

A meeting of the **CORPORATE GOVERNANCE COMMITTEE** will be held in **CIVIC SUITE 0.1A, PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON PE29 3TN** on **WEDNESDAY, 8 JUNE 2016** at **7:00 PM** and you are requested to attend for the transaction of the following business:-

**Contact
(01480)**

APOLOGIES

- 1 (a) **MINUTES - 9TH MARCH 2016 (Pages 5 - 12)**

To approve as a correct record the Minutes of the Corporate Governance Panel meeting held on 9th March 2016.

**M Sage
388169**

- 1 (b) **MINUTES - 18TH MAY 2016 (Pages 13 - 14)**

To approve as a correct record the Minutes of the Corporate Governance Committee meeting held on 18th May 2016.

**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. REVIEW OF FRAUD INVESTIGATION ACTIVITY (Pages 15 - 18)

To receive a report providing a summary of the activity of the Council's Corporate Fraud Team in 2015/16 including the number of investigations undertaken, types of investigation and the value of the fraud identified.

**A Burns
388122**

4. SCOPING REPORT FOR BUSINESS CONTINUITY PLANNING (Pages 19 - 22)

To receive a report on the current position regarding Business Continuity Planning at the Council and the proposed way forward to develop the Plans to meet the needs of the organisation.

**A Dobbyne
388100**

5. PROGRESS ON INTRODUCING EXTERNAL AUDIT RECOMMENDATIONS 2014/15

To receive a verbal update from the Head of Resources regarding progress on introducing the recommendations from the 2014/15 External Audit.

**C Mason
388157**

6. WHISTLEBLOWING POLICY, GUIDANCE AND CONCERNS RECEIVED (Pages 23 - 26)

To receive a report on the review of the Whistleblowing Policy and Guidance including the number of whistleblowing allegations received during the year ending March 2016.

**D Harwood
388115**

7. INTERNAL AUDIT SERVICE: ANNUAL REPORT AND INTERNAL AUDIT CHARTER REVIEW (Pages 27 - 54)

To receive the annual report and opinion of the Internal Audit and Risk Manager.

**D Harwood
388115**

Dated this 31 day of May 2016



Head of Paid Service

Notes

1. Disclosable Pecuniary Interests

- (1) *Members are required to declare any disclosable pecuniary interests and unless you have obtained dispensation, cannot discuss or vote on the matter at the meeting and must also leave the room whilst the matter is being debated or voted on.*
- (2) *A Member has a disclosable pecuniary interest if it -*
 - (a) *relates to you, or*
 - (b) *is an interest of -*
 - (i) *your spouse or civil partner; or*
 - (ii) *a person with whom you are living as husband and wife; or*
 - (iii) *a person with whom you are living as if you were civil partners*

and you are aware that the other person has the interest.
- (3) *Disclosable pecuniary interests includes -*
 - (a) *any employment or profession carried out for profit or gain;*
 - (b) *any financial benefit received by the Member in respect of expenses incurred carrying out his or her duties as a Member (except from the Council);*
 - (c) *any current contracts with the Council;*
 - (d) *any beneficial interest in land/property within the Council's area;*
 - (e) *any licence for a month or longer to occupy land in the Council's area;*
 - (f) *any tenancy where the Council is landlord and the Member (or person in (2)(b) above) has a beneficial interest; or*
 - (g) *a beneficial interest (above the specified level) in the shares of any body which has a place of business or land in the Council's area.*

Non-Statutory Disclosable Interests

- (4) *If a Member has a non-statutory disclosable interest then you are required to declare that interest, but may remain to discuss and vote providing you do not breach the overall Nolan principles.*

(5) A Member has a non-statutory disclosable interest where -

- (a) a decision in relation to the business being considered might reasonably be regarded as affecting the well-being or financial standing of you or a member of your family or a person with whom you have a close association to a greater extent than it would affect the majority of the council tax payers, rate payers or inhabitants of the ward or electoral area for which you have been elected or otherwise of the authority's administrative area, or
- (b) it relates to or is likely to affect a disclosable pecuniary interest, but in respect of a member of your family (other than specified in (2)(b) above) or a person with whom you have a close association, or
- (c) it relates to or is likely to affect any body –
 - (i) exercising functions of a public nature; or
 - (ii) directed to charitable purposes; or
 - (iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union) of which you are a Member or in a position of control or management.

and that interest is not a disclosable pecuniary interest.

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

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Please contact Mrs Melanie Sage, Democratic Services, Tel: 01480 388169/email 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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Emergency Procedure

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

HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CORPORATE GOVERNANCE PANEL held in Civic Suite 0.1A, Pathfinder House, St Mary's Street, Huntingdon, PE29 3TN on Wednesday, 9 March 2016.

PRESENT: Councillor M Francis – Chairman.
Councillors T D Alban, E R Butler and R J West.

APOLOGY(IES): Apologies for absence from the meeting were submitted on behalf of Councillors Mrs P A Jordan and Mrs R E Mathews.

IN ATTENDANCE: Mr Mark Hodgson and Mr Tony Poynton of Ernst and Young (part)

42. MINUTES

The Panel noted that the minutes referred to a Special Meeting of the Corporate Governance Panel on Monday 25th January 2016 which had been scheduled to consider the revised Constitution. It was noted that this meeting had been cancelled as the revised Constitution had been deferred and was an item of business for the Panel to consider at this meeting.

The Minutes of the meeting held on 2nd December 2015 were approved as a correct record and signed by the Chairman.

43. APPOINTMENT OF VICE-CHAIRMAN

Following changes to the membership of the Corporate Governance Panel, the Panel,

RESOLVED

that Councillor T Alban be appointed as the Vice-Chairman of the Corporate Governance Panel for the remainder of the Municipal Year.

44. MEMBERS' INTERESTS

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

45. 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 previous decisions.

Having considered the report the Panel agreed to the deletion of those items indicated as being removed from future reports.

Referring to the item regarding training, the Panel were informed that external legal advice the Council had received indicated that it was not possible to impose mandatory training for Members. However, training requirements could be included in Members' job descriptions. Once the Constitution had been considered and approved by the Council the Panel would receive job description and role profiles and would be able to consider the training that should be incorporated into those.

A member of the Panel expressed disappointment that the skills audit of individual Panel Members had not been progressed.

At 7.11pm Councillor E Butler entered the meeting.

46. EXTERNAL AUDIT PLAN 2015/16

(Mr Mark Hodgson and Mr Tony Poynton of Ernst and Young, the Council's External Auditors, were in attendance for consideration of this item).

The Panel received and noted a report by the Council's External Auditors, Ernst and Young, (a copy of which is appended in the Minute Book) detailing the External Audit Plan for 2015/2016. This was the first year that Ernst and Young had presented the Plan, having succeeded PricewaterhouseCoopers who were the Council's Auditors from 2010/11 to 2014/15.

Subsequent to the publication of the agenda the Audit Plan had been revised, which the Panel had received prior to the meeting.

In preparation for the 2015/16 audit, Ernst and Young were required to inform those charged with governance how they planned to undertake the audit. Referring to the Plan, the External Auditors outlined their current assessment of the financial statement risks that the Council was subject to which were, Valuation and Impairment of Property, Plant and Equipment; Pension Liability; Risk of Fraud in Revenue Recognition; and Risk of Management Override.

The External Auditors were required to consider value for money risks by assessing whether the Council had in place 'proper arrangements' to secure economy, efficiency and effectiveness in the use of its resources. The External Auditors notified the Panel that no risks had been identified.

It was noted by the External Auditors that the level of materiality was defined as the magnitude of an omission or misstatement that individually or in aggregate could be expected to influence users of the accounts. Due to the level of Council reserves, the materiality level for 2015/16 had been established at £1.75m based on 2% of gross revenue expenditure.

The External Auditors advised the Panel that the indicative scale fee for the audit, as contained within the Plan, was £52,236. This fee was subsidised due to the Audit Commission using its reserves prior to its formal abolition.

In response to a question regarding management override it was

explained that this was often detected by reviewing any unusual timings of when journal entries were recorded and any adjustments made.

Although management had the primary responsibility to prevent and detect fraud, Ernst and Young were responsible to plan and perform audits to obtain assurance about whether the Council's financial statements were free of material misstatements whether caused by error or fraud. The Panel were informed that the External Auditors had unfettered access to establish this, as deemed as required.

Having been informed of the sudden passing of Mr Rob Murray, Executive Director at Ernst and Young, the Panel expressed its sincere condolences and subsequently,

RESOLVED

that the Panel notes the content of the revised External Audit Plan for 2015/16 and agrees with the level of updates the Panel will receive during the audit process.

47. GRANT CERTIFICATION 2014/15

The Benefits Manager presented a report to the Panel (a copy of which is appended in the Minute Book) from the Council's former External Auditor, PricewaterhouseCoopers, following its audit of Housing Benefit grant.

