

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 **TUESDAY, 27 SEPTEMBER 2016** at **7:00 PM** and you are requested to attend for the transaction of the following business:-

**Contact
(01480)**

APOLOGIES

1. MINUTES (Pages 5 - 12)

To approve as a correct record the Minutes of the meeting held on 20 July 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. CORPORATE GOVERNANCE PANEL PROGRESS REPORT
(Pages 13 - 16)

To receive the Corporate Governance Panel Progress Report.

**M Sage
388169**

4. COMPLAINTS - ANNUAL REPORT (Pages 17 - 22)

To provide information on complaints referred to the Local Government Ombudsman during 2015/16.

**L Sboui
388032**

5. UPDATE ON CODE OF CONDUCT AND REGISTER OF DISCLOSABLE PECUNIARY INTERESTS (Pages 23 - 30)

To consider a report on the Code of Conduct and the Register of Disclosable Pecuniary Interests.

**B Morrison
388924**

6. SHARED INTERNAL AUDIT SERVICES (Pages 31 - 54)

To present the Business Case for the Shared Audit Services between Huntingdonshire District Council, Cambridge City Council and South Cambridgeshire District Council.

**C Mason
388157**

7. COMPUTER AUDIT PLAN (Pages 55 - 58)

To inform the Committee of arrangements for delivery of computer audit services and to approve the 2016/17 computer Audit Plan.

**D Harwood
388155**

8. **IMPLEMENTATION OF AGREED AUDIT ACTIONS** (Pages 59 - 66)
- Update on the progress made in implementing agreed internal audit actions due for introduction during the year ending 31 August 2016. **D Harwood 388115**
9. **MISCELLANEOUS INCOME - PERFORMANCE REVIEW** (Pages 67 - 76)
- To receive a report regarding the Miscellaneous Income (Debtors) service and actions being taken. **G Oliver 388604**
10. **RISK MANAGEMENT UPDATE** (Pages 77 - 80)
- To inform the Committee of arrangements for the management of risk across the Council. **D Harwood 388115**
11. **APPROVAL OF THE 2015/16 ANNUAL FINANCIAL REPORT AND ANNUAL GOVERNANCE STATEMENT INCLUDING EXTERNAL AUDITOR'S REPORT**
- To consider the draft Auditors ISA 260 report and endorsement of the Annual Governance Statement, the Letter of Representation and the Annual Financial Report. **C Mason 388157**
- (TO FOLLOW)**
12. **CORPORATE GOVERNANCE COMMITTEE ANNUAL REPORT** (Pages 81 - 98)
- To consider the Annual Report to the Council in respect of the year ending September 2016 on the work that has been undertaken by the Corporate Governance Committee. **D Harwood 388115**

Dated this 19 day of September 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

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

Please contact Mrs 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.

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

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

Emergency Procedure

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

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, 20 July 2016.

PRESENT: Councillor M Francis – Chairman.

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

APOLOGIES: An apology for absence from the meeting was submitted on behalf of Councillor K M Baker.

IN ATTENDANCE: Councillor J Gray.

12. MINUTES

The Minutes of the Corporate Governance Committee meeting held on 8 June 2016 were approved as a correct record and signed by the Chairman.

13. MEMBERS' INTERESTS

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

14. CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

The Committee received and noted a report (a copy of which is appended in the Minute Book) of progress regarding Business Continuity Planning, an update report for which will be presented to the Committee meeting in December.

15. EXCLUSION OF PRESS AND PUBLIC

RESOLVED

that the press and public be excluded from the meeting because the business to be transacted contains information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

16. REVIEW OF BENEFITS RISK BASED VERIFICATION POLICY

The Committee gave consideration to a confidential report (a copy of which is appended in the Minute Book) regarding the revised Risk Based Verification (RBV) Policy.

The RBV was a method of risk scoring claims for Housing Benefit and Council Tax Support so that additional checks and resources were

targeted at cases most likely to contain fraud and/or error prior to putting the claim into payment.

The RBV was introduced for new benefit claims in March 2013 and was reviewed in July 2015 to allow the RBV to be applied to changes of circumstance in addition to new claims. A further review of the Policy had been conducted to implement a different type of check, which would enhance and streamline the existing process to ensure the gateway to the benefit system remained secure.

Guidance from the Department for Work and Pensions (DWP) required that where a local authority implemented RBV, a Policy must be produced, receive Member approval and be reviewed annually.

At 7.07pm, Cllr Gray, Executive Councillor for Strategic Resources entered the meeting.

In response to a question it was explained that the software costs for the credit reference module would be covered by the new burdens funding from the DWP and that the revision to the current process would generate a significant financial saving for the Council.

It was suggested by the Committee that the additional check should be applied to all applications. Regarding measures to test the effectiveness of the system it was explained that External Audit audited claims to confirm validity and accuracy.

The Committee was pleased to note that the fraud and error detected by the Council exceeded the baseline figure for blind sampling and having received an explanation as to the method for blind sampling the Committee,

RECOMMENDED

that the Cabinet approve the revised Risk Based Verification Policy.

17. RE-ADMISSION OF THE PRESS AND PUBLIC

RESOLVED

that the press and public be re-admitted to the meeting.

18. ANNUAL REPORT ON COMPLIANCE WITH THE FREEDOM OF INFORMATION (FOI) & ENVIRONMENTAL INFORMATION REGULATIONS (EIR) ACTS

With the assistance of a report by the Information Governance Manager, presented in his absence by the Head of Customer Services (a copy of which is appended in the Minute Book), the Committee received a report on the number of requests received by the Council under the Freedom of Information (FOI) Act and Environmental Information Regulations and any issues encountered

and actions taken to improve performance.

The numbers of requests received by the Council in 2015 (704) indicated a decline of 11% from the previous year (791 requests were received in 2014). Nearly all (94%) requests were completed without withholding information. However, only 1% were resolved by reference to proactively published information.

The Committee were informed that a new system for managing requests would be implemented by the end of 2016, which was a joint system with South Cambridgeshire District Council and Cambridge City Council. The new system would provide automated workflows, a disclosure log and reporting to Service Managers.

In response to a question it was explained that Customer Services received the greatest volume of requests. The most frequent requests related to Business Rates and Senior Officer Pay, information for which was published on the Council's website, as well as Council Tax banding. It was the intention to publish more information of the Council's website, to enable responses to be referred.

Regarding information not being held in 14% of cases, it was explained that this mostly related to information retained by Cambridgeshire County Council.

It was confirmed that the report did not include Subject Access Data requests as this was incorporated within the Data Protection Act and requests were subject to a fee.

It was noted that the source of requests was becoming more difficult to assess, since many were sent from anonymous webmail addresses mainly for marketing purposes. If the webmail address was totally ambiguous the Council requested further information to identify the individual. Requestors had the right to an 'internal review' of their case if they were not satisfied with the outcome, before taking further action to the Information Commissioner's Office. Whereupon, it was

RESOLVED

that the Corporate Governance Committee notes the content of the report.

19. DISPOSALS AND ACQUISITIONS POLICY: LAND AND PROPERTY - UPDATE ON THRESHOLDS

The Committee received a report by the Head of Resources (a copy of which is appended in the Minute Book) to review the thresholds included in the Disposal and Acquisition Policy.

It was explained that having considered the relatively slow use of the Policy over the past 12 months, it was proposed that the current thresholds remained unaltered.

It was noted that since the Cabinet had approved the Disposal and Acquisition Policy and the Commercial Investment Strategy, the

Council had invested in two commercial properties, one below the threshold that required Cabinet approval, the other being above.

The Committee were referred to an additional recommendation tabled at the meeting regarding a revision to the Policy, proposed in order to support Parishes, that

'When land is disposed of within a Parish Council area, where there is no likelihood of any consequential development funding returning to the Parish Council (e.g. Community Infrastructure Levy or S.106), that following disposal the Parish Council receives 10% of any capital receipt received by the Council, subject to agreement by the Cabinet'.

