing tenancy fraud.
- 2.2 The Cambridgeshire Tenancy Fraud Forum (CTFF), which was funded by CLG and established in 2013 continued to run throughout 2014/15.
- 2.3 HDC was again the lead authority in a successful bid for funding of £335,000 from CLG to implement the Cambridgeshire Anti-Fraud Network (CAFN) as a successor to the CTFF. The partners comprise five other local authorities and four housing associations. The funding lasts until March 2016 and will create individual data warehouses with a central intelligence hub to carry out the data matching process. A website will also allow members of the public to report suspected fraud. As the lead authority, HDC is responsible for project management, procurement, running the central intelligence hub, carrying out the initial sift of fraud allegations and then passing cases on to the relevant authority.
- 2.4 The final quarter of the year saw the team concentrate on the transfer of the welfare benefit fraud work to the DWP as part of the national roll out of the Single Fraud Investigation Service (SFIS). SFIS brings together the fraud investigation work of the DWP, local authorities and HM Revenue & Customs.

## 3. ANALYSIS

- 3.1 This was a year of transition for the team in the knowledge that welfare benefit fraud work would transfer to the DWP at some point. Decisions had to be made on the future make up of the team and what sort of work they would do once the transfer had taken place in the knowledge that DWP grant funding which had previously funded the work would end.
- 3.2 Despite this, the outturn figures for the team were comparable to the previous financial year.

## 4. WORK UNDERTAKEN

- 4.1 Corporate Fraud Team:

	2013/14	2014/15
Allegations of fraud	1070	1028
Cases investigated	330	345
Cases where fraud was found	166 (50%)	152 (44%)
Value of fraud	£444k	£464k
Social housing recovered	11	7
Prosecutions	28	29
Cautions/penalties	34	28

All allegations are assessed – those that are malicious, not relating to HDC business or are of a low value that doesn't warrant a full investigation and potential prosecution are not taken further by the Fraud Team.

The value of the fraud established is broken down as follows:

Housing Benefit	£381,460
Council Tax Benefit/Support	£ 62,000
Council Tax Discount	£ 20,500
Value of administrative penalties issued:	£ 18,520
Court costs awarded:	£ 7,270

#### 4.2 Cambridgeshire Tenancy Fraud Forum (CTFF):

108 referrals were made to the CTFF during 2014/15 and were passed on to the appropriate partner authority to investigate.

The CTFF website was visited by 2500 users during the year generating 250 sessions a month.

### 5. WHAT ACTIONS WILL BE TAKEN

5.1 Three Investigating Officers transferred to the DWP on 1 May 2015 leaving a team comprising of a Team Leader, Investigator and an Intelligence Officer. In addition, a Data Analyst and an Intelligence Officer are employed on fixed term contracts funded by the CAFN project. At the same time, the Housing Benefit Credit Control Officer moved from the Fraud Team to the Benefit Assessment Team.

5.2 Any welfare benefit fraud investigation still in progress as at 1 May 2015 has been transferred to SFIS. Any future allegations of benefit fraud originating from HDC must also be passed to SFIS. There will now be a period of consolidation as the team complete work on other types of fraud work received prior to the SFIS transfer and deal with on-going referrals from the Benefits, Local Taxation and Housing Teams.

5.3 The management of the CAFN project will require resources to ensure that it fulfils its remit especially as there has been a delay in getting the project up and running due to staffing issues and co-ordinating the large number of partners involved. However, it is anticipated that savings will be found in the following areas:

- Tenancy Fraud
- Council Tax Discounts
- Tenancy audit work carried out by the housing associations
- Empty homes/NNDR fraud

5.4 Once the capacity of the new set up of the team has been established, an exercise will be undertaken to determine what other types of fraud could be looked at based on risk, value and volume. This will include looking at the Corporate Risk Register and issues identified during internal audits as well as working with services across the Council.

5.5 The Audit Commission was disbanded in March 2015 and their counter-fraud



activities have transferred to the Chartered Institute of Public Finance and Accountancy (CIPFA). HDC plans to use the CIPFA Counter Fraud Code to underpin its approach to fraud investigation in the future.

## 6. LINK TO THE CORPORATE PLAN

- 6.1 Strategic priority and objective: Ensuring that we are a customer focused and service led council.

## 7. LEGAL IMPLICATIONS

*(Comments from the Acting Legal Services Manager / Solicitor)*

- 7.1 None

## 8. RESOURCE IMPLICATIONS

- 8.1 Fraud Team costs 2014/15:

	<b>£'000</b>
<b>Direct Expenditure</b>	
Staff costs	267
Legal fees	1
Other expenses	10
	<hr/> 278
<b>Direct Income</b>	
DWP subsidy on HB overpayments	(153)
Council Tax Support/Benefit/Discounts	(83)
Financial penalties imposed	(18)
Court costs awarded	(7)
	<hr/> (261)
<b>Net Direct (Surplus)/Deficit</b>	<b>17</b>

## 9. OTHER IMPLICATIONS

*(Equalities, environment, ICT, etc)*

- 9.1 None

## 10. REASONS FOR THE RECOMMENDED DECISIONS

- 10.1 This report shows that the Fraud Team continues to be a valuable resource for the Council, preventing, identifying and investigating various types of fraud.
- 10.2 Despite a national trend showing a reduction in available resources and the amount and value of fraud found, the team has maintained a comparable performance with previous years.

## BACKGROUND PAPERS

Protecting the public purse 2014 (Audit Commission)

## CONTACT OFFICER

Amanda Burns – Benefits Manager  
Tel No. 01480 388122

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## HUNTINGDONSHIRE DISTRICT COUNCIL

<b>Title/Subject Matter:</b>	Anti-fraud and Corruption Strategy
<b>Meeting/Date:</b>	Corporate Governance Panel – 3 June 2015
<b>Executive Portfolio:</b>	Resources: Cllr J Gray
<b>Report by:</b>	Head of Customer Services
<b>Ward(s) affected:</b>	All

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### Executive Summary:

The Council's anti-fraud and corruption strategy has been re-written to take account of:

- The new CIPFA Code of Practice on managing the risk of fraud and corruption (the Code), published in October 2014;
- The Codes accompanying guidance notes, published in December 2014; and
- The change in emphasis within the Corporate Fraud team to focus on issues other than welfare fraud.

Whilst the Code is voluntary it does contain current best practice. It is an appropriate document for the Council to base its own strategy and determine how it will approach identifying and mitigating fraud and corruption risks.

The strategy deals with each of the Code's five principles:

- Acknowledge the responsibility for countering fraud and corruption
- Identifying the fraud and corruption risks
- Develop an appropriate counter fraud and corruption strategy
- Provide resources to implement the strategy; and
- Take action in response to fraud and corruption.

The Corporate Management Team are responsible for delivering the anti-fraud and corruption strategy. The Head of Customer Services and the Corporate Fraud team will take the lead on maintaining a programme of work that ensures that resources are focused on those service areas that are the most susceptible to the risk of fraud and corruption.

The Corporate Fraud team are currently reviewing their own workload (post the introduction of the single fraud investigation service (SFIS) and the reduction in welfare related investigations) and considering the impact of this strategy. It is expected that this piece of work will be completed by the late Autumn. The Panel considered at their March meeting whether or not the Panel fraud working group should continue (post SFIS) or not. It is recommended that the fraud working group should not meet until such time as the draft programme of work has been considered by the Corporate Management Team.

There are no financial implications arising from this report.

**Recommendation(s):**

It is recommended that the Panel:

1. Approve the anti-fraud and corruption strategy (appendix 1); and
2. Agree that the decision as to whether or not the fraud working group be re-established be postponed until the draft programme of work to support the strategy has been considered by the Corporate Management Team.

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

- 1.1 This report is recommending that the Panel approve a new anti-fraud and corruption strategy.

## 2. WHY IS THIS REPORT NECESSARY/BACKGROUND

- 2.1 Following the Governments abolition of the National Fraud Authority in March 2014, responsibility for the promotion of anti-fraud and corruption arrangements within the public sector was passed to CIPFA. In response, CIPFA launched the Counter Fraud Centre in July 2014 to lead and co-ordinate the fight against fraud and corruption across the public services. It is the UK's centre of excellence for counter fraud.
- 2.2 CIPFA has built on its previous guidance, *Managing the Risk of Fraud, Actions to Counter Fraud and Corruption (Red Book)* (2008), to establish a high level set of principles that can be applied to any public service organisation. The Code together with the guidance notes replace CIPFA's previous guidance.
- 2.3 One of the first outputs from the centre was the publication, in October 2014, of the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption. This was followed up in December 2014, when detailed guidance notes were published in support of the Code of Practice. The Council's previous strategy was based upon the guidance contained within the *Red Book*. A new strategy is required that is based upon the October 2014 Code.