In 2014/15 the Council received £35.3m of Housing Benefit grant. As some minor errors were identified during the audit, and there being no materiality on external audit grant certification work for the Department of Works and Pensions, if an error was identified the audit instructions required that additional testing had to be undertaken which resulted in an additional charge.

The Panel acknowledged from the errors identified regarding the classification of overpayments, the additional subsidy of £3,090 received by the Council. This had assisted with the charge of £4,983 to undertake the additional testing.

The Panel considered the total value of the error, £216, was an accomplishment in comparison to the level of Housing Benefit grant the Council received and the 7,500 housing benefit claims the Council had processed. Whereupon it was,

RESOLVED

that the Panel note the content of the External Auditor's Annual Certification Report 2014/15.

48. CODE OF FINANCIAL MANAGEMENT AND CODE OF PROCUREMENT FOR 2016/17

By way of a report from the Head of Resources and the Procurement Manager (a copy of which is appended in the Minute Book) the Panel was presented with the Code of Financial Management and the Code of Procurement which were reviewed on an annual basis to ensure

they reflected current legislation and the changing needs of the Council. The policies underpinned financial governance in the Council and were incorporated in the Council's Constitution.

The Panel were referred to paragraphs 3.1 and 3.3 of the Officer's report which indicated the main amendments required to the Code of Financial Management and those amendments required to the Code of Procurement.

Having supported the proposed changes, the Panel

RECOMMENDED

that the Council adopt:

- (a) the Code of Financial Management, as attached as Appendix 1 of the Officer's report; and**
- (b) the Code of Procurement, as attached as Appendix 2 of the Officer's report.**

49. REVIEW OF THE CONSTITUTION

By way of a report from the Corporate Director (Services) (a copy of which is appended in the Minute Book) the Panel received the revised Constitution.

It was explained to the Panel that it was good practice to regularly review the Council's Constitution to ensure that it reflected any changes in legislation and continued to meet the Council's needs in supporting effective governance. The purpose of the review was to ensure the Constitution remained up to date and fit for purpose.

A Constitution Review Advisory Group was established to support the Monitoring Officer in undertaking the Constitutional review, with external legal advice and guidance from Bevan Brittan.

The Panel was informed that during the review the Council was advised to reconsider the names of its Committees and Panels on the basis that the Local Government Act 1972 provided that delegations were not able to be made to a Panel, only to a Committee or Sub-Committee of the Council or the Cabinet. Therefore the names of those Panels such as Corporate Governance, Development Management and Licensing and Protection would be amended and in future referred to as Committees. As the Overview and Scrutiny Panels did not have delegated decision making powers the names remained unchanged.

Regarding Part 3 – Responsibility for Functions it was explained that there had been significant changes to the way this information was presented in the Constitution. However, the Scheme of Delegations had not been amended.

The revised Constitution included a new Committee Procedure Rules section and all Annexes had been deleted from the Constitution. These would feature on the Council's website and Code of Practice guidance materials would be made available in the Members

Handbook and used as training materials as appropriate.

In response to a question it was explained that as part of the review it was proposed to disband the Standards Committee and these functions would be incorporated into the Terms of Reference of the Corporate Governance Panel. Functions relating to the conduct of Members would be considered by a Standards Sub-Committee, which would be a Sub-Committee of Corporate Governance. Currently the Standards Committee considered customer complaints about the Council, which was a function that would be incorporated within the work of the Overview and Scrutiny Panel (Finance and Performance).

Should a Standards Sub-Committee be required it would be served by a small number of Members from the Corporate Governance Committee.

Subject to approval by Council on 23rd March 2016, the Constitution would include a method of version control where the dates of all future amendments would be included for ease of reference. A minimal number of paper copies would also be distributed to appropriate Officers, which would ensure any updates were circulated and the versions updated. The Panel requested that the Chairman and Vice-Chairman of Council also be provided with a copy. It was noted that training on the new Constitution would be arranged subsequent to the elections in May 2016.

Having endorsed the draft Constitution, the Corporate Governance Panel,

RECOMMENDED

that the Council adopt the revised Constitution.

50. INTERNAL AUDIT SERVICE: INTERNAL AUDIT PLAN 2016-17

The Panel received a report (a copy of which is appended in the Minute Book) from the Internal Audit and Risk Manager regarding the Internal Audit plan for 2016/17, under the requirements of the Public Sector Internal Audit Standards.

The Audit Plan did not include any technical computer audit reviews and at the meeting of the Panel in December 2015, the reasons for the delays were explained. The Panel was informed that the IT audit would be submitted for tender early in the 2016/17 financial year and the Shared Services Interim ICT Head of Service had agreed that an Officer from ICT would sit on the evaluation panel when appointing the IT auditors.

Past reports presented to the Panel had included information regarding the overall resources required to deliver the strategic audit plan over its four year term. The Panel were informed that due to the likelihood that the Internal Audit Service would become part of a Shared Internal Audit Service during 2016/17 with the 3C partners, the information had not been prepared within the 2016/17 Audit Plan. The longer term audit planning process would be reviewed as the Shared Internal Audit Service developed. It was anticipated that a Business Case for the Shared Internal Audit Service would be

presented to the Corporate Governance Panel at its meeting in June or July 2016.

The Internal Audit Plan for 2016/17 was based on delivering 462 audit days which the Internal Audit and Risk Manager was confident could be delivered if the service retained its 2.86 full time equivalent auditors. Whereupon the Panel,

RESOLVED

to approve the Internal Audit Plan for 2016/17.

51. ACCOUNTING POLICIES FOR THE ANNUAL FINANCIAL REPORT 2015/16

The Panel received a report from the Head of Resources (a copy of which is appended in the Minute Book) regarding amendments to the accounting policies for the Annual Financial Report 2015/16.

Best practice required the Council to regularly review the adopted accounting policies to ensure that they remained appropriate and gave due weight to the impact of a change in accounting policy, to ensure comparability between accounting periods.

There were three minor changes required to existing accounting policies and two significant changes. Four of these changes had no direct impact on the Council's general fund balance. However, one of the amendments was required to reduce the impact of the cost of borrowing for investment in commercial assets.

It was explained to the Panel that the one of the significant changes referred to current value measurement IFRS 13. Previously all assets and liabilities were valued under the principle of 'fair value'. 'Fair value' remained the approach to valuation for a number of assets and liabilities. However, in respect of Operational Assets, IFRS 13 introduced the term 'current value', where assets had to be measured in a way that recognised their 'service potential'.

In response to a question it was explained that the Authority operated a 3 year cycle of revaluation and that the Council used expert valuers, Barker Storey Matthews, for this process.

The other significant change referred to the Minimum Revenue Policy (MRP) in respect of the Commercial Investment Strategy (CIS), where for each capital investment under the requirements of the Council's CIS, MRP would be made that was equal to the principal repayment for any loan finance supporting the investment.

Having considered the amendments to the accounting policies for the Annual Financial Report 2015/16, the Panel,

RESOLVED

to approve the amendments to the accounting policies for the Annual Financial Report 2015/16 as listed in Appendix 1 of the Officer's report.

52. PROGRESS ON ISSUES ARISING FROM THE 2014/15 ANNUAL GOVERNANCE STATEMENT

By way of a report by the Internal Audit and Risk Manager (a copy of which is appended in the Minute Book) the Panel received progress made to date in respect of the two key improvement areas identified in the 2014/15 Annual Governance Statement.

The two areas identified for improvement were to develop robust and effective reporting arrangements for shared services; and to improve project management practices including officer compliance with the project management toolkit.

As good progress had been made across both improvement areas it was considered that they would be 'achieved' prior to the preparation of the 2015/16 Annual Governance Statement. Whereupon the Panel,

RESOLVED

to note and take into account the progress made in introducing the key improvement areas arising from the 2014/15 Annual Governance Statement when undertaking the 2015/16 governance review.

53. 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 31st January 2016.

The Panel discussed at length whether it wished to remove the item from future agendas given the significant improvement with audit actions. With the regular monitoring now being undertaken by Corporate Management Team, the Panel agreed to remove the item from future agendas on a trial basis, and instead agreed to receive this information via email from the Internal Audit and Risk Manager. The Panel agreed to review progress at its meeting in September 2016. Whereupon it was

RESOLVED

- i. that the Panel notes the report; and
- ii. agrees to remove the item from future agendas on a trial basis, instead receiving the information via email from the Internal Audit and Risk Manager. Progress is to be reviewed at the Panel meeting in September 2016.

Chairman

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HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CORPORATE GOVERNANCE COMMITTEE held in Civic Suite 0.1A, Pathfinder House, St Mary's Street, Huntingdon PE29 3TN on Wednesday, 18 May 2016.

PRESENT: Councillor M Francis – Chairman.