It was explained that in some Parishes there were parcels of land that were too small to enable the Parish Council to benefit from development funding. Therefore, where the District Council opted to dispose of development land for commercial gain, the proposal enabled the respective Parish Council to receive 10% of any capital receipt.

It was confirmed that the proposed Policy amendment would apply to any Parish or Town Council if they were not able to benefit from development funding such as Community Infrastructure Levy or S106 money. If they were then they would not be eligible.

It was suggested that there would need to be some criteria to ensure that the capital receipt was allocated specifically for infrastructure and not for items such as new furniture for village halls.

In response to a question it was explained that Parish and Town Councils were not notified of small disposals of land and often provided input regarding areas of land that the District Council maintained. There were currently ten potential sites where the amended Policy could apply and the respective Parish or Town Council would be notified of this as appropriate.

It was noted that there was a useful map on the Cambridgeshire County Council website which identified its assets, which would be useful to replicate on the District Council website.

Having agreed that the current thresholds remain unaltered and that the Council had to progress opportunities of disposals and acquisitions expediently, the Committee,

RESOLVED:

- i. to note the report;
- ii. that the Disposals and Acquisition Policy thresholds be reviewed in 12 months' time; and

RECOMMENDED:

- iii. **that the Cabinet approve the following amendment to the Disposals and Acquisition Policy:**

'When land is disposed of within a Parish Council

area, where there is no likelihood of any consequential development funding returning to the Parish Council (e.g. Community Infrastructure Levy or S.106), that following disposal the Parish Council receives 10% of any capital receipt received by the Council, subject to agreement by the Cabinet’.

20. CODE OF CORPORATE GOVERNANCE

With the aid of a report by the Internal Audit and Risk Manager (a copy of which is appended in the Minute Book) the Panel was apprised of the new Code of Corporate Governance.

The Council first adopted a Code of Corporate Governance in September 2003, which had been subsequently amended on a number of occasions to take account of updates to ‘proper practice’. A new ‘proper practice’ document - Delivering Good Governance in Local Government: Framework – was published in April. The Framework was recognised as ‘proper practice’ by both the Accounts and Audit Regulations 2015 and the national Code of Practice on Local Authority Accounting in the United Kingdom 2016. Therefore a new Code of Corporate Governance was required to meet the Framework and ensure that the Council acted in accordance with ‘proper practice’.

The Framework defined seven principles that should underpin the Council’s overall governance structure alongside a number of sub-principles that expanded each area.

In response to questions it was explained that whilst the wording of both the principles and sub-principles had altered from the current Code of Corporate Governance, the overall aims remained largely unchanged. However, Principles 4 and 7 were new.

Principle 4 related to interventions where there was an expectation that decision makers, both Members and Officers, would receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved. Also that the Council should obtain and consider customer feedback and internal/external stakeholders views about service delivery options/decisions. It was considered that both of these expectations had been achieved although further work was required by the Governance Boards to confirm the degree of compliance.

It was further considered that the sub-principles within Principle 7 regarding transparency, reporting and accountability were being achieved and the Governance Boards would be tasked with confirming the degree of compliance.

In November 2013 six Officer-led Governance Groups were introduced in response to specific concerns raised by the External Auditor about ‘cultural issues’ and compliance with agreed procedures. The responsibilities of the Governance Groups had recently been reviewed and six new Corporate Governance Boards had been formed. One revision being the removal of the ‘Risk’ Governance Group as it was considered that this was a matter for all Groups to address.

In preparing the Annual Governance Statement an annual review was undertaken of the Code of Corporate Governance arrangements which considered both overall compliance and if any potential changes were required to keep the Code of Corporate Governance up-to-date. Whilst the annual review process would remain, oversight of on-going compliance was to be improved through the involvement of Officer-led Corporate Governance Boards.

Each Board was given responsibility for oversight of specific elements of the Code of Corporate Governance. Reporting via the Corporate Management Team, the Governance Boards would be able to raise any issues of concern to allow CMT to take appropriate corrective action. It was expected that on-going oversight would have the benefit of reducing the time spent on undertaking the annual governance review so allowing the Annual Governance Statement in future years to be prepared by the end of June.

The lack of Member attendance at training events was noted amongst the Committee as requiring improvement. Members had previously completed a skills audit and the Chairman explained that he would discuss the matter with the Leader and the possibility of re-establishing the Member Development Working Group.

Having been informed that the Code of Corporate Governance would apply once adopted by the Council and used in the preparation of the Annual Governance Statement for the financial year 2016/17 onwards, the Committee,

RECOMMENDED:

that the Council adopt the new Code of Corporate Governance as attached as Appendix 1 of the submitted report.

21. ANNUAL GOVERNANCE STATEMENT: SIGNIFICANT ISSUES

With the aid of a report by the Internal Audit and Risk Manager (a copy of which is appended in the Minute Book) the Committee was requested to consider any significant issues required to be identified within the 2015/16 Annual Governance Statement (AGS).

At the meeting in June, the Committee agreed that the need to improve debt management should be an issue included in the AGS.

The Corporate Management Team was of the opinion that the continued development of effective governance and reporting arrangements for shared services should be an issue specifically highlighted in the AGS.

Further to Minute No.11 of the meeting on 8 June 2016, the Committee were satisfied that the need to improve debt management was an issue for inclusion in the AGS. It was noted that a report on debt management would be presented to the Corporate Governance Committee meeting in September.

The Committee had previously been informed that no specialist IT

audit work had been undertaken in 2015/2016 and the reasons for this. In response to a question it was explained that a contractor had subsequently been appointed to undertake the audit.

The former Corporate Governance Panel had agreed that regular monitoring of the implementation of agreed audit actions be undertaken by Corporate Management Team, and that Members would receive this information via email from the Internal Audit and Risk Manager. It was noted amongst the Committee that since Members had received this information by email that there had been a decline in the percentage of actions being implemented on time.

The Committee discussed at length how this should be addressed and whether the officer with the most significant outstanding red action/s, in the opinion of the Internal Audit and Risk Manager, be required to present an explanation to the Committee. Subsequently the Committee agreed for the Internal Audit and Risk Manager to present an update report on the Implementation of Audit Actions to the next Corporate Governance Committee.

The Accounts and Audit Regulations 2015 required the AGS to be approved by the Committee prior to the approval of the statement of accounts and the final AGS would be presented to the Committee at its meeting in September 2016. Having been informed that the draft AGS would be circulated to the Committee before this meeting, the Committee,

RESOLVED

- i. To approve the significant governance issues, as detailed at paragraph 3.1 and 3.2 of the report, for inclusion in the Annual Governance Statement;
- ii. Expresses concern at the number of internal audit actions that are significantly overdue; and
- iii. That the Internal Audit and Risk Manager present an update report on the Implementation of Audit Actions to the next Corporate Governance Committee.