## 3. OPTIONS CONSIDERED/ANALYSIS

- 3.1 The Code has five principles and the guidance notes provide detailed information on the implementation of each:
- Acknowledge the responsibility of the governing body for countering fraud and corruption
  - Identify the fraud and corruption risks
  - Develop an appropriate counter fraud and corruption strategy
  - Provide resources to implement the strategy
  - Take action in response to fraud and corruption
- 3.2 The strategy has been developed by reviewing each principle and then considering how it will be applied within the Council. As the strategy is a new document it is not possible to provide a commentary on the changes that have been made. The following list covers the key issues within the new strategy:

### Code Paragraph

An anti-fraud and corruption statement at the beginning of the strategy sets out the Council's overarching position.

- 2.1 The definition of fraud and corruption are based upon those issued by the Serious Fraud Office and the World Bank respectively.
- 3.2 Significant fraud and corruption risks are to be recorded in the risk register.

## Code Paragraph

- 3.3 All policies, procedures or documents that support this Strategy shall be reviewed annually by the appropriate Head of Service (Further information on this point is included at 3.3 below).
  - 3.4 The strategy shall be reviewed at least once every 3 years by the S151 Officer and the Monitoring Officer. Changes shall be approved by the Panel.
  - 5.1 The Head of Customer Services shall maintain a programme of work to assist in the delivery of the strategy. This will include a fraud risk assessment.
  - 5.2 On an annual basis, the Corporate Management Team shall decide if sufficient resources are allocated to the delivery of the programme of work.
  - 5.3 An annual report shall be submitted to the Panel on work performed against the strategy.
  - 6.1 Everyone shall be treated equally and without favour if they have been found to have committed an act of fraud and corruption.
  - 6.4 Significant frauds or corrupt acts shall be referred to the Police or other regulated body.
  - 6.5 The Chairman of the Panel and the external auditors shall be informed of all significant fraud or corrupt acts.
  - 6.7 The Council may continue to undertake disciplinary action against any employee, regardless of the involvement of the Police.
  - 6.8 Action will be taken to recover all losses suffered.
  - 8.1 The strategy will be published both within and outside the Council.
- 3.3 The Council has a number of policies and procedures that deal with the issues of disclosure, investigation and prosecution. Following the introduction of SFIS and the loss of the majority of welfare related fraud investigations, these policies and procedures need to be updated. It is anticipated that their review and updating will run concurrently with the development of the programme of work. Paragraph 3.3 of the strategy, has been written to reflect this position. It is the intention that future versions of the strategy will list the relevant documents.
- 3.4 The Code also suggests that if the Council proposes to make a statement within its annual governance statement (AGS) that it has adopted and is adhering to the Code, then it should assess its level of conformance with the Code prior to making that statement. This will not be an issue until the 2015/16 AGS is being prepared. Corporate Management Team, when reviewing the draft programme of work, intend to take a preliminary view as to whether or not adherence to the Code is something that they wish to see included in the AGS or not.

- 3.5 In December 2014 the Council's Corporate Fraud Manager resigned from the Council. At the same time, the Council was successful in securing £330k from the Government to develop a fraud hub amongst a number of Cambridgeshire authorities and social housing providers. Work has also been undertaken to ensure that smooth transition to the SFIS on 1 May – and this has meant (after consultation with Members) a creation of a smaller Fraud team.

All of these developments has led to the Corporate Fraud team reviewing their own priorities and workload. The strategy requires that a programme of work should be developed to support its aims. It is expected that this piece of work will be completed by the late Autumn.

- 3.6 The Panel considered at their March meeting whether or not the fraud working group should continue. Whilst Panel members have gained greater knowledge and insight into the workings of the fraud team, at the present time it is considered that little would be gained from the working group continuing to meet until such time as the draft programme of work has been developed and considered by the Corporate Management Team.

#### **4. COMMENTS OF OVERVIEW & SCRUTINY PANEL**

- 4.1 Not applicable. The Panel has responsibility for monitoring the anti-fraud and corruption strategy.

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

- 5.1 With both Members and employees involved in making decisions that can have a significant effect upon the livelihood of members of the public or service users (e.g. licencing, food safety or planning decisions) or through their actions on a business as usual basis (e.g. issue of enforcement notices, cash handling or procurement decisions) the Council needs to be aware of the risk that may occur due to fraud and corruption

- 5.2 Financial loss is the most obvious key risk but the undermining of public confidence that can result from the discovery of an internal fraud or corrupt act would likely have greater impact.

- 5.3 The basic control procedures of up to date and clear procedure notes, separation of duties, internal check and reconciliation and compliance with agreed policies and procedures all ensure that the risk of financial loss is mitigated. When systems and procedures are being redefined or reworked as part of service restructures or lean reviews, it is important that the risks associated with the loss of any of these controls is identified and agreed. Further, regular awareness training to key employees and managements monitoring of adherence to agreed codes of conduct and governance based procedures and policies should also mitigate the risks.

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

- 6.1 Following adoption of the anti-fraud and corruption strategy, a programme of work will be undertaken to identify the fraud risks faced by the Council, the action that will be taken to mitigate those risks, and how the resources of the Corporate Fraud and from elsewhere, will be used. It is envisaged that this work will be completed by the late Autumn.

- 6.2 Whilst developing the programme of work, the Corporate Fraud team will continue to investigate and identify potential frauds as well as taking the lead in developing the Cambridgeshire Anti-Fraud Network (CAFN).

## **7. LINK TO THE CORPORATE PLAN**

- 7.1 Implementation of the strategy will ensure that the Council maintains good standards of governance. Good governance underpins the delivery of all of the Corporate Plan objectives.

## **8. CONSULTATION**

- 8.1 None.

## **9. LEGAL IMPLICATIONS**

*(Comments from the Head of Legal & Democratic Services)*

- 9.1 The Council has a statutory duty to make arrangements for the proper administration of their financial affairs. This strategy assists the Council in achieving that requirement.

## **10. RESOURCE IMPLICATIONS**

*(Comments from the Head of Resources)*

- 10.1 There are no specific resource implications arising from this report. The budget for the Corporate Fraud team has already been agreed for the current year. Customer Services will be subject to a zero based budget review during the year and any impact from that review that will affect the delivery of this strategy will be reported back to the Panel.

## **11. OTHER IMPLICATIONS**

*(Equalities, environmental, ICT etc.)*

- 11 Not applicable.

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

*(Summary leading to the Recommendations)*

- 12.1 The Council should maintain robust arrangements to counter the threat of fraud and corruption. The strategy takes account of the latest best practice guidance and should ensure that the Council's arrangements are appropriate and proportionate to the risks that it faces.
- 12.2 The Corporate Fraud team are readjusting priorities to take account of the loss of welfare related investigations post SFIS. Until such time as a programme of work has been developed to support the implementation of the strategy, it is envisaged that little would be gained by either Members or Officers from continuing to hold fraud working group meetings.

## **13. LIST OF APPENDICES INCLUDED**

Appendix 1 – Anti-fraud and corruption strategy



## **BACKGROUND PAPERS**

1. The CIPFA Code of Practice on managing the risk of fraud and corruption (the Code), published in October 2014;
2. The guidance notes to the CIPFA Code of Practice on managing the risk of fraud and corruption, published in December 2014.

## **CONTACT OFFICER**

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# HUNTINGDONSHIRE DISTRICT COUNCIL

## Anti-Fraud and Corruption Strategy 2015 - 2018

### **Anti-Fraud and Corruption Statement**

Huntingdonshire District Council is committed to the highest possible standards of honesty, openness and accountability.

It will ensure that internal procedures are in place to identify, deter and prevent the risk of fraud and corruption and maintain clear and well publicised arrangements for receiving and investigating complaints.

The Council will pursue appropriate action, including the recovery of any losses it has suffered, in every case where fraud and corruption has been found.

## **1 Introduction**

- 1.1 Huntingdonshire District Council already has in place effective systems to monitor, identify and investigate cases of fraud and corruption. It is aware that the incidents of fraud are increasing across the public sector and that it needs to maintain its resilience by continuing to be proactive and innovative in the fight against fraud.
- 1.2 The Council is determined that a culture of honesty, openness and accountability will always be promoted. The risk of dishonest acts being committed against the Council, no matter who by, undermine the high standards of conduct and public service that it aims to achieve.

This Strategy describes how the Council will respond to that risk.

## **2 Definitions**

- 2.1 The Council defines fraud and corruption in the following ways:

**Fraud** is an act of dishonesty, by which a person obtains a benefit or causes the Council a loss, by deception or other means (e.g. false representation, failing to disclose information or through the abuse of position).