Councillors J E White, E R Butler,
Mrs S Conboy, Mrs L A Duffy, T Hayward,
P Kadewere and R J West.

APOLOGY(IES): Apologies for absence from the meeting were submitted on behalf of Councillors K M Baker, R Fuller, Mrs R E Mathews and T D Sanderson.

1. ELECTION OF CHAIRMAN

RESOLVED

That Councillor M Francis be elected as Chairman of the Corporate Governance Committee 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 J White be appointed as the Vice-Chairman of the Corporate Governance Committee for the ensuing Municipal Year.

4. STANDARDS SUB-COMMITTEE

RESOLVED

That the Corporate Governance Committee authorise the Monitoring Officer, in consultation with the Chairman of the Corporate Governance Committee, to appoint to the Standards Sub-Committee as and when it is required to be convened.

Chairman

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Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Review of Fraud Investigation Activity
Meeting/Date: Corporate Governance Committee - 8 June 2016
Executive Portfolio: Executive Councillor for Operational Resources
Report by: Benefits Manager
Ward(s) affected: All

Executive Summary:

This report provides an overview of the activity of the Corporate Fraud Team for 2015/16 in line with the requirement set out in the Council's Anti-Fraud and Corruption Strategy.

During the year, the team:

- Received 594 allegations of fraud
- Investigated 332 cases and identified fraud valued at £679,258
- Recovered 11 social housing properties
- Carried out 27 prosecutions

In May 2015, responsibility for the investigation of Housing Benefit fraud transferred to the Department for Work and Pensions (DWP). This led to a reduction in the size of the team and a change in focus of the investigations carried out.

However despite this, the team has remained successful in the prevention and detection of fraud against Council services.

Recommendation(s):

It is recommended that the Committee notes the contents of this report which details the work that has been undertaken by the Corporate Fraud Team during 2015/16.

1. PURPOSE OF THE REPORT

- 1.1 This report provides a summary of the activity of the Council's Corporate Fraud Team in 2015/16 including the number of investigations undertaken, types of investigation and the value of the fraud identified.

2. BACKGROUND

- 2.1 The Corporate Fraud Team plays a key role in ensuring that the Council meets its requirements under the Anti-Fraud and Corruption Strategy by providing a comprehensive fraud service across the whole of the Council.
- 2.2 The Team's main emphasis has historically been Housing Benefit fraud. However, in May 2015 this area of work transferred to DWP. Three Investigators also transferred to DWP leaving a smaller team at HDC comprising a Team Leader, Investigator and an Intelligence Officer.
- 2.3 With a reduced team, work priorities had to be reviewed to ensure that investigations into areas of greatest risk could still be covered. The Team was also heavily involved in completing work on residual Housing Benefit fraud prosecution cases still outstanding at May 2015 and the Cambridgeshire Anti-Fraud Network. In late 2014, HDC was successful in bidding for funding of £335,000 from the Department of Communities and Local Government (DCLG) to establish the Cambridgeshire Anti-Fraud Network (CAFN) made up of local authorities and four housing associations.

3. ANALYSIS/WORK UNDERTAKEN

- 3.1 Despite the reduction in the size of the Team, the outturn figures compare favourably with the previous year:

	2014/15	2015/16
Allegations of fraud	1028	594
Cases investigated	345	332
Cases where fraud was found	152 (44%)	135 (41%)
Social housing recovered	7	11
Prosecutions	29	27
Penalties/fines	28	24

The value of the fraud established for HDC administered services is broken down as follows:

Council Tax Benefit/Support	£ 75,231
Council Tax Discounts	£ 28,747
Housing Benefit*	£ 401,243
Value of fraud in DWP administered services*	£174,037
Value of Council Tax fines	£ 3,710
Court Costs awarded	£ 2,960
Value of social housing recovered**	£198,000

*During the investigation of Council Tax Support and Council Tax Discount cases, the team regularly find discrepancies in Housing Benefit and DWP

benefits, details of which are passed on to the DWP to deal with. As this fraud would unlikely have been identified without HDC input, the value of this fraud is included in the figures above.

**The industry standard of the value of recovering a social housing property is £18k per property per year.

3.2 The sentences passed down for the prosecution cases included an 8 month custodial sentence for a customer who rented a property from a local housing association on a shared ownership basis. He had failed to disclose changes to income including income from sub-letting, pensions and earnings. The total of the fraud established was in excess of £31k.

3.3 The Team regularly issue press releases in respect of successful prosecutions in order to highlight the consequences of committing fraud against the Council.

4. KEY IMPACTS / RISKS

4.1 The Council remains at risk of fraudulent activity against its services and so the presence and work of the Corporate Fraud Team helps to mitigate this risk.

5. WHAT ACTIONS WILL BE TAKEN

5.1 The Team will continue to be proactive in identifying and investigating allegations of fraud and corruption against the Council. A key aim for 2016/17 is to carry out joint working with local housing associations to ensure that social housing is allocated to those with a genuine need due to the increasing pressure on this limited resource.

6. LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES AND / OR CORPORATE OBJECTIVES

6.1 Strategic priority: Becoming a more efficient and effective Council.

7. RESOURCE IMPLICATIONS

7.1 Fraud Team costs for 2015/16 were £128,324.

8. REASONS FOR THE RECOMMENDED DECISIONS

8.1 The Anti-Fraud and Corruption Strategy sets out a requirement for an Annual Report to be submitted to the Corporate Governance Committee on the work of the Corporate Fraud Team during the previous financial year.

9. LIST OF APPENDICES INCLUDED

9.1 None.

CONTACT OFFICER

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Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Scoping Report for Business Continuity Planning
Meeting/Date: Corporate Governance Committee 8 June 2016
Executive Portfolio: Cllr Cawley, Organisation and Customer Services
Report by: Adrian Dobbyne, Corporate Team Manager
Ward(s) affected: All

Executive Summary:

To follow up on the work from a Business Analyst in reviewing our Business Continuity Plans and in their suggestions on what is required to bring our plans up to date and fit for purpose. The report outlines the background to the recommendations that the Corporate Team undertakes this updating of the Plans, the level they go to and the templates to be used. This further builds on a suggestion on when a test of the plans should be undertaken and the timing of an audit of our Business Continuity arrangements.

Recommendation(s):

Members are asked to comment on the report indicating the proposed way to develop Business Continuity Planning at Huntingdonshire District Council.

1. PURPOSE OF THE REPORT

- 1.1 This is to outline the current position regarding Business Continuity Planning at Huntingdonshire District Council and the proposed way forward to develop the Plans to meet the needs of the organisation.

2. BACKGROUND

- 2.1 Business Continuity Planning (BCP) was developed with up to date plans based on a standard template for all Services, Officers with defined roles (e.g. Lead Officers, Service Business Continuity Co-ordinators) and support mechanism in place such as single Intranet site and contact details in 2012 to 2014. Following a reorganisation of the Council, from 2014 the Plans no longer aligned to the new structure and responsibilities for BCP have not been updated. Also, some Officers who had lead responsibilities have also left the organisation.
- 2.2 In addition to these Plans, there are also some scenario plans, which detail activities to consider in the event of specific incidents e.g. adverse weather, fuel shortages and telephony downtime. There is still some validity with them and they do contain some useful information, especially where the actions and mitigations are transferable.
- 2.3 In January 2016, Internal Audit were due to carry out an audit on business continuity. This was postponed for 12 months to enable the organisation to review the arrangements for business continuity and to carry out an annual exercise to test the robustness of the plans, since the Audit would merely confirm what was already known.
- 2.4 In the autumn of 2015, a Business Analyst reviewed the Plans and this highlighted in particular that although plans were not aligned to the current structure of the organisation, they were still usable; it just requires managers to occasionally use several plans. The review also showed that there may be too many plans with duplicate actions.
- 2.5 The review also concluded that a revision to the template would be needed to help overcome various levels of duplication and inconsistencies.
- 2.6 Finally, the review did consider how we manage and record the plans, such as use of the Intranet, hard copies, electronic accessibility, version control and how revisions can be more easily managed.

3. OPTIONS ANALYSIS

- 3.1 Option A would be to do nothing. The Plans as they currently exist have a lot of information but they need to be used with other plans and pieced together and some of the information is out of date anyway. This is a big risk for reasons outlined below in Section 4.1.
- 3.2 Option B is to update the plans but in a proportionate way. It is suggested that the Corporate Team Manager be tasked to follow up on the recommendations from the review by the Business Analyst and look to do the following:
- Prepare a new Template for the Business Continuity Plan
 - Consider having one organisational Plan with appendices that provide additional information per Service where relevant
 - Review roles and responsibilities and confirm these to all concerned
 - Review the management of the plans and the mechanism of storage and accessibility

- Organise for an annual test of the new Plan
- Schedule an audit for early 2017 by Internal Audit, after the Plans have been updated and the test carried out
- To undertake a review of the various scenario plans (e.g. adverse weather, fuel shortages) in place

4. KEY IMPACTS / RISKS

- 4.1 There is a key risk that if our plans are not maintained and fit for purpose, we are not able to manage effectively any scenario that calls into play our business continuity arrangements. Although the current plans can be used with adaptability and application from Managers, the risk is that this would slow up any response and so limit our effectiveness. To put into context though, our use of the Plans and the particular scenario plans have not be called into action for at least two years, although there would have been ongoing business as usual aspects to several mitigating actions.