Chairman

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CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

Committee	Decisions	Date for Action	Action Taken	Officer Responsible	Delete from future list
20/07/2016	<p><u>Code of Corporate Governance</u></p> <p>The Corporate Governance Committee recommended that the Council adopt the new Code of Corporate Governance.</p> <p>This was presented and adopted by Council on 27 July 2016.</p> <p>During discussions the Committee noted that the lack of Member attendance at training events required improvement. Members had previously completed a skills audit and the Chairman explained that he would discuss the matter with the Leader and the possibility of re-establishing the Member Development Working Group.</p>		<p>The Internal Audit and Risk Manager had emailed the Corporate Governance Committee a Skills and Knowledge form for completion to enable training to be provided in areas that the Committee felt were required.</p>	<p>Internal Audit and Risk Manager</p>	<p>Yes</p>

CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

Committee	Decisions	Date for Action	Action Taken	Officer Responsible	Delete from future list
16/06/2016	<p><u>Scoping Report for Business Continuity Planning</u></p> <p>The Corporate Governance Committee agreed that the Corporate Team Manager be tasked to follow up on the recommendations from the review by the Business Analyst and look to:</p> <ul style="list-style-type: none"> i. prepare a new Template for the Business Continuity Plan; ii. consider having one organisational Plan with appendices that provide additional information per Service where relevant; iii. review roles and responsibilities and confirm these to all concerned; iv. review the management of the plans and the mechanism of storage and accessibility; v. organise for an annual test of the new Plan; vi. schedule an audit for early 2017 by Internal Audit, 	<p>Update report to Corporate Governance Committee - December 2016</p>	<p>This has been further discussed with Senior Management Team and it has been agreed that a one Organisational Plan approach will be followed.</p> <p>Discussions have been held with IT on some file storage issues.</p> <p>The template will be prepared in July and a first draft of a new Plan is scheduled for September.</p>	Corporate Team Manager	No

CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

Committee	Decisions	Date for Action	Action Taken	Officer Responsible	Delete from future list
	<p>after the Plans have been updated and the test carried out; and</p> <p>vii. undertake a review of the various scenario Plans (e.g. adverse weather, fuel shortages).</p> <p>It was also agreed that the Corporate Governance Committee receive a Business Continuity Planning update report at its December meeting.</p>				

Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Complaints – Annual Report

Meeting/Date: Corporate Governance Committee - 27 September 2016

Executive Portfolio: Councillor Stephen Cawley - Executive Councillor for Organisation and Customer Service

Report by: L Sboui, Policy, Performance & Transformation Manager (Project Support)

Wards affected: All Wards

Executive Summary:

The report provides Members with information on complaints referred to the Local Government Ombudsman (LGO) 2015/16 along with data relating to stage 1 and stage 2 complaints received between April 2015 – March 2016.

Recommendation(s):

Members are invited to note the LGO local authority report for Huntingdonshire District Council. Members are also invited to note the data relating to formal stage 1 and stage 2 complaints received.

1. WHAT IS THIS REPORT ABOUT/PURPOSE?

- 1.1 This report provides Members with information on complaints referred to the Local Government Ombudsman and those received by the Council during April 2015 – March 2016.

2. WHY IS THIS REPORT NECESSARY/BACKGROUND

- 2.1 One of the purposes of the annual summary of statistics on complaints made to the Local Government Ombudsman (LGO) is to help ensure that learning from complaints helps inform service provision. The LGO statistics show whether a decision was upheld, not upheld, advice given, closed after initial enquiry, incomplete/invalid, or referred back for local resolution. A further purpose of this report is to provide Members with data relating to stage 1 and stage 2 complaints by Service area.

3. OPTIONS CONSIDERED/ANALYSIS

- 3.1 There continues to be an increase in complaints/enquires received by the LGO; however there were just two detailed investigations carried out by the LGO in 2015/16 (compared to three 2014/15). In summary:

- One related to recovery of Council Tax and Business Rates. Only one aspect of what was a complex and detailed case was upheld but no injustice was found. However amendments have been made to processes to address this aspect of the investigation;
- One related to planning enforcement – this was not upheld.

- 3.2 The Council's complaints policy and procedure was reviewed in 2015 and a more consistent approach to how complaints are being recorded has been introduced. The number of stage 1 complaints has increased, particularly for those services with higher levels of customer interaction; these services have confirmed that the increase is likely the result of a more rigorous focus on the customer, including a more robust approach to the recording and resolution of complaints within set timescales. Figures indicate that complaints are largely being resolved at stage 1; this is a positive indication that formal complaints are being dealt with effectively in the first instance.

- 3.4 Figures for One Leisure are yet to be confirmed, the formal complaints process was discussed at the September Leisure Board; it was agreed that a clear reporting and monitoring process for One Leisure formal complaints should be agreed and put in place as a priority and to ensure the process aligns with the corporate approach.

- 3.5 Corporate Team/Executive support had four stage 1 complaints, three of which were escalated to stage 2, this is statistically significant, reasons for this have been considered. Two of the three stage 2 complaints were cross cutting and complex in nature but apart from this no other issues were identified that raise concerns.

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

- 4.1 One issue remains outstanding from the complaints review, this relates to the Complaints SharePoint site, specifically its functionality and adaptability to reflect changes service areas across the council and enable the site to record positive feedback.

5. LINK TO THE CORPORATE PLAN

- 5.1 Complaints handling links to the following Strategic Priority within the Corporate Plan - Ensuring we are a customer focused and service led council.

6 REASONS FOR THE RECOMMENDED DECISIONS

- 6.1 Members are invited to note the LGO local authority report for Huntingdonshire District Council and note the data relating to stage 1 and stage 2 complaints received by the Council.

7. LIST OF APPENDICES INCLUDED

- 7.1 Appendix 1 LGO statistics for HDC
- 7.2 Appendix 2 HDC internal complaints
- 7.3 Appendix 3 LGO statistics – neighbouring authority comparison

CONTACT OFFICER

Louise Sboui, Policy, Performance & Transformation Manager (Project Support)
Tel No: 01480 388032
Email: louise.sboui@huntingdonshire.gov.uk

LGO local authority report – Huntingdonshire District Council

Complaints and enquiries received

HDC	Benefits and tax	Corporate and other services	Environment Services	Planning and development	Housing	Total
2015/16	7	2	2	11	1	23
2014/15	3	3	3	7	0	16
2013/14	2	1	2	4	2	11

Decisions made

HDC	Detailed investigations carried out		Advice given	Closed after initial enquiry	Incomplete/invalid	Referred back for local resolution	Total
	Upheld	Not upheld					
2015/16	1	1	0	11	0	8	21
2014/15	0	3	1	7	0	5	16
2013/14	3	4	2	2	0	4	15

A number of cases will have been received and decided in different business years, this means the number of complaints and enquiries received will not always match the number of decisions made.

HDC internal complaints

Year	09/10	10/11	11/12	12/13	13/14	14/15	15/16
Number of complaints	67	58	40	43	22 Stage one	15 Stage one 14 Stage two	116 Stage one 15 Stage 2

Service	Stage 1	Stage 2	Total	LGO investigations
Community	5	0	5	
Corporate Team inc Executive Support	4	3	7	
Customer Services	24	4	28	1
Development	19	7	26	1
Operations	62	1	63	
Resources	1	0	1	
One Leisure	tbc	tbc	tbc	
Shared Services	2	0	2	
		Total stage 1	116	
		Total stage 2	15	

2015/16	Detailed investigations carried out	Decisions that were upheld following detailed investigations carried out by the Local Government Ombudsman	Complaints and enquiries received (2014/15)
HDC	2	1	23 (16)
South Cambridgeshire	10	3	18 (6)
Fenland	4	2	30 (22)
East Cambridgeshire	3	2	7 (10)
Cambridge City	3	2	17 (16)
Cambridgeshire County Council	21	12	57 (60)

Please note - A number of cases will have been received and decided in different business years, this means the number of complaints and enquiries received will not always match the number of decisions made.

Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Update on Code of Conduct and Register of Disclosable Pecuniary Interests

Meeting/Date: Corporate Governance Committee
27 September 2016

Report by: Beverley Morrison, Members' Support Assistant

Ward(s) affected: All Wards

Executive Summary:

The Monitoring Officer has a duty to establish and maintain a register of Disclosable Pecuniary Interests (DPIs) and this report provides the Committee with an update on the current level of returns and to consider any action that might be necessary to encourage those Councillors who continue to fail to return their forms to comply.

Recommendation(s):

The Committee is requested to consider and comment on the report.