**Corruption** is the abuse of public office for private gain (e.g. offering, giving, soliciting or acceptance of an inducement, reward or bribe which may improperly influence the action of any person).

### **3. Responsibility**

- 3.1 The Code of Financial Management states that Directors and Heads of Service are responsible for the prevention of fraud and corruption within the services and functions under their control. They are required to establish, maintain and document their systems of internal control and ensure that relevant employees or Members are familiar with these systems.
- 3.2 Heads of Service shall be responsible for identifying and assessing the fraud and corruption risks within their Service area and recording significant risks within the Council's risk register, and if necessary, other fraud and corruption risks within their service plans.
- 3.3 All policies, procedures or documents that support this Strategy shall be reviewed annually by the appropriate Head of Service.
- 3.4 To ensure this Strategy remains effective, the S151 Officer and the Monitoring Officer shall review it at least once every three years. Changes to the Strategy shall be agreed by the Corporate Governance Panel.
- 3.5 The Internal Audit Service shall contribute to the improvement of governance and risk management across the Council by reviewing and evaluating the potential for occurrence of fraud and how fraud risks are being managed. Such a review shall be completed at least once every four years.

### **4. The Principles of Conduct**

- 4.1 The culture of the Council is a key control measure, shaped by a consistent 'tone from the top' and an underlying ethos of strong governance, professional standards, checking and compliance.
- 4.2 Every Member and employee is responsible for playing their part in ensuring that public confidence in the services provided by the Council is maintained. They will lead by example in ensuring compliance with all legal requirements, rules, procedures and practices, and conduct themselves in accordance with both the spirit and letter of their respective Codes of Conduct and the supporting policies and procedures that are referred to within those Codes. All staff have been issued with a Code of Conduct booklet, and are required annually to confirm they have read it.

## **5. Reducing the risk of fraud and corruption**

- 5.1 The Head of Customer Services will maintain a programme of work that is proportionate to the risks that the Council faces.

The programme will consist of:

- a fraud risk assessment including, where available, estimates of fraud loss;
- details of the proactive (e.g. data analytics) and responsive work (including via any joint working or partnerships) that will be undertaken to mitigate the risks identified and the potential benefits expected from performing such work;
- details of the policies and procedures that are in place that mitigate potential risks (e.g. pre-employment screening, Code of Procurement);
- details of the current skills of dedicated counter fraud staff and their training requirements;
- formal fraud awareness training for Members and employees; and
- clear directions on the actions to be taken if fraud or corruption is discovered.

The programme of work will be reviewed regularly by the Head of Customer Services and the Head of Resources and agreed annually by the Corporate Management Team.

- 5.2 The Corporate Management Team shall consider on an annual basis whether the level of resources invested in the programme of work is proportionate to the level of risk identified. They shall also determine how the success of the programme of work is to be measured.
- 5.3 The Head of Customer Services shall submit an annual report to the Corporate Governance Panel that details the work that has been undertaken in the previous financial year against the programme of work and highlight all proven case of fraud and corruption by value and number.
- 5.4 The annual report shall be presented to the Corporate Governance Panel at such time that it can best inform the preparation of the annual governance statement (AGS). Conclusions from the annual report shall be featured in the AGS.

## **6. Disclosure, investigation and prosecution policies**

- 6.1 The Council has a principle of zero tolerance to fraud and corruption. Everyone shall be dealt with equally and without favour.
- 6.2 Specific policies or procedures that deal with the issues of disclosure, investigation and prosecution shall be maintained and reviewed annually to ensure they reflect current best practice and legislative requirements.

- 6.3 Investigations into possible fraud and corrupt practices will be undertaken by either the Corporate Fraud Team or the Internal Audit Service. Staff employed in either of these two areas shall, for investigation purposes, have the right of access to all Members and employees and any information held by the Council. Members and employees will be required to co-operate fully with any investigation and appropriate disciplinary action will be taken if it is found that this is not the case. This requirement will be reflected in the Code of Financial Management.
- 6.4 Irrespective of who is involved, all matters of significant fraud or corruption identified or perpetrated against the Council, will be referred to the Police or any other regulatory body authorised to investigate such matters. The decision as to whether a matter is significant shall be determined by either the S151 Officer or the Monitoring Officer.
- 6.5 The Chairman of the Corporate Governance Panel and the Council's external auditors shall also be informed of all matters of significant fraud and corruption.
- 6.6 If an employee has been involved in perpetrating a fraudulent or corrupt act, they shall be subject to the Council's disciplinary procedure. Where the allegation of an offence is proven then appropriate action shall be taken as set out in the disciplinary procedures.
- 6.7 If an employee has been involved in a significant fraud or corruption (see 6.4 above) the Council may continue to undertake disciplinary action against them, irrespective of any decision reached as to whether or not there is to be a criminal prosecution. The Monitoring Officer shall make this decision.
- 6.1 The Council will aim to recover (from the perpetrators or its insurers) all losses that it sustains as a result of fraud and corruption.

## **7. Lessons to be Learnt**

- 7.1 The Section 151 Officer and/or the Head of Customer Services will be responsible for ensuring that lessons learnt from any investigation undertaken are considered and that internal control systems are amended accordingly. They shall also consider whether it would be of benefit to the Council to publicise the outcome of the investigation as a deterrent to others.

## **8. Publicising the Strategy**

- 8.1 The Council will publicise the Anti-Fraud and Corruption Strategy both within and outside the Council.
- 8.2 The Council shall also comply with the requirements to publish information that relates to the delivery of this strategy in accordance with the Local Government Transparency Code.

End

Public  
Key Decision – No

## HUNTINGDONSHIRE DISTRICT COUNCIL

**Title/Subject Matter:** Risk Register Update  
**Meeting/Date:** Corporate Governance Panel – 3 June 2015  
**Executive Portfolio:** Resources: Councillor J A Gray  
**Report by:** Internal Audit & Risk Manager  
**Ward(s) affected:** All Wards

---

### **Executive Summary:**

The risk register is regularly reviewed. This report updates the Panel on the changes that have been made to the register in the period, 2 September 2014 to 19 May 2015.

There have been a number of additions and deletions to the register following the first detailed review of the register by the Management Team against the 2014 Corporate Plan objectives. A number of the risks that have been deleted reflected the objectives of 'Growing Success', the previous Corporate Plan.

The changes to the register are included within a set of appendices to the report.

383 controls are recorded in the register in respect of 144 individual risk entries.

92% of the controls have been assessed by management within the reporting period to be either at the substantial or adequate level.

92% of the controls have been reviewed and updated in the reporting period.

The risk register is reviewed quarterly by the Management Team (both individually and collectively) to ensure that it remains fit for purpose and captures the significant risks to the achievement of the Council's objectives. Service Plans have been prepared for 2015/16 (which are based upon the delivery of the 2015 Corporate Plan) and a further review of the register will commence shortly against the Service Plans aims and objectives.

The risk management system is working effectively. Panel need to take this into account when considering the annual governance statement.

### **Recommendation:**

It is recommended that the Panel note the report.

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

- 1.1 This report details both the risks and the assurance that can be taken over the operation and effectiveness of the controls that are in place to mitigate the risks within the risk register.

## 2. WHY IS THIS REPORT NECESSARY/BACKGROUND

- 2.1 The Panel receive regular reports on the changes that have been made to the risk register. In preparing the annual governance statement, Panel are able to take assurance from the reports that the risk management process is working effectively and contributing to the effective management and delivery of services.
- 2.2 Panel last received a report on this matter at its September 2014 meeting. Fifteen risks have been added to the register and 18 risks deleted in the current reporting period. The full risk register is available on the risk management intranet site.

## 3. OPTIONS CONSIDERED/ANALYSIS

- 3.1 There are five appendices to the report that show the current status of risks.

The reduction in risk achieved due to the controls that managers have in place for both corporate and operational risks are shown in appendix 1 and 2. Risks with a 'very high' residual risk are listed separately.

- 3.2 The risk management strategy requires the Cabinet to consider each of the very high residual risks to identify whether they should be further mitigated by cost-effective and affordable actions. Risk option forms are currently being prepared by Heads of Service and will be presented to the July Cabinet meeting.
- 3.3 Following the introduction of the Corporate Plan in April 2014, Heads of Service undertook a thorough review of the risk register. A number of the risks that have been deleted from the register in the current period reflect the themes and aims of the previous Corporate Plan, which was known as 'Growing Success'.
- 3.4 The register is reviewed quarterly by all Heads of Service. Corporate risks are also subject to a collective peer review.
- 3.5 383 controls were recorded in the register as at 19 May 2015 in respect of 144 individual risk entries.