5. TIMETABLE FOR IMPLEMENTATION

- 5.1 It is proposed to complete the first set of actions listed in 3.2 by November 2016, with the audit scheduled for early 2017 and then the scenario plans to follow.

6. LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES

- 6.1 This links to the Corporate Plan Strategic Priority of “Becoming a More Efficient and Effective Council.

7. RESOURCE IMPLICATIONS

- 7.1 The resource required at the first stage is for the Corporate Team Manager to prioritise this work for himself and a member of his team to assist. Future resource requirements will involve the Heads of Service to be responsible for updating relevant templates and in participating in a test of the Plan. Finally Internal Audit will need to undertake (as planned) an audit.

8. OTHER IMPLICATIONS

- 8.1 There are no other implications to consider.

9. REASONS FOR THE RECOMMENDED DECISIONS

- 9.1 That this is the best use of our resources to make amendments to the Business Continuity Plans at the levels suggested to keep the plans relevant and fit for purpose.

BACKGROUND PAPERS

None applicable

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**Public
Key Decision - No**

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Whistleblowing Policy, Guidance and Concerns Received
Meeting/Date: Corporate Governance Committee – 8th June 2016
Executive Portfolio: Resources: Councillor J A Gray
Report by: Internal Audit & Risk Manager
Ward(s) affected: All Wards

Executive Summary

The whistleblowing policy and guidance is reviewed annually. It was last reviewed in June 2015.

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 against the Whistleblowing Commissions code of practice. The code of practice was used as the basis for the 2015 review and a number of changes were made last year to reflect the code. Consequently it is felt that no changes are required to either the policy or guidance this year apart from updating the contact details of the external auditors.

The policy changes introduced in June 2015 excluded a member of the public from being considered a whistleblower. Only Council employees and contractors and suppliers etc. providing services under a contract to the Council are now classified as whistleblowers. No allegations have been received during 2015/16 that fulfil this criteria.

Members of the public have continued to use the whistleblowing channels available to raise matters of concern and three separate allegations have been received during 2015/16. Due to the nature of these allegations, details cannot be included in the report. The Committee can be assured that each allegation has been investigated.

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

Recommendations:

It is recommended that the Committee:

1. approve the changes required to the whistleblowing policy and guidance arising from the appointment of a new external auditor;
2. agree that minor changes to the policy and guidance that do not affect the overall approach taken to whistleblowing can be approved by the Managing Director; and
3. note the whistleblowing concerns received.

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 2016.

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.

3. ANALYSIS

Policy and Guidance review

- 3.1 Committee last reviewed the policy and guidance in June 2015. That review introduced a number of changes to mirror best practice requirements as contained in the Whistleblowing Commissions code of practice. The code provides guidance on the raising, handling, training and reviewing of workplace whistleblowing procedures and practices.
- 3.2 The current whistleblowing policy and guidance have been compared to the code of practice. As the code has not been updated in the past year, it is felt that no changes to either the policy or guidance are required.
- 3.3 Ernest & Young LLP were appointed the Council's external auditors from April 2015. The previous external auditors contact details remain in the policy and guidance and is still displayed on publicity material. This will be updated. Future updates to this type of information within the policy, guidance and publicity will be made without reference to the Committee. .

Whistleblowing concerns received

- 3.4 There are a number of channels available for a whistleblower to raise their concerns. These include an internet form, a specific email address and a dedicated 24 hour telephone.
- 3.5 No whistleblowing allegations (as per the definition in the policy) have been received in 2015/16 (2 allegations were received in 2014/15).
- 3.6 Three allegations were received from members of the public.

The allegations fall into the following service areas:

- Planning (1)
- Operations (1)
- Building Control (1)

The Building Control allegation was investigated by Cambridge City Council as they are the lead authority under the shared service arrangement. The other two concerns were investigated internally.

4. KEY IMPACTS

- 4.1 The Council is not required by statute to have a whistleblowing policy in place although it is considered to be best practice.

- 4.2 It is important 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.
- 4.3 Not having a reporting mechanism in place, may lead people to report matters outside of the Council with consequential impacts upon the reputation of the Council.

5. WHAT ACTIONS WILL BE TAKEN

- 5.1 The policy and guidance note will be publicised to employees via the Council's usual communication channels (key issues, 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.

6. LINK TO THE CORPORATE PLAN

- 6.1 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.

7. REASONS FOR THE RECOMMENDED DECISIONS

- 7.1 Minor changes only are required to the whistleblowing policy and guidance to reflect the change of external auditor. The Committee is required to approve these changes. It is proposed that the Managing Director be given delegated authority to amend the policy or guidance to reflect any other minor changes required with the Committee being informed of all of these changes within the annual report.

BACKGROUND PAPERS

[Whistleblowing Policy](#)

[Whistleblowing Guidance](#)

[Whistleblowing Commissions Code of Practice](#)

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**Public
Key Decision – No**

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Internal Audit Service:
Annual Report and Internal Audit Charter review

Meeting/Date: Corporate Governance Committee – 8 June 2016

Executive Portfolio: Strategic Resources: Councillor J A Gray (Deputy Executive Leader)

Report by: Internal Audit & Risk Manager

Ward(s) affected: All Wards

Executive Summary:

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

This report details the work undertaken by Internal Audit during the period 1 April 2015 to 31 March 2016 to support the following opinion statement.

Audit Opinion

Based upon work undertaken and statements from external assurance providers, it is my opinion that the Council's internal control environment and systems of internal control as at 31 March 2016 provide, with the exception of IT systems (where no work has been completed during 2015/16), adequate assurance over key business processes and financial systems.

David Harwood
Internal Audit & Risk Manager

May 2016

Whilst the lack of IT audit is of concern, the Committee needs to be aware that some of the risks associated with the lack of IT audit reviews has been mitigated by the Cabinet Office renewing the Council's Public Services Network (PSN) compliance certificate in November 2015 for twelve months. This certification shows that the Council has demonstrated that its infrastructure is sufficiently secure that our connection to the PSN does not present an unacceptable risk to the security of the network.

The adequate assurance opinion is the same as last year. The financial system controls are in place and with the exception of those within accounts receivable are working effectively. The control failings within the accounts receivable system have been reported to the Committee in three successive years. Over that time little improvement has been made to the implementation of the systems and processes in place due to the difficulties in recruiting and retaining staff. Committee should consider including the need to improve debt management as an issue in the Annual Governance Statement. Further info is provided in para 3.12 of the main report, Appendix 1.

To conform with the requirements of the PSIAS, the annual report also provides information on:

- the delivery of the annual internal audit plan;
- audit reports issued and issues of concern;
- implementation of agreed actions;
- details of the quality assurance and improvement programme; and
- Internal Audit's performance.

The Internal Audit & Risk Manager (IARM) continues to report functionally to the Corporate Governance Committee and maintains organisational independence. He has had no constraints placed upon him in respect of determining overall audit coverage, audit methodology, the delivery of the audit plan or proposing actions for improvement or forming opinions on individual audit reports issued.

Quality Assurance and Improvement Programme

One of the major elements of the PSIAS is the quality assessment and improvement programme (QAIP). The IARM has maintained a QAIP throughout the year in accordance with the PSIAS. He has also undertaken a self-assessment review to evaluate Internal Audit's conformance with the PSIAS. This self-assessment did not identify any new areas of non-conformance, over and above the eight minor issues that were identified in 2015. Five of those eight issues have been addressed. The IARM is of the opinion that the Internal Audit Service operates in conformance to PSIAS.

Audit Charter

A review of the Internal Audit Charter has also been conducted. Changes were made to the PSIAS in April 2016 by the introduction of a *Mission of Internal Audit* and the *Core Principles for the Professional Practice of Internal Auditing*. The Audit Charter has been updated to reflect the ethos of the *Mission of Internal Auditing*. However no changes have been made to the Audit Charter to reflect the *Core Principles*. The IARM considers that these are already sufficiently covered.

RECOMMENDATION

It is recommended that the Committee:

1. Consider and comment upon the report;
2. Take into account the Internal Audit & Risk Manager's opinion when considering the Annual Governance Statement for 2015/16; and
3. Approve the Internal Audit Charter.

1. PURPOSE OF THE REPORT

- 1.1 This is the annual report of the IARM. It covers the period 1 April 2015 to 31 March 2016.
- 1.2 The report includes the IARM annual opinion on the overall adequacy and effectiveness of the Council's internal control and governance processes.