1. WHAT IS THIS REPORT ABOUT?

- 1.1 Chapter 7 of the Localism Act 2011 requires the Monitoring Officer to establish and maintain a register of interests, register of disclosable pecuniary or other of Members of the District Council and also continues to be responsible for maintaining the Register for Parish Councils. The register has to be open for inspection at the District Council's Offices and published on the District Council's website. Where a Parish Council has a website, the District Council is also required to provide that Council with the information necessary to enable it to publish their current register on its own website. Information in respect of the DPIs of each Parish Council is presented in the Appendix to this report.
- 1.2 Each Parish Council also has a duty to adopt a Code of Conduct. All Town and Parish Councils were requested to advise the Monitoring Officer when their Council had adopted a new Code and to confirm whether it was identical to that adopted and promoted by the District Council or alternatively the version produced by the National Association of Local Councils (NALC) or any other.

2. WHY IS THIS REPORT NECESSARY/BACKGROUND

- 2.1 The Committee is responsible for maintaining high standards of conduct by Members of the District and Town and Parish Councils, for monitoring operation of the Code of Conduct and for considering the outcome of investigations in the event of breaches of the Code. The District Council has a duty to maintain and publish the Registers of Pecuniary Interests of both the District and Town and Parish Councils. Those Members who fail to comply with the 2011 Act are guilty of an offence and liable to a maximum fine of £5,000 and disqualification for up to 5 years.
- 2.2 This report describes the current position in relation to both of these matters.

3. ANALYSIS/REPORT

- 3.1 The DPI forms that have been received have been published. Any changes made to pecuniary interests also have been published.
- 3.2 Of 71 Town and Parish Councils, 47 have had their full Register published on the District Council's website. 24 Parishes have vacancies.
- 3.3 In terms of individual DPIs, 607 out of a total of 650 have been received from Parish Councillors; only 1 is outstanding and 42 are vacant. The up to date position on each Council is noted in Appendix 1. The Committee will appreciate that it is unlikely that there will ever be a complete return at any one time because of ever changing nature of the system.
- 3.4 All District Councillors' DPI forms are loaded onto the Council's website.

4. KEY IMPACTS? HOW WILL THEY BE ADDRESSED?

- 4.1 The Member Support Assistant continually pursues those Parish Councils where DPIs are outstanding. Similarly, incomplete or inaccurate forms are returned to Parish Councils with a request to revise and return.

5. WHAT ACTIONS WILL BE TAKEN

- 5.1 Parish Clerks are regularly contacted by email to submit DPI forms as soon as possible.

6. LINK TO THE CORPORATE PLAN

- 6.1 The Council has a stated commitment to working with our communities and ensuring they get involved with local decision making by ensuring that DPIs are published and the Council is supporting local accountability and transparency in decision making.

7. CONSULTATION

- 7.1 Not applicable

8. LEGAL IMPLICATIONS

- 8.1 There is no legal obligation upon Town and Parish Councils to notify the Monitoring Officer, records indicate that all Town and Parish Councils have adopted a Code of Conduct. Fifty-six of those Parish Councils have adopted a Code based on that adopted by the District Council. Eleven Town and Parish Councils have opted for the Code promoted by NALC, and four have adopted their own version of the Code. The up to date position on each Council is noted in Appendix 2.

9. REASONS FOR THE RECOMMENDED DECISIONS

The Committee take a role for maintaining high standards of conduct by Members and for monitoring the Code of Conduct.

10. LIST OF APPENDICES INCLUDED

- 10.1 Appendix 1 – Town and Parish Councils Disclosable Pecuniary Interests (DPI) forms.
- 10.2 Appendix 2 – Town and Parish Council New Standards Regime and Code of Conduct.

BACKGROUND PAPERS

None.

CONTACT OFFICER

Lisa Jablonska, Elections and Democratic Services Manager
01480 388004

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Town and Parish Councils Disclosable Pecuniary Interests (DPI) forms

Town/Parish Council	No of Cllrs	DPI Rec'd	Vacancy	DPI Outstanding	NOTES
1 Abbots Ripton	6	6			CORRECT
2 Abbotsley	7	7			CORRECT
3 Alconbury	11	8	3		CORRECT
4 Alconbury Weston	7	7			CORRECT
5 Alwalton	5	5			CORRECT
6 Barham & Woolley	5	5			CORRECT
7 Bluntisham	11	9	2		CORRECT
8 Brampton	15	15			CORRECT
9 Brington & Molesworth	5	5			CORRECT
10 Broughton	7	7			CORRECT
11 Buckden	15	13	2		CORRECT
12 Buckworth	5	5			CORRECT
13 Bury	9	9			CORRECT
14 Bythorn & Keyston	5	5			CORRECT
15 Catworth	7	7			CORRECT
16 Colne	9	9			CORRECT
17 Conington	5	5			CORRECT
18 Earith	11	11			CORRECT
19 Easton	5	5			CORRECT
20 Ellington	7	7			CORRECT
21 Elton	9	9			CORRECT
22 Farcet	11	8	3		CORRECT
23 Fenstanton	13	13			CORRECT
24 Folksworth & Washingley	9	7	2		CORRECT
25 Glatton	5	5			CORRECT
26 Godmanchester	17	17			CORRECT
27 Grafham	7	6	1		CORRECT
28 Great & Little Gidding	7	7			CORRECT
29 Great Gransden	9	9			CORRECT
30 Great Paxton	9	8	1		CORRECT
31 Great Staughton	9	9			CORRECT
32 Hail Weston	7	7			CORRECT
33 Hemingford Abbots	7	5	2		CORRECT
34 Hemingford Grey	13	13			CORRECT
35 Hilton	9	9			CORRECT

Town and Parish Councils Disclosable Pecuniary Interests (DPI) forms

Town/Parish Council	No of Cllrs	DPI Rec'd	Vacancy	DPI Outstanding	NOTES
36 Holme	7	7			CORRECT
37 Holywell cum Needingworth	13	13			CORRECT
38 Houghton & Wyton	9	8	1		CORRECT
39 Huntingdon	19	19			CORRECT
40 Kimbolton & Stonely	11	10	1		CORRECT
41 Kings Ripton	5	5			CORRECT
42 Leighton Bromswold	7	6	1		CORRECT
43 Little Paxton	15	12	3		CORRECT
44 Offord Cluny & Offord Darcy	11	8	3		CORRECT
45 Old Hurst	7	7			CORRECT
46 Old Weston	7	7			CORRECT
47 Perry	9	8	1		CORRECT
48 Pidley cum Fenton	7	6	1		CORRECT
49 Ramsey	17	17			CORRECT
50 Sawtry	15	15			CORRECT
51 Sibson cum Stibbington	7	6	1		CORRECT
52 Somersham	15	14	1		CORRECT
53 Southoe & Midloe	7	6	1		CORRECT
54 Spaldwick	7	7			CORRECT
55 St Ives	17	17			CORRECT
56 St Neots	21	20		1	EMAILED 10/08
57 Stilton	11	11			CORRECT
58 Stow Longa	5	5			CORRECT
59 The Stukeleys	9	7	2		CORRECT
60 Tilbrook	5	5			CORRECT
61 Toseland	5	5			CORRECT
62 Upton & Coppingford	5	3	2		CORRECT
63 Upwood & The Raveleys	9	9			CORRECT
64 Warboys	15	15			CORRECT
65 Waresley cum Tetworth	5	5			CORRECT
66 Wistow	7	6	1		CORRECT
67 Woodhurst	7	6	1		CORRECT
68 Woodwalton	5	5			CORRECT
69 Wyton on the Hill	7	5	2		CORRECT
70 Yaxley	17	17			CORRECT
71 Yelling	7	6	1		CORRECT
Totals	650	607	42	1	