The levels of assurance are as follows:

No of Controls	Assurance Level			
	Substantial	Adequate	Limited	None
383	227	127	26	3
	59%	33%	7%	1%

- 3.6 92% of the assurances have been updated in the past six months (57% at September 2014). 5% of assurances are more than twelve months old (6% at September 2014).

#### **4. COMMENTS OF OVERVIEW & SCRUTINY PANEL**

4.1 Not applicable.

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

5.1 The significant service risks that have the potential to affect the delivery of the Corporate Plan need to be identified, controlled and monitored. If this process does not take place, there is the possibility that the desired outcomes within the Corporate Plan will not be achieved. Maintaining an adequate and effective risk register and risk management process is a key management control.

5.2 As the risk register has become more robust, the Internal Audit Service have been able to place greater reliance on its content for annual audit planning purposes. This in turn has allowed them to undertake audit reviews on the Council's significant risks, reviewing and challenging both the controls listed and the controls assurance ratings. If the risk register is not maintained by Heads of Service then its value to internal audit will diminish as will the overall assurance that internal audit provides to both the Corporate Management Team and the Corporate Governance Panel on the effectiveness of the risk management process.

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

6.1 The risk register is reviewed quarterly by all Heads of Service. Team Managers are required to review their risk register entries every six months.

#### **7. LINK TO THE CORPORATE PLAN**

7.1 Good risk management practice contributes to the overall delivery of the Corporate Plan. It improves the performance of the Council by identifying and assessing current and emerging risks and opportunities and how they are to be treated.

#### **8. CONSULTATION**

8.1 Not applicable.

#### **9. LEGAL IMPLICATIONS** *(Comments from the Head of Legal & Democratic Services)*

9.1 There are no legal implications arising from this report.

#### **10. RESOURCE IMPLICATIONS** *(Comments from the Assistant Director, Finance & Resources)*

10.1 There are no direct financial implications arising from this report.

#### **11. OTHER IMPLICATIONS** *(Equalities, environment, etc)*

11.1 There are no equality implications arising from this report.

#### **12. REASONS FOR THE RECOMMENDED DECISIONS** *(Summary leading to the Recommendations)*

- 12.1 As part of the ongoing process of obtaining assurance for the annual governance statement, the Panel need to be confident that the Council's risk management procedures are working effectively. This report allows the Panel to note that the risk management process is working effectively.

### **13. LIST OF APPENDICES INCLUDED**

#### Appendix

- 1 Risk matrix – inherent to residual scoring: Corporate risks
- 2 : Operational risks
- 3 Summary of risk register amendments
- 4 Assurance on controls for very high inherent risks
- 5 Risks with controls that are not working effectively
- 6 Risk assessment model from risk management strategy

### **BACKGROUND PAPERS**

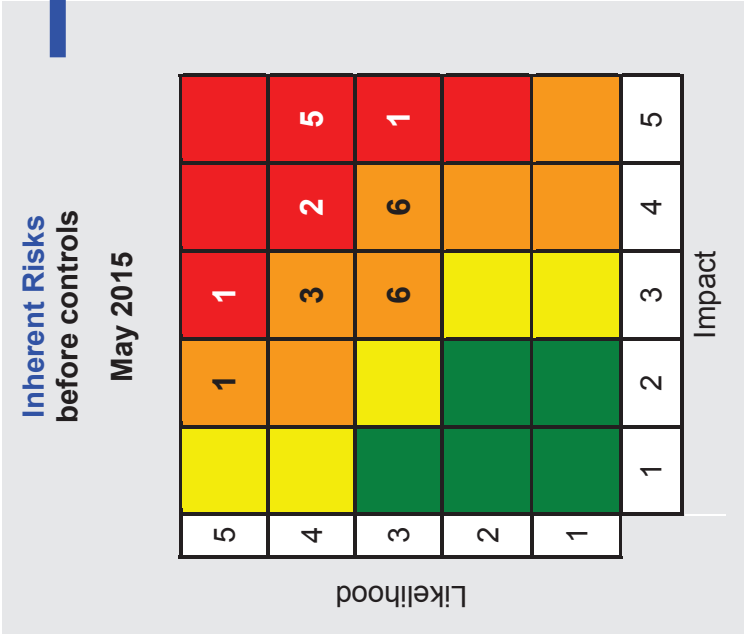
Risk Register

### **CONTACT OFFICER**

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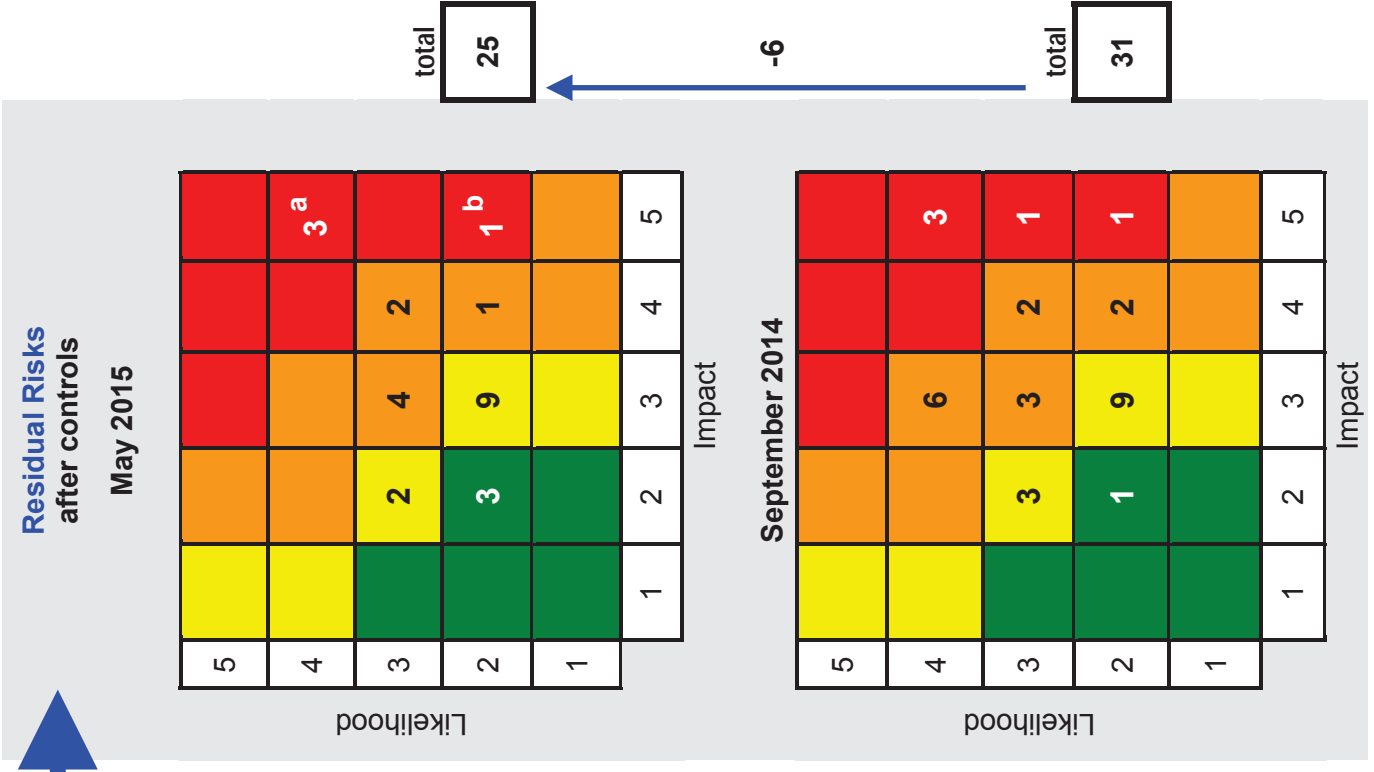
# Corporate Risks

# Appendix 1



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

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



**'Very High' Residual Risks**

	Sept 2014	May 2015
	Likelihood X	Impact
130 a Reducing Govt. financial support	4 / 5	4 / 5
237 a Affordable new homes	4 / 5	4 / 5
239 a Town Centre redevelopment	3 / 5	4 / 5
47 b Investment decisions not appropriate	2 / 5	2 / 5

Corporate

# Operational Risks

# Appendix 2

**Inherent Risks before controls May 2015**

5	3	4	3	1
4	8	17	10	2
3	1	8	23	5
2	4	4	4	2
1	1	1		
	1	2	3	4
				5

Likelihood

Impact

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

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

**Residual Risks after controls May 2015**

5				
4	1	4	6	1 <sup>a</sup>
3	3	16	8	3
2	1	21	33	8
1		2	4	3
	1	2	3	4
				5

Likelihood

Impact

total 118

**September 2014**

5				
4	1	4	9	1
3	3	12	11	3
2	1	22	35	9
1		2	5	2
	1	2	3	4
				5

Likelihood

Impact

Total 124

-6

	Sept 2014	May 2015
'Very High' Residual Risks	Likelihood X Impact	
243 a Failure to deliver savings via MAC	4 / 4	4 / 4
241 b Reduced retained business rates	3 / 5	3 / 5
15 c ICT security is breached	2 / 5	2 / 5
58 c Information or data is lost	2 / 5	2 / 5