2. WHY IS THIS REPORT NECESSARY/BACKGROUND

- 2.1 The Accounts and Audit (England) Regulations 2015 require the Council to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'.
- 2.2 The Public Sector Internal Audit Standards (PSIAS) require an annual report to be considered by the Committee as they fulfil the role of the Board (as defined by PSIAS). The PSIAS details the matters that are required to be included in the annual report.

3. ANALYSIS

Annual audit report

- 3.1 The PSIAS requires the annual report to incorporate:
 - a) The opinion
 - b) A summary of the work that supports the opinion; and
 - c) A statement on conformance with the PSIAS and the results of the quality assurance and improvement programme.
- 3.2 The overall opinion of adequate assurance is unchanged from last year. The internal control environment is generally effective. The annual report para 3.11 details a number of control failings within the accounts receivable system. These or similar failings have been reported to the Head of Resources since March 2014 and audit reviews undertaken since that time have found very little improvement.

The 2016/18 Corporate Plan includes within the 'Becoming a more efficient and effective Council' objective a work plan task of maximising Council income through effective asset management and collection activities. The action being to collect money that is owed. The failings within the accounts receivable system are such that it will be difficult to achieve that action in respect of general debts. For that reason and that the fact that a little assurance opinion has been given over the accounts receivable system for the past three year Committee should consider including the need to improve debt management as an issue in the Annual Governance Statement.

Quality Assessment And Improvement Programme

- 3.3 The Internal Audit & Risk Manager has maintained a quality assessment and improvement programme (QAIP) throughout the year in accordance with the PSIAS and undertook in May 2016 a self-assessment to evaluate Internal Audit's conformance with the PSIAS.
- 3.4 The self-assessment of 2013, the external independent assessment undertaken in 2014 and the self-assessment completed in 2015 did not identify any areas of concern or significant non-compliance issues. The May self-assessment

produced similar results, with no new issues of non-conformance being identified.

- 3.5 Action taken to deal with the eight issues contained in the 2015 QAIP action plan can be found in the annual Internal Audit Report at Annex D. Three of the eight issues have not been fully introduced and will be carried forward to the 2016/17 action plan.
- 3.6 The annual report is required to contain details of the periodic assessment of the Internal Audit Service against the PSIAS. There are no matters that need to be brought specifically to the attention of the Committee from the self-assessment review or require inclusion in the Annual Governance Statement.

Audit Charter

- 3.7 The PSIAS were updated in April 2016 to reflect changes introduced to the Institute of Internal Auditors International Professional Practices Framework (IPPF) – namely the introduction of the *Mission of Internal Audit* and *Core Principles for the Professional Practice of Internal Auditing*.
- 3.8 PSIAS states that the *Mission of Internal Audit* is **To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight**. It is not proposed to include a similar mission statement in the Audit Charter, rather revise the current ‘Purpose of Internal Audit’ statement as follows:

The Internal Audit Service has been established to:

- provide independent, risk-based and objective assurance, advice and insight to the Council on its operations
 - enhance and protect value, by assisting management improve the delivery of the Council’s objectives and operations through evaluating and challenging the effectiveness of risk management, control and governance processes.
- 3.9 In respect of the *Core Principles for the Professional Practice of Internal Auditing* PSIAS says that “the Core Principles, taken as a whole, articulate internal audit effectiveness. For an internal audit function to be considered effective, all Principles should be present and operating effectively. Failure to achieve any of the Principles would imply that an internal audit activity was not as effective as it could be in achieving internal audit’s mission.
- Demonstrates integrity.
 - Demonstrates competence and due professional care.
 - Is objective and free from undue influence (independent).
 - Aligns with the strategies, objectives, and risks of the organisation.
 - Is appropriately positioned and adequately resourced.
 - Demonstrates quality and continuous improvement.
 - Communicates effectively.
 - Provides risk-based assurance.
 - Is insightful, proactive, and future-focused.
 - Promotes organisational improvement.”
- 3.10 The introduction of the Core Principles has not led to any changes within the individual Standards that make up the PSIAS. Consequently, it is not felt that

the Audit Charter needs to be amended to address each of the Core Principles individually.

- 3.11 The opportunity has been taken to correct a small number of grammatical errors within the Audit Charter and to reflect language changes brought about through the introduction of the Corporate Plan 2016-2018. The amended Audit Charter is attached at Appendix 2.

4. KEY IMPACTS / RISKS

- 4.1 Failure to provide an annual report would lead to non-compliance with the PSIAS and require the matter to be reported in the Annual Governance Statement. This would not reflect well upon the Council's overall governance arrangements.

5. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION

- 5.1 The annual report will be considered by the Panel during the preparation of the Annual Governance Statement.

6. LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES AND / OR CORPORATE OBJECTIVES

- 6.1 The Internal Audit Service provides assurance to management and the Committee that risks to the delivery of the Corporate Plan across all of its areas are understood and managed appropriately.

7. RESOURCE IMPLICATIONS

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

8. REASONS FOR THE RECOMMENDED DECISIONS

- 8.1 In fulfilling its obligations under the PSAIS, the Committee is required to receive an annual report on the work of the Internal Audit Service. The outcomes of the report, particularly the annual opinion statement, will be included within the Council's annual governance statement.

9. LIST OF APPENDICES INCLUDED

Appendix 1 - Internal Audit Service annual report 2015/16
Appendix 2 - Audit Charter

BACKGROUND PAPERS

Internal Audit Reports
Internal Audit performance management information
PSIAS self-assessment

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Internal Audit Service
Annual Report
2015/16

1. INTRODUCTION

1.1 This is the annual report of the Internal Audit & Risk Manager (IARM) as required by the Public Sector Internal Audit Standards (PSIAS). It covers the period 1 April 2015 to 31 March 2016.

1.2 The report includes the IARM's annual opinion on the overall adequacy and effectiveness of the Council's internal control and governance processes.

The opinion is based upon

- the work carried out by Internal Audit during the year; and
- the assurances provided by the external auditors.

1.3 The report provides information on:

- the delivery of the annual audit plan;
- audit reports issued and issues of concern;
- implementation of agreed actions;
- Internal Audit's performance; and
- the quality assessment and improvement programme.

2. OVERALL OPINION

Audit Opinion

Based upon work undertaken and statements from external assurance providers, it is my opinion that the Council's internal control environment and systems of internal control as at 31 March 2016 provide, with the exception of IT systems (where no work has been completed during 2015/16), adequate assurance over key business processes and financial systems.

David Harwood
Internal Audit & Risk Manager

May 2016

2.1 Assurance can never be absolute. The audit opinion reflects the current state of the internal control environment and systems of internal control across the Council and provide the Committee with an opinion for inclusion in the annual governance statement (AGS).

If significant changes occur to the internal control environment prior to the Committee approving the AGS statement the Committee will be informed.

2.2 In preparing the internal audit plan for 2015/16, Managers were asked if they were aware of any planned reviews by external organisations from which assurance could be obtained on the operation of the internal control environment and systems of internal control. With the exception of the statutory external audit of accounts/grant certification no other external assurances were identified for 2015/16. However the Cabinet Office have also provided assurance in respect of the Council's compliance with the Public Services Network requirements. The summary findings from these reports are included at Annex B

2.3 The IARM continues to report functionally to the Corporate Governance Committee and maintains organisational independence. He has had no

constraints placed upon him in respect of determining overall audit coverage, audit methodology, the delivery of the audit plan or proposing actions for improvement or forming opinions on individual audit reports issued.

3. DELIVERY OF THE AUDIT PLAN

- 3.1 The Internal Audit Plan, prepared in accordance with the PSIAS, was approved by the Corporate Management Team (CMT) and the Corporate Governance Panel in March 2015 in respect of the year ending March 2016.

General audit

- 3.2 The plan consisted of 24 general reviews and quarterly key control reviews of five financial systems.
- 3.3 The audit plan was reviewed at the end of each quarter and updated to reflect changing priorities. The changes were discussed with both the Head of Resources and the Committee Chairman. The revised audit plan at 31 March 2016 contained 23 audits. At the time of preparing this report, three audits (bank reconciliation, Invest Huntingdonshire website development and implementation of policy initiatives) still required draft audit reports to be issued

Annex A contains details of the audits included in the internal audit plan at 31 March 2016.