Town and Parish Council New Standards Regime and Code of Conduct

Town/Parish Council	HDC Code	NALC Code	Own Code
Abbotsley	X		
Abbots Ripton	X		
Alconbury	X		
Alconbury Weston		X	
Alwalton	X		
Barham & Woolley	X		
Bluntisham	X		
Brampton	X		
Brington & Molesworth	X		
Broughton	X		
Buckden	X		
Buckworth	X		
Bury	X		
Bythorn & Keyston	X		
Catworth	X		
Colne			X
Conington	X		
Earith		X	
Easton	X		
Ellington	X		
Elton	X		
Farcet		X	
Fenstanton	X		
Folksworth & Washingley		X	
Glatton	X		
Godmanchester	X		
Grafham	X		
Great & Little Gidding	X		
Great Gransden	X		
Great Paxton	X		
Great Staughton	X		
Hail Weston		X	
Hemingford Abbots	X		
Hemingford Grey	X		
Hilton	X		
Holme	X		
Holywell cum Needingworth	X		
Houghton & Wyton			X
Huntingdon	X		
Kimbolton & Stonely	X		
Kings Ripton	X		
Leighton Bromswold	X		
Little Paxton	X		
Offord Cluny & Offord Darcy		X	

Town and Parish Council New Standards Regime and Code of Conduct

Town/Parish Council	HDC Code	NALC Code	Own Code
Old Hurst		X	
Old Weston	X		
Perry	X		
Pidley cum Fenton	X		
Ramsey			X
Sawtry	X		
Sibson cum Stibbington	X		
Somersham	X		
Southoe & Midloe			X
Spaldwick	X		
St Ives	X		
St Neots	X		
Stilton		X	
Stow Longa	X		
The Stukeleys	X		
Tilbrook	X		
Toseland	X		
Upton & Coppingford	X		
Upwood & The Raveleys	X		
Warboys	X		
Waresley cum Tetworth		X	
Wistow	X		
Woodhurst		X	
Woodwalton		X	
Wyton on the Hill	X		
Yaxley	X		
Yelling	X		
TOTAL	56	11	4

Public
Key Decision - Yes

HUNTINGDONSHIRE DISTRICT COUNCIL

Title: Shared Internal Audit Services

Meeting/Date: Corporate Governance Committee – 27 September 2016
Cabinet – 20 October 2016

Executive Portfolio: Deputy Executive Leader and Executive Member for Strategic Resources

Report by: Head of Resources

Ward(s) affected: All Wards

Executive Summary:

Cambridge City Council (CCC), Huntingdonshire District Council (HDC) and South Cambridgeshire District Council (SCDC) have agreed to work in partnership to deliver shared services and have agreed general principles to underpin the approach.

This report provides the business case to establish a Shared Internal Audit Service between the Councils and details the activity to create it.

Recommendation(s):

The Corporate Governance Committee is invited to comment on the attached Business Case for the establishment of a Shared Audit Service

The Cabinet is **RECOMMENDED to**

- i. Approve the Business Case and delegate authority to the Head of Resources to make decisions and to take steps which are necessary, conducive or incidental to the establishment of a Shared Audit Service in accordance with the business case; and
- ii. A contribution of £10,000 to the initial set-up costs, to be met from the Special Earmarked Reserve.

1. PURPOSE OF THE REPORT

- 1.1 To present to Members the Business Case for the Shared Audit Services (SAS) between the 3 partner Councils; Huntingdonshire District Council (HDC), Cambridge City Council (CCC) and South Cambridgeshire District Council (SCDC)

2. BACKGROUND

- 2.1 The business case for the establishment of the SAS can be found at **Appendix A** to this report. The rationale for its establishment is that it will provide the opportunity to deliver a more resilient and responsive service resulting in:
- Improved audit coverage that is of high quality;
 - Increased productivity;
 - Improved career opportunities for staff; and
 - Increased potential for audit services to be offered commercially.
- 2.2 It is proposed that SCDC will act as the employing authority for the SAS; its scope is solely audit services.
- 2.3 Information Governance will not be within the scope of the SAS. This will create some disaggregation issues for participating Councils. These issues are in hand within the respective Councils.
- 2.4 A new Senior Manager post will be created to lead the implementation of the SAS. The SAS will be created by the TUPE transfer of staff from HDC (4), CCC (5) to SCDC; this is proposed to happen in 2017/18 once the Senior Audit Manager is in post. The opening staffing level of the SAS will be 10. A review will then be undertaken of the rest of the staffing structure.
- 2.5 The SAS would have an opening staffing budget of circa £425k combining the 16/17 staffing budgets for each of the 3 current legal service operations. The ratio of the budget contribution at start up is CCC 44%, SCDC 10%, HDC 46%. This ratio forms the basis of saving distribution and additional cost incurred, if any, such as redundancy, pay protection etc.
- 2.6 Savings of £51.9k have been targeted for 17/18; the equivalent of a reduction of 11% of the net revenue budget, the Council's share of the savings is £24k.
- 2.7 Set up costs of £25k have been identified; the Councils contribution will be £10k which will be funded from the Special Earmarked Reserve. The pay-back is within one-year.
- 2.8 The work to develop the attached business case has been undertaken by a project group consisting of audit staff from each of the three Councils.
- 2.9 The work of the SAS will be driven by its Audit Plan (AP) agreed with the three client Councils. The AP will identify what has to be delivered and establish the means for measuring and assuring its performance. HDC will act as a client of its services. The AP will be agreed on an annual basis via the usual process, that being, by approval of the Corporate Governance Committee. The AP will be a key element of the operational plan for the SAS.

3. KEY IMPACTS

- 3.1 The SAS will ensure that there is future resilience across the audit service and a good mix of skills and experience among the teams' auditors. The three Councils will not see any negative impacts on the delivery of the Audit Plan.

4. TIMETABLE FOR IMPLEMENTATION

- 4.1 The timetable for implementation is shown within **Appendix A**.

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

- 5.1 The SAS supports the Corporate Plan objective of "becoming a more efficient and effective council".

6. CONSULTATION

- 6.1 SCDC will become the Lead Authority for the SAS. As such, identified Audit staff in HDC and CCC will transfer under TUPE to SCDC on the go-live date. Formal consultation with staff, Unions (and in addition Staff Council at HDC) will take place during October/November in accordance with each Councils policy on consultation. The consultation will be in respect of the proposed TUPE arrangements and new Senior Audit Manager post. This will be conducted in accordance with the Councils agreed policy.

7. LEGAL IMPLICATIONS

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

8. RESOURCE IMPLICATIONS

- 8.1 The SAS has a minimum saving target of 11% of net revenue budget. For the first year, there will be requirement for the Council to contribute £10k to the initial set-up costs. These will be met from the Special Earmarked Reserve.

9. REASONS FOR THE RECOMMENDED DECISIONS

- 9.1 To ensure the successful formation of a SAS between SCDC/CCC and HDC.

10. LIST OF APPENDICES INCLUDED

- 10.1 Appendix A – Business Case and Proposal for a Shared Internal Audit Service

BACKGROUND PAPERS

All included in the report.

CONTACT OFFICER

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Business Case and Proposal

Formation of an Internal Audit Service for Cambridge City Council, Huntingdonshire District Council and South Cambridgeshire District Council

1.0 Executive Summary

- 1.1 Cambridge City Council ('CCC'), Huntingdonshire District Council ('HDC') and South Cambridgeshire District Council ('SCDC') – collectively known as 3Cs - have agreed the principle of working in partnership to deliver a range of shared services. This report sets out proposals for delivering a full, professional shared Internal Audit Service (IAS) across the three Councils that will meet the statutory requirements of the Public Sector Internal Audit Standards (PSIAS).
- 1.2 Internal audit has a vital role to play in helping Councils manage effectively through the challenges they face by ensuring that governance, risk management and control arrangements remain effective. To do this successfully, internal audit teams need to be fit for purpose and provide assurance of the necessary quality, depth and coverage.
- 1.3 There were two main drivers behind the decision to consider reviewing the options available for improving the delivery of the IAS. These were:
1. HDC, CCC and SCDC desire to have new joint role to lead the Shared Internal Audit Service across the 3Cs.
 2. Bringing together the professional discipline of internal audit into one team, provides the opportunity to deliver a more resilient and responsive service that would allow internal audit work to be carried out seamlessly and without barriers across the 3Cs.