**Operational**

**Summary of Risk Register Amendments  
2 September 2014 – 19 May 2015**

**Appendix 3**

**Corporate**                      **Additions**                      **Deletions**                      **Category Change**                      **Net result**  
**+ 8**                                      **- 3**                                      **+1**                                      **+ 6**

<b>Risk</b>	<b>Risk Title</b>	<b>Addition</b>	<b>Deleted</b>	<b>Inherent Risk Priority</b>	<b>Residual Risk Priority</b>	<b>Reason for deletion</b>
30	The Councils 'environmental' policy/strategy is not followed leading to the risk of piecemeal and uncoordinated actions which do not meet environmental targets.	----	16/02/15	Very High	High	The council is changing its approach to the measurement of environmental objectives with targets and objectives laid out within the corporate plan.
135	ICT Developments outside IMD may not be sustainable resulting in loss of service and/or additional costs to repair or replace the system.	----	02/12/14	High	High	Over the years the number of services developing systems themselves has reduced. IMD has taken more responsibility for designing and implementing new IT systems. This risk has reduced to a level that it should not be recorded as a corporate risk.
146	Failure to prepare for and adapt to climate change, resulting in wasted investment, costs of emergency action and retrofitting buildings with adaptation measures.	----	16/02/15	Very High	High	See risk 30 above.
152	Economic downturn and the related potential shortfall in anticipated developer activity due to reduced market liquidity and availability of credit undermines the delivery of new homes, new employment opportunities and community facilities.	----	25/11/14	High	High	Clear signs are that an economic downturn will not lead to a fall in application fees.
154	Lack of competent qualified staff and/or funds mean failure to deliver savings and resource efficiency agenda.	----	16/02/15	High	High	See risk 30 above.
247	Failure to deliver revenue generation opportunities and energy savings through MLEI (Mobilising Local Energy Investment).	----	16/02/15	High	High	The council is changing its approach to the measurement of environmental objectives with targets and objectives laid out within the corporate plan.
250	Desktop virtualisation does not occur by April 2014 resulting in users left using unsupported systems.	----	16/09/14	Very High	High	Desktop virtualisation did not proceed.

**Summary of Risk Register Amendments  
2 September 2014 – 19 May 2015**

**Appendix 3**

<b>Risk</b>	<b>Risk Title</b>	<b>Addition</b>	<b>Deleted</b>	<b>Inherent Risk Priority</b>	<b>Residual Risk Priority</b>	<b>Reason for deletion</b>
256	Failure relating to the implementation of Individual Electoral Registration (IER).	----	17/11/14	<b>Very High</b>	<b>High</b>	Project completed. IER went live in June 2014.
260	The Council does not meet its obligations under the 2014 Data Transparency Code leading to complaints from the public and a judicial review.	26/11/14	----	<b>High</b>	<b>Low</b>	
261	Shared service provision fails to deliver the required service leading to potential deterioration in service delivery, loss of control, loss of reputation and potentially increased costs.	02/12/14	----	<b>High</b>	<b>High</b>	
262	Failure to deliver vision of shared services leading to inability to deliver the required efficiency savings.	02/12/14	----	<b>High</b>	<b>Medium</b>	

**Summary of Risk Register Amendments  
2 September 2014 – 19 May 2015**

**Appendix 3**

**Operational**      **Additions**      **Deletions**      **Category Change**      **Net result**  
 + 6                      - 12                      0                      -6

<b>Risk</b>	<b>Risk Title</b>	<b>Addition</b>	<b>Deleted</b>	<b>Inherent Risk Priority</b>	<b>Residual Risk Priority</b>	<b>Reason for deletion</b>
16	Member of the public/Council employee is seriously injured or killed due to the Council not providing its employees with either a safe working environment or sufficient and adequate training.	----	02/12/14	<b>Very High</b>	<b>Medium</b>	Regular training provided to key staff. Risk now considered a business as usual operation.
19	Public injury, illness or property damage is caused from inadequate maintenance of trees and/or poisonous plants, damaging our reputation and increasing expenditure.	----	01/12/14	<b>High</b>	<b>Medium</b>	Risk is similar to risk register entry 17, which deals with the risks of providing a safe working environment and adequate training. .
23	The procedures for the management of Special Events organised by the Leisure Centres may not be robust and result in customer complaints.	----	01/12/14	<b>High</b>	<b>Low</b>	Risk similar to risk 17.
48	Failure to manage projects effectively results in projects not being delivered on time and/or budget.	----	17/02/15	<b>Very High</b>	<b>High</b>	New project management system set up and run by Corporate Office.
150	Delivering the web strategy - there may be insufficient resources to deliver the objectives of the web strategy.	----	05/01/15	<b>High</b>	<b>Medium</b>	A business case has been approved by the Exec Director(Services) for IMD to control the website content.
156	Delegated funding arrangements to schools potentially reduce use of leisure centres resulting in a financial shortfall.	----	01/12/14	<b>High</b>	<b>High</b>	Risk similar to risk 18, which refers to the joint agreements and funding arrangements.
163	Government Connect Code of Connection rules restrict flexibility of ICT provision.	----	19/01/15	<b>Very High</b>	<b>High</b>	To comply with Government Connect we have changed the way that officers remotely access the network.



**Summary of Risk Register Amendments  
2 September 2014 – 19 May 2015**

**Appendix 3**

<b>Risk</b>	<b>Risk Title</b>	<b>Addition</b>	<b>Deleted</b>	<b>Inherent Risk Priority</b>	<b>Residual Risk Priority</b>	<b>Reason for deletion</b>
222	Key staff are attracted by improving opportunities in the private sector as the public sector becomes more uncertain and under increasing financial constraints.	----	02/02/15	High	High	This risk affects many parts of the Council and is covered by risk 2, which refers to staff motivation morale, training and retention.
229	Failure to provide protect and maintain the Council's property portfolio resulting in an unsuitable working environment and/or possible accident or injury to staff/visitors.	----	16/02/15	Very High	Medium	This is considered to be a 'business as usual' risk.
242	Non delivery of service due to insufficient transport.	----	24/11/14	High	High	No evidence to demonstrate the impact of this risk on operation of the service.
244	Failure to recruit successfully into the vacant Network & Systems Team Leader post may put operational systems and development projects at risk.	----	14/10/14	Very High	High	The post is temporarily filled and the structure of the team will change when a shared service is implemented.
252	Failure to implement the Pay Review project in April 2014.	----	02/09/14	High	Medium	Project completed.
257	Reduction of instructors leading to a reduction in service and loss of income.	09/09/14	----	High	High	
258	Members make grant awards to people who do not meet the criteria of the award scheme.	19/11/14	----	Medium	Medium	
259	Planning decisions not to allow removal/significant works to a TPO tree lead to the Council having to pay Statutory Compensation.	19/11/14	----	High	Medium	
263	The implementation of the Universal Credit System is not well managed leading to increased poverty on the local community.	03/12/14	----	High	Medium	

**Summary of Risk Register Amendments  
2 September 2014 – 19 May 2015**

**Appendix 3**

<b>Risk</b>	<b>Risk Title</b>	<b>Addition</b>	<b>Deleted</b>	<b>Inherent Risk Priority</b>	<b>Residual Risk Priority</b>	<b>Reason for deletion</b>
265	Key members of IMD leave at short notice and with no time for handover leading to poor systems support.	05/01/15	----	High	High	
266	Building Foundations for Growth - Capital Grant Administration or Compliance issues.	09/03/15	----	High	High	