IT audit coverage

- 3.4 No specialist IT audit work has been undertaken in 2015/16. Committee were informed of the reasons for this in December 2015. These were:
- Uncertainty over the employing authority for the IT shared service; and
 - Possible alternative service delivery model for internal audit.
- 3.5 Whilst the lack of IT audit is of concern, some of the risks associated with the lack of audit reviews has been mitigated by the Cabinet Office renewing the Council's Public Services Network (PSN) compliance certificate until the 13 November 2016. This certification shows that the Council has demonstrated that its infrastructure is sufficiently secure that our connection to the PSN does not present an unacceptable risk to the security of the network. The summary findings are included at Annex B – other sources of assurance.
- 3.6 No decision has been taken on the future service delivery model for internal audit. However, if a shared service is to be developed with our 3C partners, it is clear that the internal audit teams do not have specialist expertise that could be used to undertake IT audit reviews. A tender exercise is currently underway for the provision of IT audit services. It is envisaged that contractors will be appointed and commence work by 1 October 2016.

Internal Audit Reports Issued

- 3.7 Audit reports that have been issued during the period April 2015 – March 2016 are listed in the table below, together with the assurance opinion (see Annex C for further explanation) and the number of agreed actions.

3.8 Four reviews from the 2014/15 audit plan were underway at the 31 March 2015. These have been completed and are included in the table below.

Audit area		Level of assurance				Agreed action status	
		Substantial	Adequate	Limited	Little	Red	Amber
Service contract: Bailiff enforcement	1508	✓✓					
Payroll: deductions *			✓			---	---
CCTV *			✓			1	3
Roles & duties of S151 & Monitoring Officer *			✓			---	2
Housing Benefit overpayments	1505		✓			---	3
Charging for Council services	1522		✓			---	4
Project management of the capital plan	1538		✓			---	4
Housing – homeless families	1521		✓			---	4
One Leisure: control of income *			✓			---	6
Payroll: payment processes	1516		✓			1	2
LGSS contract management **	1517		✓			1	3
One Leisure: management of staff	1507		✓			1	5
Compliance with the transparency code	1530		✓			1	7
Budgetary control/management information	1506		✓			2	6
Delivery of corporate and service plans **	1520			x		---	4
Data quality & performance indicators **	1526			x		---	6
Licencing	1540			x		2	1
Effectiveness of Governance Boards **	1529			x		2	5
Information security **	1533			x		---	10
Data protection and information management **	1533			x		---	10

* 2014/15 audit plan reviews. Reports issued in 2015/16.

** 2015/16 audit plan reviews. Draft reports issued at 31 March 2016.

3.9 In addition to the reports listed above, reviews have also been completed on the following areas.

- Community Chest grants
- Legal debt collection and recovery

These reviews resulted in no overall assurance opinions being given due to either limited testing being undertaken or the audits changing focus and becoming more advice orientated. Suggested improvements to controls were made as appropriate.

3.10 The continuous auditing of key controls within five key financial systems has continued to be undertaken on a quarterly basis. Summary details are shown in the table below.

Audit area		Level of assurance				Agreed action status	
		Substantial	Adequate	Limited	Little	Red	Amber
Council tax			✓			--	--
Non domestic rates			✓			--	--
Accounts payable (Creditors)			✓			--	--
Main accounting system			✓			--	--
Accounts receivable (Debtors)					xx	1	--

3.11 The accounts receivable system has been given little assurance for the third successive year. Whilst invoices are being raised for services being provided there are significant failings in the debt review and collection process. These include the Income Team failing to consistently undertake debt recovery work, some recurring billing invoices not being raised or raised late, no consistent pattern of referring outstanding debts to the recovery agents or Legal Services for further action, infrequent reporting to Services on their debtor position and infrequent reviews of disputed invoices. It is suggested that these failings are serious enough that this matter be referenced in the Annual Governance Statement.

3.12 The Head of Resources has been addressing the issues noted above during the past year. Committee will be aware that they were informed in the annual audit report last year, that a comprehensive and fundamental review of Incomes systems and procedures was to be undertaken with the intention being to introduce changes to the control environment which should resolve the weaknesses listed in para 3.11. Whilst some changes have been introduced, the Income Team have been hampered in embedding those changes by having to rely on temporary/agency staff – some of whom have only worked for two weeks or less before finding alternative work. A member of staff has recently been recruited on a fixed term basis to address this problem.

3.13 Whilst an audit review is due to be completed in respect of the quarter ending June 2016, this will not be done as it is likely that little improvement will have been made. The review for September 2016 will be completed however and reported to the Committee at its December 2016 meeting.

Other review areas

3.14 Internal Audit have also undertaken significant work in a number of other areas. These include:

- A review of the contractors final account for the redevelopment of One Leisure St Ives. It is anticipated that the overall construction cost will reduce as a consequence of the review
- Reviewing the tender and quote opening procedure
- Attending 10 quotation openings
- A review of the data matches identified from the National Fraud Initiative

- Updating the Anti-Fraud and Corruption Strategy
- Updating the Whistleblowing Policy and Procedure
- Undertaking three staff investigations
- Responding to whistleblowing complaints
- Supporting the Committee in the annual governance review, the preparation of the Annual Governance Statement and its annual report

In addition, a significant amount of time has been spent on supporting the Monitoring Officer in their review of two complaints relating to Parish Council matters.

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

4. ISSUES OF SPECIFIC CONCERN

- 4.1 Whilst there have been a number of limited assurance reports issued during the year, there are no issues of specific concern that need to be brought to the attention of the Committee.

5. IMPLEMENTATION OF AGREED ACTIONS

- 5.1 CMT have set a target of 100% of agreed actions to be implemented on time, based on a rolling 12 month timeframe. As at the 31 March 2016 the figure achieved was 63% (36 actions from a total of 57). This increases to 75% (43 actions from a total of 57) when actions implemented on time and late are combined.
- 5.2 Of the 43 actions that had been marked as fully introduced by the appropriate manager, follow-up reviews have been completed by internal audit on 35 of these actions. This review found that:
- 28 had been fully introduced
 - 4 had been partially introduced; and
 - 3 had not been introduced.

Of the three actions that had been marked as being fully introduced when evidence suggests that appears not to be the case, one was a 'red' category action, the other two, 'amber'. All three actions have been amended on the 4action monitoring system - from fully introduced to outstanding. CMT and the relevant Head of Service have been informed.

6 LOW GRADED AUDITS FROM PREVIOUS YEARS

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

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

Original level assurance	Agreed Action Status		Audit area and follow-up findings	'Potential' level of assurance
	Red	Amber		
2014-15				
Limited	3	3	Staff Training All the actions have been introduced.	Adequate
Limited	3	6	One Leisure: Impressions 8 of the 9 actions have been introduced. The one outstanding red action refers to the development of strategies and targets for the Impressions facility.	Adequate
Limited	0	2	Service desk, change & release management The two actions have not been introduced, but they have an agreed implementation date of December 2016. Both actions require considerable changes to be made to working methods. These changes will be introduced as part of the IT shared service developments. This area will be subject to further follow-up work during 2016/17.	Limited
Limited	1	1	E-payments Neither of the actions have been introduced. The red action refers to completing and submitting to our payment card provider, a payment card industry security standard self-assessment.	Limited
Limited	1	6	Uniform application The one red action and 4 of the amber actions have been introduced. The two outstanding actions are not due to be introduced until December 2016.	Adequate

7. INTERNAL AUDIT PERFORMANCE

7.1 The PSIAS require that an on-going quality assessment and improvement programme is maintained. The programme requires that periodic assessment against the PSIAS are undertaken.

7.2 As an independent external assessment was conducted in 2014 the IARM decided to undertake a self-assessment review this year. This was completed in May 2016. It did not identify any areas of non-conformance other than three areas that had been identified during the self-assessment review of 2015.

These are:

1. Establishing policies and procedures to guide staff in performing their duties
2. Regularly reviewing and updating policies and procedures to reflect changes in working practices and standards
3. Carrying out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance

7.3 The first two items above refer to the need to update the audit manual to reflect changes to established policies, procedures, working practices and

standards. Due to time pressures, the audit manual is not updated as regularly as it should be. Auditors are however made aware of all changes to policies, procedures, working practices and standards by the IARM at their fortnightly team meetings and through email instruction.

The remaining issue refers to the need to undertake an assurance mapping exercise as part of identifying and determining internal audits approach to using other sources of assurance during the audit planning process. This has been addressed in part through work that internal audit undertook in preparing the 2014/15 Annual Governance Statement and from the information held within the risk register. It needs to be formalised however so that the IARM can derive greater benefit from the information during the annual audit planning process.

7.4 Action taken to address the areas of non-conformance identified from the 2015 PSIAS are included at Annex D. It is expected that the three items listed in para 7.2 will be addressed during 2016/17.

7.5 None of the issues identified during the self-assessment review suggest that the Internal Audit Service is not complying with the PSIAS.

7.6 In addition to undertaking a review against the PSIAS, Internal Audit also maintains a series of internal performance targets. These are prepared and reported quarterly within the teams Service Plan. The performance as at 31 March 2016 is detailed below.

7.7 **Customer satisfaction**

Target: 85% or more of customers rating service quality as good or better.
Achieved: 12 months to March 2016 – 89% (from 9 responses).