The Aims of the new service are:-

1. Improved audit coverage that is of a high quality
 2. Increased productivity
 3. Career structures for staff with better long-term personal development opportunities
 4. The ability to audit, without boundaries, any of the current shared services.
 5. The ability to become commercial and offer services to other organisations
- 1.4 This proposal recommends that the 3Cs create a shared IAS. The service would operate and be governed in accordance with the principles that the 3Cs have already agreed for the Phase 1 shared services, including the appointment of a new joint lead role and the transfer of internal audit staff to one employing authority.
- 1.5 The shared IAS would deliver revenue financial savings of £51.9k in the first year (11% of the 2016/17 budget) through only employing one CIA. The three shared services that have already been introduced have been required to deliver 15% savings. To achieve this figure across the internal audit, budgets would require further savings of £19.3k. In the last five years internal audit budgets across all three Councils have been reduced by £121k (20%). The option for future year's savings will be explored once the audit requirements and the budgets for future years have been established.

In addition there will be capital set up costs to cover ICT and relocations costs of £25K in year one as a one off cost.

- 1.6 A shared IAS would have a larger pool of auditors available to work across the 3C's, providing additional resilience to cover holidays, training and any sickness.
- 1.7 Through working across more than one Council, the options for auditors to develop and use specialist skills will increase. Initiatives can be developed at one Council and then rolled out to all. The new combined CIA will have the ability to call upon a wider skills and knowledge base. This is particularly important at SCDC who employ only one auditor, who is required to undertake the majority of internal audit reviews.
- 1.8 The three current internal audit teams are experienced and have good customer satisfaction levels. They have been kept informed of the proposals for a shared internal audit service and have all had the opportunity to comment on this Business Case and have specifically contributed to the development of the Vision Statement.

2.0 Proposal

- 2.1 A professional, independent and objective IAS is recognised by the 3Cs as a key element of good governance. The requirement for Councils to maintain appropriate and effective internal audit arrangements is set out in the Accounts and Audit Regulations 2015¹.
- 2.2 The 3Cs currently employ 8.5 full time equivalent (fte) internal audit staff. (In addition to the fte numbers noted in the table below, specialist computer audit services are obtained from the private sector).

	Total	Head of Audit	Audit & Risk Manager	Auditors
CCC	4.4	0.4		4.0
HDC	2.9	0.0	1.0	1.9
SCDC	1.2	0.2		1.0
	8.5	0.6	1.0	6.9

- 2.3 Whilst HDC employ their own 1.0fte Audit and Risk Manager, a 0.6fte service lead is provided to CCC and SCDC under an agreement with Peterborough City Council. The combined cost of audit management across the three authorities for 2016/17 is £120.1k. Employing a single CIA across the three authorities would deliver a saving of £51.9k and fulfil one of the two main criteria for establishing a shared service. This saving is equivalent to 11% of the new combined service budget for 2016/17. In subsequent year's productivity gains and the removal of non-audit tasks will be looked at for additional savings. A copy of relevant organisational charts for each Council is shown in Appendix 1.
- 2.4 The three current internal audit teams have been managed in different ways and performance standards differ across the three teams. This has resulted in them having differing productivity levels (audit days delivered/fte). Whilst SCDC and

¹ Accounts and Audit Regulations 2015 state that 'A relevant authority must 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 (PSIAS) or guidance'.

HDC exceed the Shire District average as reported in the CIPFA 2013/14 internal audit benchmarking study, CCC do not. Meeting the Shire District average (of 173 days/fte) will see an increase of some 80 days across the shared service, the equivalent of an additional 0.3fte. Allowing for the introduction of new working practices, this should be achievable within two years of the shared service operating.

- 2.5 To meet the aims set out above, it is proposed that a single internal audit service be formed (SIAS). This will require the recruitment of a new joint lead role to lead the SIAS. Once the new joint post has been successfully filled then a Transfer of Undertakings (Protection of Employment), (TUPE) will take place in respect of those staff who currently work in Internal Audit teams. The individuals will transfer to the employing authority (South Cambridgeshire District Council) to form a new single team
- 2.6 In addition, private sector specialists BDO Public Sector Internal Audit will supplement the in-house internal audit service by providing 70 computer internal audit days per year through to 2018/19.
- 2.7 The new CIA role would be responsible for leading a shared internal audit service that would have free access to review any services or activities undertaken by each Council whether collectively or individually. They would have no other operational responsibilities. This requirement would be reflected in the Internal Audit Charter. The key service deliverable is to provide assurance on each Council's control environment, comprising the systems of governance, risk management and internal control – this will include:
- preparation and delivery of annual audit plans to each Council that are reflective of their strategic plans and objectives and the risks to their achievement
 - providing an annual opinion statement on the adequacy and effectiveness of the Council's control environment and which may be used as a key assurance source when drafting the Annual Governance Statement
 - communicating with stakeholders in a timely and appropriate manner the results of work undertaken
 - considering whether operational and management arrangements are delivering the most economical, effective and efficient use of resources
 - providing support and advice as required to managers on new developments, policy initiatives, programmes and projects as well as emerging risks
- 2.8 The Audit and Risk Manager at HDC is responsible for not only the internal audit service but also overseeing risk management and insurance services. The risk and insurance service areas will be transferred to another HDC Officer prior to the commencement of the shared service.
- 2.9 The other main non-audit duties that are currently performed by each of the three teams accounted for 80 days in 2015/16 and are listed below. Each Council has reviewed these tasks and confirmed they will be re allocated to other teams at no additional cost. This will create some free capacity which will be reviewed following the creation of the audit plans for 17/18

	CCC	HDC	SCDC
National Fraud Initiative	40	7	23
Preparation of Annual Governance Statement	5	5	--
Total days	45	12	23

3.0 Delivery options considered

3.1 Six options have been identified and assessed at a high level. These were:

- 1 The three services remain independent but work together on selected audits.
- 2 Develop a shared service as per Phase 1 (Legal, Building Control, IT) of the 3C shared service arrangement.
- 3 Co-sourcing (Option 2 above but with one or more of a range of specialist services procured from the private sector).
- 4 Expand option 2/3 with the inclusion of Peterborough City Council.
- 5 Outsource the service to the private sector.
- 6 Join an existing partnership.

3.2 The shortlisted options were assessed and reported to the 3C Shared Services Leaders' Group meeting in both November 2015 and February 2016. Following the February meeting it was agreed that a business case detailing the benefits of Option 2/3 should be prepared.

3.3 The other four options were rejected on various grounds including cost, resilience, capacity and staff implications.

4.0 Existing internal audit provision

4.1 Each Council maintains an in-house IAS. HDC employ their own Audit and Risk Manager whilst both CCC and SCDC obtain this service (0.6FTE) from Peterborough City Council (PCC) at a cost of £51.9k for 2016/17.

4.2 Excluding the lead auditor provided by PCC to CCC and SCDC, 7.9 fte auditors are employed. In addition, HDC obtain specialist computer audit services from an external supplier under contract – this is equivalent to a further 0.3fte.

Staffing costs

4.3 The 2016/17 budget (excluding the lead auditor provided by PCC to CCC/SCDC) for the three services is £423.5k. 97% of the service budget relates to staff costs, which includes staff salaries, professional training and development and computer audit costs.