## Assurance Details

## Appendix 4

Corporate Objective & summary of risk	Risk No	Inherent Risk	No of Controls	Residual Risk	Assurance Level				Area of Panel Assurance <sup>1</sup>	Assurance shortfall	Risk Type	
					Substantial	Adequate	Limited	None			Corporate	Operational
<b>A customer focused and service led Council</b>												
Council does not invest in or develop staff	2	High	4	High	3	1			a		✓	
Service recovery/business continuity ineffective	6	High	5	High	4	1			g			✓
Staff absence through injury	14	High	6	High	8	2	3	1	g			✓
ICT security breached	15	High	8	High	8				g			✓
Budget estimates are inaccurate	24	High	5	High	5	5			d			✓
Reliance on key IT staff	25	High	5	High	2	3			g			✓
Bailiff contract (health and safety)	31	High	3	High	3				f			✓
Ineffective site security	32	High	3	High	3	3			g			✓
Building control service loses customers	44	High	4	High	3	1			a			✓
Investment decisions not appropriate	47	High	4	High	4	4			d		✓	
Staffing capacity: deadlines not met	49	High	4	High	4				a			✓
Information or data is lost	58	High	4	High	4	3	1		g			✓
Staff capacity: reducing service levels	73	High	4	High	1	3			a		✓	
Fraud occurs	75	High	6	High	1	3	2		g			✓
Unencrypted data is sent externally	122	High	4	High	2	2			g			✓
Reducing Govt. financial support	130	High	2	High	2	1	1		d		✓	
Theft	140	High	4	High	4				g			✓
Loss of access/structure: Pathfinder House	145	High	3	High	3				g			✓
Power loss to main server	177	High	6	High	4	1	1		f			✓
Assets not properly maintained	186	High	3	High	3		3		g			✓
Sensitive HB info e-sent via insecure means	191	High	1	High	1				g			✓
S106 Agreements not monitored	208	High	3	High	3	3			e			✓
Breach of data protection act	217	High	5	High	4		1		c			✓
CIL liabilities not collected	236	High	1	High	1	1			g			✓
Reduced retained business rates	241	High	1	High	1	1			d			✓
Failure to deliver Making Assets Count	243	High	1	High	1		1		j	x		✓
Not achieving financial savings	248	High	1	High	1	1			d		✓	
Inappropriate social media activity	251	High	1	High	1	1			g		✓	

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

## Assurance Details

## Appendix 4

Corporate Objective & summary of risk	Risk No	Inherent Risk	No of Controls	Residual Risk	Assurance Level				Area of Panel Assurance <sup>1</sup>	Assurance shortfall	Risk Type	
					Substantial	Adequate	Limited	None			Corporate	Operational
<b>A strong local economy</b>												
Delays to Huntingdon town centre development	239		1		1			a		✓		
<b>Sustainable Growth</b>												
Increasing insurance premiums	126		3	2	1			f			✓	
Loss of vehicle fleet operating licence	192		3	2	1			a			✓	
Reducing number of affordable homes built	237		3	3				a		✓		
<b>Thriving Communities</b>												
Partnerships are not effective	74		1	1			1	j	x	✓		
Reduced CCTV cover	230		1	1		1		a			✓	
Reduction in Govt. DFG funding	254		1	1		1		a			✓	

a. Delivery of the Council's corporate objectives	e. Robustness of performance management system	j. Partnerships working effectively
b. The effectiveness of the Constitution	f. The effectiveness of the risk management strategy	
c. Meeting statutory obligations	g. Internal control & the effectiveness of key controls	
d. Effectiveness of financial management arrangements	h. Adequacy of the internal audit service	


## Risk Assurance Shortfall

## Appendix 5

Risk Ref	Risk Title	Inherent Risk Priority	Residual Risk Priority	Control Assurance level	Controls not considered effective
74	Robust Partnerships agreement are not effectively secured with relevant organisation and as a consequence the delivery of key objectives is not achieved.	Very High	Medium	Limited	Current review of all Partnerships to ensure alignment with our corporate priorities, delivering value for money and are fit for purpose.  <i>Note: The 2013/14 annual governance statements included as a significant issues, the requirement to review partnership commitments. An update on progress made was reported to the Panel in March 2015.</i>
243	Failure to deliver potential savings and partnership opportunities through the Making Assets Count programme	Very High	Very High	Limited	There are no controls within the register for this risk.

## Risk Assessment Model

## Likelihood / Frequency

Likelihood / Frequency		Alternatively this could be expressed as likely to happen within the next:	
<b>5 = Almost Certain</b>	Will definitely occur, possibly frequently.	Month	
<b>4 = Likely</b>	Is likely to occur, but not persistently.	Year	
<b>3 = Occasional</b>	May occur only occasionally.	3 years	
<b>2 = Unlikely</b>	Do not expect it to happen but it is possible.	10 years	
<b>1 = Improbable</b>	Can't believe that this will ever happen, but it may occur in exceptional circumstances.	20 years	

When considering Health & Safety related risks, the likelihood should be expressed as being likely to happen within the next:

<b>4 = Likely</b>	Monthly	Further advice on assessing Health & Safety risks* can be obtained from the Health & Safety Advisor.
<b>3 = Occasional</b>	Year	
<b>2 = Unlikely</b>	5 years	

## Impact

Risks will be evaluated against the following scale. If a risk meets conditions for more than one category, a judgement will need to be made as to which level is the most appropriate. For example, if a particular health and safety risk was significant, could result in minor short-term adverse publicity in the local media but had only a trivial financial impact, it might still be categorised as significant.

**1 = trivial** event or loss, which is likely to:

- cause minor disruption to service delivery on one or two consecutive days, not noticeable to customers
- increase the Council's net cost over the 5 year MTP period by £50,000 or less.
- be managed with no reporting in the local media
- cause localised (one or two streets) environmental or social impact

**2 = minor** event or loss, which is likely to:

- cause minor, noticeable disruption to service delivery on one or two consecutive days
- increase the Council's net cost over the 5 year MTP period by more than £50,000 but less than £100,000.
- result in minor short-term (up to a fortnight) adverse publicity in the local media
- \* be a Health and Safety concern that results in an injury but little lost time (e.g. less than 3 days off work)
- have a short term effect on the environment i.e. noise, fumes, odour, dust emissions etc., but with no lasting detrimental impact

## Risk Assessment Model

**3 = significant** event or loss, which is likely to:

- cause disruption for between one and four weeks to the delivery of a specific service which can be managed under normal circumstances
- affect service delivery in the longer term
- increase the Council's net cost over the 5 year MTP period by more than £100,000 but less than £250,000.
- result in significant adverse publicity in the national or local media
- \* be a Health and Safety concern that results in more than 3 days off work or is a major injury, dangerous occurrence or disease that is required to be reported to the H&S Executive in accordance with RIDDOR.
- has a short term local effect on the environment, or a social impact, that requires remedial action.

**4 = major** event or loss, which is likely to:

- have an immediate impact on the majority of services provided or a specific service within one area, so that it requires Managing Director involvement.
- increase the Council's net cost over the 5 year MTP period by more than £250,000 but less than £500,000.
- raise concerns about the corporate governance of the authority and / or the achievement of the Corporate Plan
- cause sustained adverse publicity in the national media
- significantly affect the local reputation of the Council both in the long and short term
- \* results in the fatality of an employee or any other person
- have a long term detrimental environmental or social impact e.g. chronic and / or significant discharge of pollutant

**5 = critical** event or loss, which is likely to:

- have an immediate impact on the Council's established routines and its ability to provide any services, and cause a total shutdown of operations.
- increase the Council's net cost over the 5 year MTP period by more than £500,000.
- have an adverse impact on the national reputation of the Council both in the long and short term
- have a detrimental impact on the environment and the community in the long term e.g. catastrophic and / or extensive discharge of persistent hazardous pollutant

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Public  
Key Decision - No

## HUNTINGDONSHIRE DISTRICT COUNCIL

**Title/Subject Matter:** Whistleblowing Policy, Guidance and Concerns Received  
**Meeting/Date:** Corporate Governance Panel – 3 June 2015  
**Executive Portfolio:** Resources: Councillor J A Gray  
**Report by:** Internal Audit & Risk Manager  
**Ward(s) affected:** All Wards

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### Executive Summary

The whistleblowing policy and guidance is reviewed annually. It was last reviewed in November 2014. The Corporate Management Team have requested that reporting on whistleblowing allegations received be reported on a financial year basis and it is considered appropriate for the Panel to review the whistleblowing policy and guidance at the same time.

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. Both documents have also been reviewed by the Culture and Compliance Governance Group and the Staff Council.

Arising from the 2014 review, the Panel recommended to Council, that it become a signatory to the Public Concern at Work (PCaW), 'The First 100 Campaign'. The campaign was established to allow organisations make a public commitment to support the PCaW whistleblower code of practice.

A number of changes are being proposed to both the policy and guidance to reflect the PCaW whistleblower code of practice and a recent Employment Appeal Tribunal decision, which has given the first 'in the public interest' definition. There have been no changes made to the whistleblowing policy or guidance notes arising from the 27 whistleblowing allegations that have been received during the year.

The policy and guidance are attached as Appendix 1 and 2.

There are no direct financial implications arising from this report.

### Recommendations:

It is recommended that the Panel

1. approve the revised whistleblowing policy and guidance
2. note the whistleblowing concerns received.

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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 and contains details of the total number of whistleblowing allegations received during the year ending March 2015.