At the conclusion of all audits, managers are requested to complete an end of audit survey form and give an opinion on the value of the audit. The options available are – very good, good, acceptable, requires improvements or unacceptable.

7.8 **Service delivery targets**

Target: The four service delivery targets are achieved.
Achieved: Two of the targets have been achieved.

There are four elements to this target which all relate to the progress of individual audits and the reporting process. It is the intention to keep the same targets for 2016/17. They are both challenging and achievable with managers co-operation.

	Target	Achieved March 2016	2015
a) Complete audit fieldwork by the date stated on the audit brief.	75%	↓ 53%	46%
b) Issue draft audit reports within 15 working days of completing fieldwork.	90%	↓ 89%	87%

c) Meet with customer and receive response allowing draft report to progress to final within 15 working days of issuing draft report.	75%	↑	84%	87%
d) Issue final audit report within 5 working days of receiving full response.	90%	↑	100%	92%

7.9 Target a) above has not been achieved although performance has improved since last year. Committee challenged the poor performance in this area at their December 2015 meeting. It was explained at that time, that the failure to meet the target was primarily due to the cancellation of meetings by auditees, often at short notice. As two of the three auditors were not full time employees, this had adverse effect on their ability to meet the target date.

The Head of Resources has contacted all Managers to remind them of the importance of meeting auditors at the times agreed. It is anticipated that performance will continue to improve during 2017/18.

Annex

- A. Status of audits as per the audit plan agreed
- B. External assurance received
- C. Definitions used in the report
- D. Improvement Plan from June 2015 QAIP review

David Harwood : Internal Audit & Risk Manager
Huntingdonshire District Council
June 2016

**Status of audits as per the audit plan agreed
by Corporate Governance Panel in March 2015.**

Audits undertaken

- 1 Data protection and information management
- 2 Housing – homeless families
- 3 Compliance with the Transparency Code
- 4 Budgetary control and management information
- 5 Housing Benefits (overpayments)
- 6 & 7 Review of 2 x service & supply contract (Bailiff enforcement (completed) & Invest Huntingdonshire website development (draft report, May 2016))
- 8 Data quality and performance indicators
- 9 Community Chest grants
- 10 Payroll
- 11 One Leisure
- 12 Delivery of corporate and service plans
- 13 Charging for Council services
- 14 Legal debt collection and recovery
- 15 LGSS contract management
- 16 Effectiveness of the Governance Boards
- 17 Bank reconciliation (draft report, May 2016)
- 18 National fraud initiative

Quarterly key control reviews of financial systems:

- Main accounting system
- Creditors (accounts payable)
- Debtors (accounts receivable)
- Council tax and business rates

Audits not undertaken

- 49 Delivery of affordable housing – initial work undertaken but stopped as Corporate Director (Delivery) and Head of Service already addressing a number of risks that had been identified around land supply and new build targets.
- 20 Delivery of the 'Facing the Future' programme – savings included in medium term financial strategy which is reviewed separately.
- 24 S106 Agreements – postponed until new IT software in place.
- 22 Shared Services – IT, Building Control and Legal. Some advisory work undertaken. ITSS audit planned to commence in Feb 2016 but postponed due to structures not finalised and process changes being introduced.
- 23 Staff appraisal scheme – postponed due to significant changes being introduced from April 2016.
- 24 Achievement of VFM and service standards – no time available.

Additional audits undertaken, not in the original 2015/16 audit plan

- 19 Licensing
- 20 Project management of the capital plan
- 21 One Leisure St Ives – final account review
- 22 Information security
- 23 Implementation of policy initiatives

External Assurance Received

Date	Report from	Area covered	Assessment
November 2015	Cabinet Office	Public Services Network (PSN) compliance	Certificate of compliance issued (expiring 13 November 2016)
November 2015	External Auditor (PricewaterhouseCoopers)	Annual Audit Letter 2014/15	Unqualified accounts. Unqualified value for money opinion.
March 2016	----- ----	Grant Certification Report 2014/15	One grant certified: BEN01 Housing and Council Tax Benefit Subsidy - qualified.

Assurance definitions: for information

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

Internal control environment

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

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

System of internal control

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

Improvement Plan from June 2015 QAIP review

PSIAS Ref.	Requirement	Issue identified	Action taken	Carry fwd. to 2016/17 Yes / No
Attribute Standard 1000: Purpose, Authority and Responsibility				
1110	Does the Managing Director undertake, countersign, contribute feedback to or review the performance appraisal of the Internal Audit Manager?	The Managing Director has been asked to contribute feedback to the Internal Audit & Risk Managers 2015 appraisal.	Feedback received 16 July 2015. Feedback requested for 2016.	No
1110	Is feedback sought from the chair of the Corporate Governance Panel (CGP) for the Internal Audit Manager's performance appraisal?	The Chairman of CGP for the 2014/15 municipal year stood down as a Councillor in May 2015. This was prior to the annual appraisal process commencing. The current Chairman will be asked to contribute to the 2015/16 appraisal review.	Feedback received 12 April 2016.	No
1130	Are assignments for ongoing assurance engagements and other audit responsibilities rotated periodically within the internal audit team?	With the introduction of 'continuous auditing' in Sept 2012, auditors are allocated a number of key financial areas to review. Whilst rotation of audits did occur from July 2015, an auditor vacancy in October 2015 meant that the audits had to be re-assigned back to the previous auditor.	The audit team is at full strength. The audits have been reassigned for 2016/17.	No
Attribute Standard 1200: Proficiency and Due Professional Care				
1130	Do internal auditors have sufficient knowledge of key information technology risks and controls?	The contract for the provision of IT audit services ended in January 2015. A new contract is required.	The contract is currently out to tender. Expected start date, October 2016.	No

Improvement Plan from June 2015 QAIP review

PSIAS Ref.	Requirement	Issue identified	Action taken	Carry fwd. to 2016/17 Yes / No
Attribute Standard 2000: Managing the Internal Audit Activity				
2040	<p>Has the Internal Audit Manager established policies and procedures to guide staff in performing their duties in a manner that conforms to the PSIAS?</p> <p>Are the policies and procedures regularly reviewed and updated to reflect changes in working practices and standards?</p>	<p>The audit manual outlines the procedures to be followed. It needs to be updated to reflect the changes brought about by the PSIAS. New Auditing Standards are to be issued in July 2015 and it is likely that these will result in further changes to the PSIAS and the audit manual.</p> <p>The policies and procedures need to be updated on a more regular basis.</p>	<p>Auditors are informed of changes to working procedures and policies via team meetings and email instructions. The audit manual is not routinely updated. The audit manual will need to be fully revised if a shared service is developed and it is proposed that the current update process is followed until then.</p>	<p>Yes.</p> <p>This will be an on-going project.</p>
2050	<p>Has the Internal Audit Manager carried out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance?</p>	<p>Sources of assurance other than from internal audit are included in the internal audit annual report. CGP agreed to undertake assurance mapping to assist with the annual governance process. It is anticipated assurance mapping will be used as part in preparation of the 2014/15 annual governance statement.</p>	<p>Internal audit have undertaken some work on formalising the assurance framework to support the annual governance process. This will need to be reviewed during 2016/17 to take account of revised national good governance guidance.</p>	<p>Yes</p>

Improvement Plan from June 2015 QAIP review

PSIAS Ref.	Requirement	Issue identified	Action taken	Carry fwd. to 2016/17 Yes / No
Attribute Standard 2100 : Nature of Work				
2120	Has the internal audit activity evaluated the potential for fraud and also how the Council itself manages fraud risk?	<p>This requirement is not the responsibility of the Internal Audit Service.</p> <p>There has been a significant change to the Council's fraud team. A revised counter fraud strategy was approved by CGP in June 2015. This will require a formal action plan to be prepared for identifying and evaluating the potential for fraud. This is being led by the fraud team. Internal Audit will be involved with that process.</p>	<p>The Committee received a report in December 2015 from the Benefits Manager that contained details of the fraud action plan</p> <p>An internal audit review of how the Council manages fraud risk is included within the 2106/17 audit plan.</p>	No



Internal Audit Charter

The Council considers its Internal Audit Services to be a key component of its governance framework. This Charter provides a framework for the conduct of Internal Audit in Huntingdonshire District Council and has been approved by the Council's Corporate Governance Committee.

The key provisions of this Charter are set out below.

Internal Audit Service

The Council's internal audit service is an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. It helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Independence & Objectivity

The internal audit service will remain free from interference by any element in the Council and its scope shall not be restricted in anyway. It shall be free to review the arrangements of any aspect of service delivery, finance or governance irrespective of whether those arrangements are provided directly or indirectly (via partnerships, contractually or any other business arrangement).

The objectivity, impartiality, integrity and conduct of all Internal Audit staff must be above reproach at all times.