	<i>FTE incl. computer audit</i>	Total budget £	Staff costs £	<i>FTE excl. computer audit</i>	Other costs £	Computer audit £
CCC	4.0	187,170	180,360	4.0	6,810	
HDC	3.1	195,350	163,230	2.9	7,120	25,000
SCDC	1.0	41,040	39,990	1.0	1,050	
Total	8.1	423,560	383,580	7.9	14,980	25,000
% of total budget			91%		3%	6%

5.0 Internal Audit Resourcing

- 5.1 The number of staff employed by each Council varies. There is no nationally agreed minimum or benchmark figure that can be used to judge whether the current auditor fte numbers are set at an appropriate level or not.
- 5.2 The business case makes the assumption that the number of auditors employed is appropriate. This is because the Public Sector Internal Auditing Standards (PSIAS) requires the CIA to prepare an annual audit plan that takes into account the requirement to produce an annual internal audit opinion. In determining annual internal audit coverage, PSIAS requires that if the CIA believes that the level of agreed resources will impact adversely on the provision of their annual internal audit opinion, then the consequences must be brought to the attention of the Audit Committee. No such concerns were reported to any of the 3Cs Audit Committees in respect of the audit plans for 2014/15 or 2015/16.
- 5.3 The current staffing structures (excluding PCC lead auditor) provides for 1,338 days (excluding contracted IT audit) to be delivered across the 3Cs during 2016/17.

2016/17 – Time allocation

	Total
Total days	2,065
Less: Non-productive time	455
Management & admin	272
Audit plan days	1,338

There are differences in non-productive time (e.g. annual leave, sickness, training, dealing with risk and insurance matters) and management and administrative time (e.g. team and section meetings, budget management, operational planning, staffing and recruitment issues) across the three audit teams which are reflective of the differing team sizes and the differing tasks that each audit team allocate to these areas through their own time recording processes.

- 5.4 A target will be set to reduce by March 2019, the total amount of time spent on management and administrative duties by 80 days so as a minimum, the 2013/14 CIPFA Shire District benchmarking average of 173 productive days/fte is achieved. As overall productivity increases across the 3Cs staffing levels savings will be reviewed.

- 5.5 It is proposed that for 2017/18 the number of audit days to be delivered at each authority will be at least that approved in the current 2016/17 plans. The audits will be delivered by any auditor employed within the shared service.
- 5.6 Apart from reducing the lead auditor resource at CCC and SCDC as a consequence of Peterborough City Council not wishing to be party to the shared service, there is no expectation of any further reduction in fte's across the new service in year 1 but efficiencies will be looked for in future years initially by natural churn.

6.0 Benefits to be realised

- 6.1 A shared IAS should bring clear benefits to the 3Cs over and above the cost savings. The aims for the service are:
- A staff resource that can be deployed more flexibly, with better ability to cope with vacancies and / or ad hoc work;
 - the opportunity to share operational knowledge to assist in the reduction of average costs per audit day;
 - increasing the sharing of best practice and access to a larger pool of specialist knowledge;
 - economies of scale e.g. training, resourcing specialist skills such as IT and contract audit and specialist fraud expertise;
 - keeping unproductive time to a minimum;
 - providing for flexible deployment if and when necessary, and allowing staff to build up specialist knowledge of the council(s) they are working within;
 - providing better opportunities for staff to further careers within the internal audit function; and
 - savings through efficiencies and increased utilisation.

These benefits will be measured through the business plan and performance monitoring

- 6.2 The PSIAS were introduced in April 2013 and require each authority to be subject to an external independent review at least once every five years. HDC had their external assessment in 2014 which concluded that it was effective in delivering credible assurance to stakeholders, improved the management of risks and corporate governance arrangements and supported the achievement of corporate objectives. Neither CCC nor SCDC have been reviewed in the same way. Consequently the shared service will require an external independent assessment by March 2018. If the IAS is found not to be in compliance with the PSIAS, it is very likely that any bids for external work would be unsuccessful as conformance with PSIAS is a pre-bid approval requirement in many cases. Once the shared service is working effectively and working in accordance with the PSIAS, then the opportunity for it to become more entrepreneurial will be reconsidered.

7.0 Vision for the future

7.1 The following Vision statement identifies the desired future outcomes for the shared service.

Vision – to be valued as an integral part of the business by providing high quality assurance, acting as a catalyst for change and advocating improvements to risk management, control and governance processes.

Objectives	Be a fully integrated commercial internal audit service across the 3Cs	Deliver robust assurance on risk managm't, control and governance processes	Be proactive, flexible, future-focused and innovative	Communicate in a clear, easy to understand and timely way	An attractive place to work
Principles	<p>One team.</p> <p>Alignment of audit plans & processes.</p> <p>Clear performance targets.</p>	<p>Audit plans aligned with the strategies, objectives, and risks of the authority.</p>	<p>Audit plans responsive to speed of developments.</p> <p>Increase in collaboration and systems development.</p> <p>Be trusted advisors.</p>	<p>Encourage customer input prior to, during and after work undertaken.</p> <p>Report in the most appropriate manner.</p>	<p>Develop people's contributions for the benefit of the team and the individual.</p> <p>Flexible, home and remote working</p>
Activity	<p>Review of structure.</p> <p>One audit plan across the 3Cs.</p> <p>Auditors work at any of the 3Cs.</p> <p>New audit manual & audit software.</p>	<p>Regular meetings with senior management to develop client relationships.</p> <p>Identify assurance gaps.</p>	<p>Undertake audits focused on specific & immediate risks.</p> <p>Promote best practice and new ideas (e.g. continuous auditing).</p> <p>Marketing the benefits that can be gained.</p>	<p>Report actions aligned to risk appetite.</p> <p>Redesign audit report format.</p> <p>Interim reporting to drive change.</p>	<p>Focused staff development and training.</p> <p>Agile working – to meet the clients' needs.</p>
Outcome	<p>Standard and consistent processes. PSIAS compliance.</p> <p>Auditors work to same goals & targets.</p> <p>Knowledge sharing amongst auditors and with managers.</p>	<p>Annual opinion report.</p> <p>Suggest ways to add value to service outcomes across 3Cs.</p>	<p>Real and immediate contribution to Council developments and initiatives.</p> <p>Provide timely advice when requested.</p>	<p>Influence and bring about meaningful change.</p> <p>Full and quick response to reports from managers.</p> <p>Educated client.</p>	<p>Motivated and engaged staff.</p> <p>Increased productivity.</p>

7.2 The Vision Statement has been shared and discussed with all of the internal audit staff and the management teams at each Council and been subject to review and challenge. It is supported by the three Chief Executives.

8.0 Meeting customer expectations

Management

8.1 One of the most important elements of an effective IAS is the need to deliver a service that meets customer expectations. The Vision already contains a number of customer service components (e.g. engaging management throughout the audit process, regular meetings with senior management). A challenge for the CIA will be to quickly understand the expectations of each of the 3Cs Management Teams and to introduce a formal and cohesive engagement programme so that the Vision can be delivered.

8.2 The CIA will strive to obtain a consensus of approach across the 3Cs towards the delivery of key internal audit tasks, including:

- the involvement of managers (and audit committees) in developing the internal audit annual plan to ensure that it is relevant and consistent with each Council's corporate plan, objectives and risks and directs audit effort to the most appropriate areas;
- agreeing procedures for keeping internal audit informed of emerging issues, risks and priorities so that the audit plan can be amended throughout the year and audit resources refocused;
- agreeing the timetable for the delivery of individual audits so that disruption to business operations is minimised;
- introducing one reporting format (including discussing different reporting formats, such as powerpoint reports or one-page summary reports, that could significantly speed up the reporting cycle) and one set of assurance and recommendation definitions;
- reaching an understanding on the definition of 'timely' and developing processes to meet that time frame;
- consulting effectively prior to new developments and initiatives being introduced so that the IAS can contribute ideas and advice on an ongoing basis; and
- building a relationship with the intelligent client at each Council to facilitate audit planning, the conduct of audits and provide periodic updates on the status of previously agreed audit recommendations.

The benefits that regular contact with customers will bring to the IAS include:

- providing insights that will help to improve internal audit planning, prioritising of activities, and reporting;
- educating customers on the role that internal audit can and should play;
- demonstrating how internal audit adds value;
- marketing the contribution of an effective IAS and the benefits to be gained;
- building relationships that are based on cooperation, collaboration and mutual respect; and
- trusting the CIA to 'tell it as it is' by reporting without fear or favour.

Whilst the responsibility for understanding the expectations of the customer will mainly be the responsibility of the CIA, all internal auditors will be expected to contribute to the achievement of the aims listed above.