## **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.

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

- 3.1 Panel last reviewed the policy and guidance in November 2014. A number of minor changes were made to reflect the management restructure. The December 2014 Council accepted the Panel's recommendation that it should aim to achieve compliance with the Public Concern at Work (PCaW) Code of Practice on whistleblowing (PCaW are the leading independent supporter of whistleblowers).

- 3.2 The PCaW 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.

- 3.3 The policy previously allowed 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).

Adopting the PCaW Code of Practice requires the scope of the policy to be narrowed so that it is made clear that it applies only to those who work for or provide services directly to the Council. Concerns will still be able to be raised by members of the public, but they will not be recorded, or reported to the Panel, as whistleblowing concerns. This is likely to lead to a fall in the number of concerns reported in the future as the majority of concerns received are from members of the public.

- 3.4 An April 2015 Employment Appeal Tribunal (EAT) decision (case: UKEAT/0335/14/DM) has provided the first legal interpretation of the 'public interest' test. The EAT has set a relatively low threshold for whistleblowers to satisfy in order to bring public interest claims if they are subsequently dismissed.

- 3.5 The public interest test was inserted into the Employment Rights Act 1996 in 2013 but no definition of public interest is provided in that Act. Introducing the public interest test was intended to reverse the effect of a 2012 EAT that held that employees could bring whistleblowing claims from breaches arising from their own contract of employment. The recent EAT decision appears to allow employees to raise concerns about their own employment conditions if the concern affects a group of employees and the employee raising the concern reasonably believes that it was in the public interest to disclose the matter.

- 3.5 Concerns raised by employees about their own circumstances will generally be considered and reviewed in accordance with the grievance or dignity at work

policy. If the concern affects a significantly large number of employees (and every case would need to be decided on its own merits), then it may be that the public interest criteria has been met (e.g. non-payment of overtime, contracts of employment changed for some but not all employees). In which case the concern would be required to be investigated in accordance with the whistleblowing policy and the employee would enjoy the protections offered by the policy. A footnote has been included within the policy to refer to this matter.

- 3.6 The presentation of the policy and guidance note has been changed to make it easier to read and understand. Unlike previous reports, the changes made have not been highlighted as it was considered that this would only cause confusion rather than clarification.

The main changes that have been made are:

Policy	<p>New definition covering the scope of the policy. Clear explanation of the term 'protected disclosure'. New section explaining how concerns that will no longer be regarded as whistleblowing should be raised and dealt with. New section on Raising a Concern, emphasising that the Council's right not to investigate anonymous concerns. Clarity on the action that will be taken if an untrue concern is raised and on the safeguards afforded to those who raise a concern. Referencing the annual review of the policy in the annual governance statement</p>
Guidance	<p>Emphasis that concerns should be raised openly, not anonymously. Added examples as to who a whistleblower may invite to any meeting to discuss their concern. Clarifying how an investigation will be undertaken and the information that shall be provided to the whistleblower to inform them of the action taken. Explaining where information on the list of prescribed persons can be found.</p>

## **WHISTLEBLOWING CONCERNS RECEIVED**

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. 27 allegations have been received through the whistleblowing channels in the year ending March 2015. There were 11 allegations received in the year ending March 2014.

The allegations fall into the following categories:

- housing and council tax benefit (16)
- employee related (4)
- tenancy fraud (2)
- houses in multiple occupation (1)
- business rates (1)
- insurance (1)
- referred to other agencies (2)

19 of the concerns were made anonymously; none were considered to be malicious or vindictive. The concerns have been appropriately investigated.

#### **4. COMMENTS OF OVERVIEW & SCRUTINY PANEL**

- 4.1 Not applicable. The Panel is responsible for reviewing and monitoring the policy, procedure and arrangements for investigating disclosures under the Public Interests Disclosure Act 1998.

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

- 5.1 The Council is not required by statute to have a whistleblowing policy in place although it is considered to be best practice.
- 5.2 It is important that employees and contractors 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.
- 5.3 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.
- 5.4 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, the intranet and notes on employee bulletins etc. The employee code of conduct also contains clear statements as to the standards of behaviour expected and how an employee can use the whistleblowing policy to raise a concern.

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

- 6.1 The revised policy and guidance note will be publicised to employees via the Council's usual communication channels (newsletter, team briefings and intranet). A new series of whistleblowing posters will also be designed and displayed across the main offices and the five leisure centres.

#### **7. LINK TO THE CORPORATE PLAN**

- 7.1 The whistleblowing policy ensures that employees and contractors are able to raise concerns in the knowledge that they will be taken seriously, investigated appropriately and confidences maintained. Adoption of the policy will ensure that the Council maintains good standards of governance. Good governance underpins the delivery of all of the Corporate Plan objectives.

#### **8. CONSULTATION**

- 8.1 Consultation on the policy and guidance has been undertaken with the Culture and Compliance Governance group and Staff Council.

#### **9. LEGAL IMPLICATIONS**

*(Comments from the Head of Legal & Democratic Services)*

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

**10. RESOURCE IMPLICATIONS**

*(Comments from the Assistant Director, Finance & Resources)*

10.1 There are no resource implications arising from this report.

**11. OTHER IMPLICATIONS**

*(Equalities, environment, ICT, etc)*

11.1 There are no direct equalities implications arising from this report.

**12. REASONS FOR THE RECOMMENDED DECISIONS**

12.1 Changes are required to the whistleblowing policy and guidance to reflect the PCaW Code of Practice.

**13. LIST OF APPENDICES INCLUDED**

Appendix 1 – Whistleblowing Policy  
Appendix 2 – Whistleblowing Guidance

**BACKGROUND PAPERS**

Public Concern at Work code of practice

**CONTACT OFFICER**

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

## Huntingdonshire District Council Whistleblowing Policy

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 individuals 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 legislation<sup>1</sup> and the Code of Practice issued by Public Concern at Work<sup>2</sup>. It was adopted by the Corporate Governance Panel on behalf of the Council and will come into effect on 4 June 2015.

### Scope of the policy

This policy applies to all Council employees and those contractors working for the Council on its premises. It also covers suppliers and those providing services under a contract with the Council in their own premises.

The term ‘individual’ is used throughout this policy and includes all of the above.

### 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 individual with serious concerns about any aspect of the Council’s work shall be encouraged to come forward and voice those concerns without fear of victimisation, subsequent discrimination or disadvantage or dismissal. 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.

<sup>1</sup> Enterprise and Regulatory Reform Act 2013

<sup>2</sup> Public Concern at Work is a charity. It is the leading independent supporter of whistleblowers and a provider of best practice guidance and advice

## Protected disclosure

Any individual who raises a concern shall be treated as though they are making a **protected disclosure**<sup>3</sup> if they **disclose any information** which they **reasonably believe** is made in the **public interest** and relates to any of the areas listed below:-

- 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 or suppression of any information that falls into any of the areas above.

This list is not exhaustive.

Individuals who make a protected disclosure will be protected from victimisation, subsequent discrimination or disadvantage or dismissal.

## Concerns not covered by the policy

The Council wants all serious or sensitive concerns to be raised. This policy is not intended to replace existing policies or procedures.

- Individuals who have a concern about their own personal circumstances or how they are being treated at work should first raise their concerns informally with their line manager who will attempt to resolve the concern<sup>4</sup>. If that is not possible then the grievance or dignity at work policy should be followed.
- Members of the public who wish to raise a concern should use the complaints procedure.
- If the concern refers to the misconduct of a Councillor, the procedure set out in the Member Code of Conduct should be followed.

If an individual raises a protected disclosure concern under the wrong policy or procedure, it will be treated as though it was made correctly.

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<sup>3</sup> Within the meaning of the Employment Rights Act 1996.

<sup>4</sup> Certain types of personal circumstance concerns may still be classed as protected disclosures if the public interest test is satisfied. Please contact the Internal Audit & Risk Manager for more information.



## **Implementing the policy**

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

- 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 individual, 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
- who have provided their contact details understand that they will receive a response to their concerns and how to take the matter further if they are dissatisfied 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.

## **Raising a concern**

The Council will maintain a number of different channels that allow concerns to be raised. Full details are contained in the guidance note.

The Council will encourage individuals to raise their concerns openly and reserves the right not to investigate anonymous concerns.

## **Investigating Officer**

All concerns received under this policy shall be reported immediately to the Internal Audit & Risk Manager who 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 individual raising the concern.

## **Untrue concerns**

No action will be taken against any individual who raises a concern that they have reason to believe to be true.

If during the course of an investigation it is felt that the concern has been raised frivolously, maliciously or for personal gain, appropriate disciplinary action will be taken.

## **Safeguards**

The Council will not dismiss or subject any individual to detriment of any kind, due to them making a 'protected disclosure'.