Authority

Internal auditors are authorised to have full, free and unrestricted access to all services and functions, premises, assets, employees, elected members, suppliers and contractors, records and other documentation and information that the Internal Audit & Risk Manager considers necessary to enable the Internal Audit Service to meet its responsibilities. All employees are required to assist the internal audit activity in fulfilling its roles and responsibilities.

Confidentiality

All records, documentation and information accessed in the course of undertaking internal audit activities shall be used solely for the conduct of internal audit activities. The Internal Audit & Risk Manager and individual audit staff (including contractors and external service providers performing work on behalf of internal audit) are responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work.

Reporting

The Internal Audit & Risk Manager shall submit to the Corporate Governance Committee, no later than the date at which the Council's annual governance statement is approved, an annual report and formal audit opinion.

Purpose of Internal Audit

The internal audit service has been established to:

- provide independent, risk-based and objective assurance, advice and insight to the Council on its operations.
- enhance and protect value, by assisting management in improving the delivery of the Council's objectives and operations through evaluating and challenging the effectiveness of risk management, control and governance processes.

Professionalism

The internal audit service will govern itself by adhering to the Public Sector Internal Audit Standards (PSIAS)¹ as required by the Accounts and Audit (England) Regulations 2015.

Supplementary guidance issued and endorsed by the Relevant Internal Audit Standard Setters as applying to local government will also be adhered to along with the Council's relevant policies and procedures and the internal audit manual.

Non-conformance with the PSIAS shall be reported to senior management and the Corporate Governance Committee.

Relationship with Members & Senior Management

Corporate Governance Committee

The Accounts & Audit (England) Regulations 2015 require the Council to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.

The Council has established a Corporate Governance Committee² and specifically delegated to it responsibility for ‘ensuring there are effective arrangements for the system of internal audit of the Council.’ The internal audit service shall report functionally to the Corporate Governance Committee.

The Internal Audit & Risk Manager shall have:

- free and unrestricted access to the Corporate Governance Committee and the right to attend all of its meetings, and
- the right to meet with the Chairman of the Corporate Governance Committee and/or the relevant Portfolio Holder to discuss any matters or concerns that have arisen from internal audit work.

¹ The PSIAS are based upon The Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the *International Standards for the Professional Practice of Internal Auditing*.

² The Corporate Governance Committee shall fulfil the role of the Board as determined by the PSIAS.

Senior Management

The Managing Director and the Corporate Director (Services) and the Corporate Director (Delivery) together with the Head of Resources³ shall fulfil the role of senior management as defined by the PSIAS.

The Head of Resources shall support the Corporate Governance Committee by ensuring that there are effective arrangements⁴ for the internal audit of the control environment.

The Internal Audit & Risk Manager shall:

- report administratively to the Head of Resources; and
- have free and unrestricted access to senior management.

Independence & Objectivity

Independence is essential to the effectiveness of the internal audit service; so it will remain free from interference in all regards. This shall include, but not be limited to matters of audit selection, scope, procedure, frequency, timing or report content.

Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. They must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The Internal Audit & Risk Manager will confirm to the Corporate Governance Committee annually, the organisational independence of the internal audit service.

The Internal Audit & Risk Manager is responsible for the delivery of the Internal Audit, Insurance and Risk Management services. All three areas have a key part to play in mitigating the risks facing the Council. Responsibility for these operational areas is recognised by senior management and the Corporate Governance Committee.

With the exception of insurance and risk management, internal audit staff will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment.

Authority & Confidentiality

Internal auditors shall have full, free and unrestricted access to all services and functions, premises, assets, employees, elected members, suppliers and contractors, records and other documentation and information that the Internal Audit & Risk Manager considers necessary to enable the Internal Audit Service to meet its responsibilities. All employees are required to assist the internal audit activity in fulfilling its roles and responsibilities.

All records, documentation and information accessed in the course of undertaking internal audit activities shall be used solely for that purpose. The Internal Audit & Risk Manager and individual audit staff (including contractors and external service providers performing work on behalf of internal audit) are responsible and accountable for

³ Fulfilling the duties of Section 151 of the 1972 Local Government Act

⁴ As outlined in the Cipfa publication "The Role of the CFO in public sector organisations".

maintaining the confidentiality of the information they receive during the course of their work.

Internal Audit Management

The Council shall appoint an Internal Audit & Risk Manager who shall determine the priorities of, effectively manage and deliver the internal audit service in accordance with this Charter.

The Internal Audit & Risk Manager shall:

- ensure they have a comprehensive understanding of the Council's systems, structures and operations so allowing the preparation of strategic and annual risk based audit plans that are closely aligned to the need to provide assurance against the Council's strategic priorities, objectives and risks, as contained or identified within its Corporate Plan, Service Plans, risk register and framework of assurance.
- review and adjust the plans as necessary, in response to changes in the Council's risks, operations, programs, systems and controls.
- report annually the impact and consequence of any resource limitations across the strategic plan period to the Corporate Governance Committee, who will then recommend to Cabinet whether or not to accept the consequence identified or seek an increase in Internal Audit's resources.
- maintain a quality assurance and improvement programme to ensure that all audit work is completed to high standards and in accordance with the standards, practices and procedures as set out in the internal audit manual .
- undertake an annual review of the development and training needs of internal audit staff and arrange for appropriate training to be provided.
- put in place arrangements that ensure internal audit is notified of all suspected or detected instances of non-welfare fraud, corruption or impropriety and in conjunction with the Corporate Fraud Team Leader:
 - promote a counter-fraud culture within the Authority
 - determine the most appropriate method of investigating allegations.
- establish effective relationships with managers at all levels.

Role and responsibilities

Internal audit reviews shall examine and evaluate the adequacy and effectiveness of the Council's governance, risk management, and internal control processes. This shall be achieved via:

Assurance activities: *results of which will influence the opinion on the adequacy and effectiveness of the control environment.*

Risk based system audit reviews. The documentation, evaluation and testing of financial, operational and management information systems.

Information technology reviews. Specialist evaluation of hardware, software and the IT environment.

Fundamental financial systems. Reviews focusing on agreed key controls.

Performance improvement. The economy, efficiency and effectiveness of business systems and processes.

Advisory activities: *results of which will contribute to the opinion on the adequacy and effectiveness of the control environment.*

Systems & processes. Control advice on new and developing systems.

Consulting services. Reviews at the request of management, that add value and improve governance, risk management and control processes and support management in their work.

Shared services:

Where the Council provides 'shared services' to, or receives 'shared services' from other organisations, the Internal Audit & Risk Manager shall liaise with the other organisations Internal Audit Service and agree the scope of the assurance that is to be provided or received and take account of that requirement when preparing the annual audit plan.

Reporting and Monitoring

Internal Audit Reports

At the conclusion of a review, a written report will be issued to the appropriate manager, that will

- include an overall assurance opinion, but not provide absolute assurance, on the adequacy of the governance, risk and control processes;
- identify inadequately addressed risks and non-effective control processes;
- detail management's response and timescale for corrective action;
- identify issues of good practice

When corrective action has not been agreed, reporting will be escalated to a level consistent with the Internal Audit & Risk Manager's assessment of the risk.

The Internal Audit & Risk Manager shall regularly review and report to senior management, the progress made by managers in introducing the agreed corrective actions. Senior Management shall ensure that agreed corrective actions are introduced.

Reporting to the Corporate Governance Committee

The Internal Audit & Risk Manager shall present an annual and interim report to the Corporate Governance Committee that meets the requirements of the PSIAS. The annual report shall be timed to support the Council's annual statement of assurance on corporate governance and include an opinion on the overall adequacy and effectiveness of the control environment.

Quality and assurance programme

The Internal Audit and Risk Manager shall maintain a quality assurance and improvement programme that meets the requirements of the PSIAS. The results shall be reported to senior management and the Corporate Governance Committee.

The Internal Audit & Risk Manager will arrange for an independent review of the efficiency and effectiveness of the internal audit service to be undertaken at least once every five years. The results of the review will be reported to senior management and the Corporate Governance Committee.

Improvement plans arising from periodic reviews of internal audit shall be prepared as appropriate, and reported to senior management and the Corporate Governance Committee in the Internal Audit annual report.

Relationships with external audit and other assurance activities

Internal Audit will establish and maintain an open relationship with the external auditor and any other assurance provider. Internal audit will plan its activity so that there is adequacy of audit coverage and to minimise duplication of assurance effort. However the work of Internal Audit will not be driven by external audit's own priorities.

External audit will have full and free access to all internal audit strategies, plans, working papers and reports.

Review of the Charter

The Internal Audit & Risk Manager will review annually the Internal Audit Charter and report the outcome of that review to the Senior Management. Approval of the Charter shall be the responsibility of the Corporate Governance Committee. This version was approved on the 8 June 2016.

End

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