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

The Council will not tolerate the harassment or victimisation (including informal pressures) of any individual who has raised a concern.

The Council's disciplinary procedures will be used against anybody who is found to be harassing or victimising the individual raising the concern or who has disclosed the name of that individual to anybody other than the Council's Managing Director, the Corporate Director (Services) or the Internal 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 how an individual can whistle-blow to a prescribed person.

### **Monitoring and review**

The Corporate Director (Services) will be responsible for monitoring the implementation and effectiveness of this policy and guidance note. This will include an annual review, and an annual report to the Corporate Management Team and the Corporate Governance Panel on the effectiveness of the arrangements that have been introduced. The annual governance statement shall contain details of the outcome of the annual review and the effectiveness of the whistleblowing arrangements.

End.

## Huntingdonshire District Council Guidance Note for Whistleblowers

This guidance has been prepared to accompany the Whistleblowing Policy. It explains how the Council will deal with whistleblowing concerns that it receives. The policy can be found on the Council's website and intranet or upon request from the Corporate Director (Services).

We realise that for some individuals it will take a great deal of courage to raise a concern. If you honestly and reasonably believe what you are saying is true, you will have nothing to fear by telling us your concern. 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.

Your concern will be treated in confidence. We will not tolerate the victimisation of anyone who reports an issue to us. Without exception, we will take disciplinary action against anyone who victimises any individual.

Concerns received may 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.

### What you need to tell us

If you have a concern then please raise it with us openly rather than anonymously. Openness makes it easier for us to assess the issue, work out how to investigate the matter and if required, obtain more information. It is best if your concern is raised in writing and that you provide your name and some contact information. An email address or telephone number would be sufficient.

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 that should be also be provided. 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. This 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 (e.g. legal representative, colleague, Staff Council or Union representative).

## How to contact us

There are a number of ways in which you can raise a concern.

You can:

- speak to your line manager, a member of the Internal Audit team, a Head of Service or the Corporate Director (Services).
- 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](mailto: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

## Who will investigate your concern?

All concerns received are passed to the Internal Audit & Risk Manager. They are the only person who can see what has been written on the electronic forms or in emails. They are also the only person who can access messages left on the telephone hotline. Post that is marked 'strictly private and confidential' will be passed unopened to them.

The Internal Audit & Risk Manager will use their discretion when deciding if an anonymous concern is to be investigated, taking the following factors into account:

- The seriousness of the issue raised
- The amount of information provided to support of the concern
- Whether the individual may be required to provide further information
- The ability to trace the individual if the concern is considered malicious.

## **What we will do**

Once we have received your concern the Internal Audit & Risk Manager will initially assess the information you have provided and consider what action should be taken.

If the concern is valid but should not be classed as a protected disclosure (e.g. bullying) within the terms of the whistleblowing policy, they will contact you and ask whether you want the information to be passed to the appropriate manager for further action. You will also be asked if you wish your name to be disclosed or not.

Depending on the outcome of the initial assessment it may be 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 we will contact you within 10 working days, summarising your concern and telling you:

- whether an investigation will take place and if not, why not;
- who will be handling the matter and how you can contact them;
- how long we estimate the investigation will take;
- whether your further assistance may be needed; and
- providing you with information on the support that is available to you; and

When the investigation has been completed we will contact you again and provide you with as much detail about the investigation as we are able to. It may be that we aren't 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 you are unhappy with our response**

If:

- you believe that we have not properly investigated your concern; or
- you are unhappy with the outcome of any investigation

you should contact the Council's Managing Director or Corporate Director (Services). They will decide if any further action is to be taken.

## Who to report to externally

If you

- remain unhappy with the decision reached by the Council's Managing Director or Corporate Director (Services); or
- sincerely believe that by raising your concern with us you will be subject to detriment (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".

The Government has issued a list of prescribed persons who you can make a disclosure to. The list can be found via the following link

<https://www.gov.uk/government/publications/blowing-the-whistle-list-of-prescribed-people-and-bodies--2>

If you wish to report externally, but are unsure of what to do then please contact either the Internal Audit & Risk Manager or the 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 can 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.

## 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 have suffered detriment or been in any way disadvantaged 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 and that you have not intentionally provided us with false information.

## 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

Julie Slatter, Corporate Director (Services)

☎ 01480 388103

End.

Public  
Key Decision – No

## HUNTINGDONSHIRE DISTRICT COUNCIL

**Title/Subject Matter:** Work Programme & Training  
**Meeting/Date:** Corporate Governance Panel – 3 June 2015  
**Executive Portfolio:** Resources: Councillor J A Gray  
**Report by:** Internal Audit & Risk Manager  
**Ward(s) affected:** All Wards

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### **Executive Summary**

The anticipated programme of work of the Panel for the next year is shown at Appendix 1. This is based upon the Panel's current terms of reference and the need for Panel to obtain assurance over the Council's governance arrangements prior to them approving the annual governance statement.

A training programme has also been prepared, based upon the Panel's current terms of reference. This can be found at Appendix 2. The programme includes a general induction session that aims to give Panel members a general oversight of governance structures and an introduction to their programme of work and list more specific training that will cover a number of themes or areas. The training will be held immediately prior to the Panel meeting and run for approximately 45-60 minutes.

The induction training will be held immediately prior to the July meeting.

### **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 note the programme of work and approve the training programme.

### **Background papers**

None

### **Contact Officer**

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

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## Anticipated Programme of Work

### July 2015

Preparing the 2014/15 annual governance statement  
 Review of the internal audit service and charter  
 Internal audit annual report & opinion  
 Assurance mapping  
 Implementation of agreed audit actions

### September 2015

Risk management  
 Annual effectiveness review of the Panel and annual report to Council  
 Approval of the statement of accounts  
 Approval of the 2014/15 annual governance statement  
 External audit – ISA 260 report  
 Implementation of agreed audit actions

### December 2015

External Audit – annual audit letter  
 Annual reports – freedom of Information  
     – business continuity planning  
 Internal audit interim progress report  
 Implementation of agreed audit actions  
 Programme of anti-fraud & corruption work.

### January 2016

Progress on introducing external audit recommendations  
 External audit: grant certification  
 Implementation of agreed audit actions

### March 2016

Review of Council constitution incl.  
     Code of financial management  
     Code of procurement  
 Internal audit plan and review of charter  
 External audit: audit plan and grant claims  
 Risk management  
 Progress on issues raised in the 2014/15 annual governance statement  
 Implementation of agreed audit actions

### June 2016

Effectiveness of the Panel  
 Corporate fraud team investigation activity  
 Whistleblowing : policy review & concerns received  
 Implementation of agreed audit actions

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	

## Training Programme

### Induction training to cover:

- Legislative requirements
- Roles and responsibilities of Panel members and terms of reference
- Annual governance statement process
- Panel's terms of reference
- Annual work programme
  - Counter fraud
  - Internal/external audit
  - Risk management
  - Financial statements
- Evaluation of Panel's own effectiveness and annual report to Council

### Training across themes/areas

- |   |   |
|---|---|
| Code of Corporate Governance  | <ul style="list-style-type: none"> <li>• 6 principles</li> <li>• Governance boards</li> <li>• The annual governance statement process</li> </ul>  |
| Regulatory & compliance framework   | <ul style="list-style-type: none"> <li>• Data protection</li> <li>• Freedom of Information</li> <li>• Regulation of Investigatory Powers</li> <li>• Information security</li> </ul>   |
| Risk management   | <ul style="list-style-type: none"> <li>• Risk strategy</li> <li>• Risk identification, evaluation and control</li> <li>• Differing member roles</li> <li>• Timely indicators of things going wrong</li> <li>• Shared service/partnership/project risk management</li> </ul> |
| Internal audit  | <ul style="list-style-type: none"> <li>• Internal audit charter</li> <li>• Professional standards</li> <li>• The audit process</li> <li>• Annual opinion and report</li> </ul>  |
| External audit  | <ul style="list-style-type: none"> <li>• Appointment</li> <li>• Work plan</li> <li>• Statutory reporting</li> <li>• Certification of grant claims</li> </ul>  |
| Final accounts<br><i>(joint training session with<br/>Overview &amp; Scrutiny<br/>(Economic))</i> | <ul style="list-style-type: none"> <li>• Understanding the Council's financial statements</li> <li>• Accounting standards</li> <li>• Accounting policies</li> <li>• Accuracy of budgeting and in-year forecasting.</li> </ul>   |
| Fraud & corruption  | <ul style="list-style-type: none"> <li>• Whistleblowing – process and reporting</li> <li>• Publicity</li> <li>• Fraud &amp; corruption strategy and action plan</li> <li>• Corporate fraud team / fraud hub</li> </ul>  |