- 8.3 One of the most important elements of meeting customer expectations is achieved by ensuring the audit reports deliver practical, constructive and actionable recommendations that are supported by robust evidence and findings. This is achieved by ensuring internal auditors adhere to professional standards and that their work is appropriately supervised and reviewed so as to monitor progress, assess work quality and coach staff. To ensure the CIA can maintain oversight of the work that is being performed across three sites, whilst still allowing auditors to work flexibly and in an agile manner, it is proposed to hold discussions with 3C IT shared service colleagues to investigate the options for a audit working paper and reporting system.

Set up Costs

- 8.4 There are a number of one off capital costs which need to be included in the first year's budget to cover the set-up of the service, relevant estimates are:

	£000
Accommodation moves and changes	5
Mobile working ICT	7
Case management system	13
Total	25

- 8.5 If there was a redundancy situation, these costs would be shared in accordance with the protocol agreed between the 3Cs for non-Head of Service posts. Further, costs relating to travel between sites would be managed in line with those of the other 3Cs shared service operations.

Audit Committee

- 8.6 Elected Members are also a key customer for the IAS. Each Council is required to conform with the PSIAS – which requires the appointment of a CIA and a Board (Audit Committee) to which the CIA reports.
- 8.7 It is proposed that the Civic Affairs Committee at CCC, the Audit and Corporate Governance Committee at SCDC and the Corporate Governance Committee at HDC will fulfil the Board responsibilities as set out within PSIAS.
- 8.8 The work of internal audit is carried out primarily for the benefit of the Board and the Management Team at each Council. For the Board, the CIAs annual report is likely to be a significant assurance source in assisting them discharge their responsibilities. This is because the CIA, in accordance with the PSIAS, has a responsibility to provide an annual opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control processes. It should also be noted that the role of Responsible Financial Officer (Section 151) places considerable reliance on the role of internal audit, including a view in respect of the key financial controls that underpin the accounts and the administration of the Councils affairs

8.9 The CIA will report to the Board as required by the PSIAS. The issues to be reported include:

- the Internal Audit Charter;
- the risk based internal audit plan and significant changes to the plan;
- the internal audit budget and resource plan; and
- the CIA annual opinion and report and periodic reports that detail the performance of internal audit, conformance with PSIAS, key findings, significant issues of concern, audit recommendations outstanding and the results of both internal and external quality assurance assessments.

8.10 The CIA will communicate and interact directly with the Board, so as to safeguard their position in remaining free from interference in determining the scope, performance and the communication of findings from work undertaken. Furthermore, the CIA will have free and unfettered access to the Chair of each Board.

8.11 The CIA will also support each Boards development by sharing good practice or new initiatives introduced elsewhere or by organising training.

9.0 Risks

9.1 Any new service delivery model creates a specific set of risks over and above the 'business as usual' risks. The shared Internal Audit Service risks that will need to be managed in the pre and post implementation phase are set out below:

Risk	Mitigation
1. Through concentrating on setting up the new service, the audit teams do not deliver the 2016/17 audit plan or those of its first year (2017/18).	<p>Clearly explain to PCC CIA what is required to be delivered by 31 March 2017 in respect of the CCC and SCDC audit plan.</p> <p>Prior to the commencement of the new service, appoint a CIA for the shared service who will prepare and agree with the RFO's a development programme covering the first year.</p> <p>Identify and manage 'business as usual' risks.</p> <p>Keep staff motivated through selling the benefits of the new service.</p> <p>Audit Committees amend the audit plans for 2016/17 to allow auditors time to contribute to developments and assist the CIA with setting up the new service. 2017/18 plans also include a similar time allowance.</p>
2. Resistance from team members to change.	<p><i>Pre new service:</i> Engagement/consultation with the staff concerned. Reassure them on job security.</p>
3. Auditors unhappy with the new service and	<p>Ensure the process is completed quickly and</p>

Risk	Mitigation
leave; qualified and experienced replacements unable to be recruited.	<p>staff have confidence in the new arrangements.</p> <p>Staff take ownership of designing new processes and are engaged in the change process.</p> <p><i>Post new service:</i> Continued engagement/consultation on changes being introduced.</p>
4. Failure to deliver increased productivity.	<p>Performance management targets introduced for all auditors linked to annual appraisal mechanisms.</p> <p>Undertake comparative benchmarking in 2018/19 (based on first year of operation) and if necessary, introduce changes to working practices.</p> <p>Introduce audit management software that allows the auditors to work across all 3 Councils and for file reviews to be completed remotely.</p> <p>Introduce a management information system that enables both performance to be monitored and the early identification of issues, so allowing CIA to take remedial action.</p>
5. The reputation of the new service may be harmed if auditors/auditees or Managers do not see any immediate improvements or different approaches to the way in which the service is delivered.	<p>CIA meets managers prior to the new service starting and explains the changes/savings that will be delivered and within what time period.</p> <p>CIA meets frequently with managers to allow them to share and resolve their concerns.</p>
6. Auditor rotation across the 3 Councils highlights the differing skill & competency levels and Managers complain about the standard of audits being delivered from the new service.	<p>A skills audit is undertaken within the first three months of the new service being established and training plans developed for all auditors. The CIA introduces a quality review process to ensure that all work undertaken is to appropriate standards.</p> <p>CIA engagement with Managers during initially set-up and transition phase.</p> <p>End of audit survey forms issued and results reviewed by CIA. Discussions with Managers in all cases to understand and address reasons</p>

Risk

Mitigation

response falls below 'quality' threshold.

- | | |
|---|---|
| 7. Two Council's feel that they are losing direct control of their internal audit service by delegating its functions to one Council and consequently make frequent demands for additional work to be undertaken. | CIA to meet regular with 'intelligent client' at each Council.

One Internal Audit Charter to be introduced that will set out the range of work that the shared service will undertake. The CIA will introduce a method for prioritising work demands and agreeing changes to the audit plan with the 'intelligent client'. |
| 8. IT and other support services are not available or are inadequate to support agile working, threaten the opportunity for productivity gains and disrupt delivery of the audit plan. | Learn the lessons from the Phase 1 shared services who have already faced and resolved similar risk issues.

Investment in the necessary start up IT costs

Engagement with IT and support services throughout the implementation phase. |

10.0 Governance and decision-making processes

10.1 The same governance principles and decision-making processes that have already been agreed by the three Councils for the Phase 1 shared services will apply to the Internal Audit shared service.

10.2 In addition, the following is proposed for the Internal Audit Shared Service:

- The CIA be line managed by the Deputy Responsible Financial Officer of the employing authority.
- The CIA shall remain independent and be solely responsible for managing the Internal Audit Service.
- One Internal Audit Charter covering internal audit responsibilities across the 3Cs will be prepared, reviewed annually and approved by the Audit Committee at each authority. The Charter will provide a framework for the conduct of Internal Audit across the 3Cs.

11.0 Key performance indicators

- 11.1 Setting key performance indicators for the service will assist in driving forward performance.

It is envisaged that one set of common indicators will be introduced that will meet the requirements of the 3Cs. The indicators will be agreed between the CIA, the 'intelligent client' at each authority and their respective Audit Committee.

In addition to reporting the indicators to Members via the Audit Committee process, they will also be reported quarterly to the Shared Services Management Board.

12.1 Managing the Shared Service

- 12.1 It is proposed that the shared service will be managed by a new joint lead role. They will be responsible for the delivery of the Internal Audit Service to the 3Cs in accordance with the PSIAS.

13.0 Timetable

- 13.1 Following consultation with managers at each Council, a Business Plan will be developed that will deliver the benefits outlined within this Business Case. It is expected that the shared audit service will operate from April 2017; this may be delayed to July 2017 if there is a need to externally recruit a CIA.

- 13.2 An outline implementation plan is shown at Appendix 3. The key elements of the plan include:

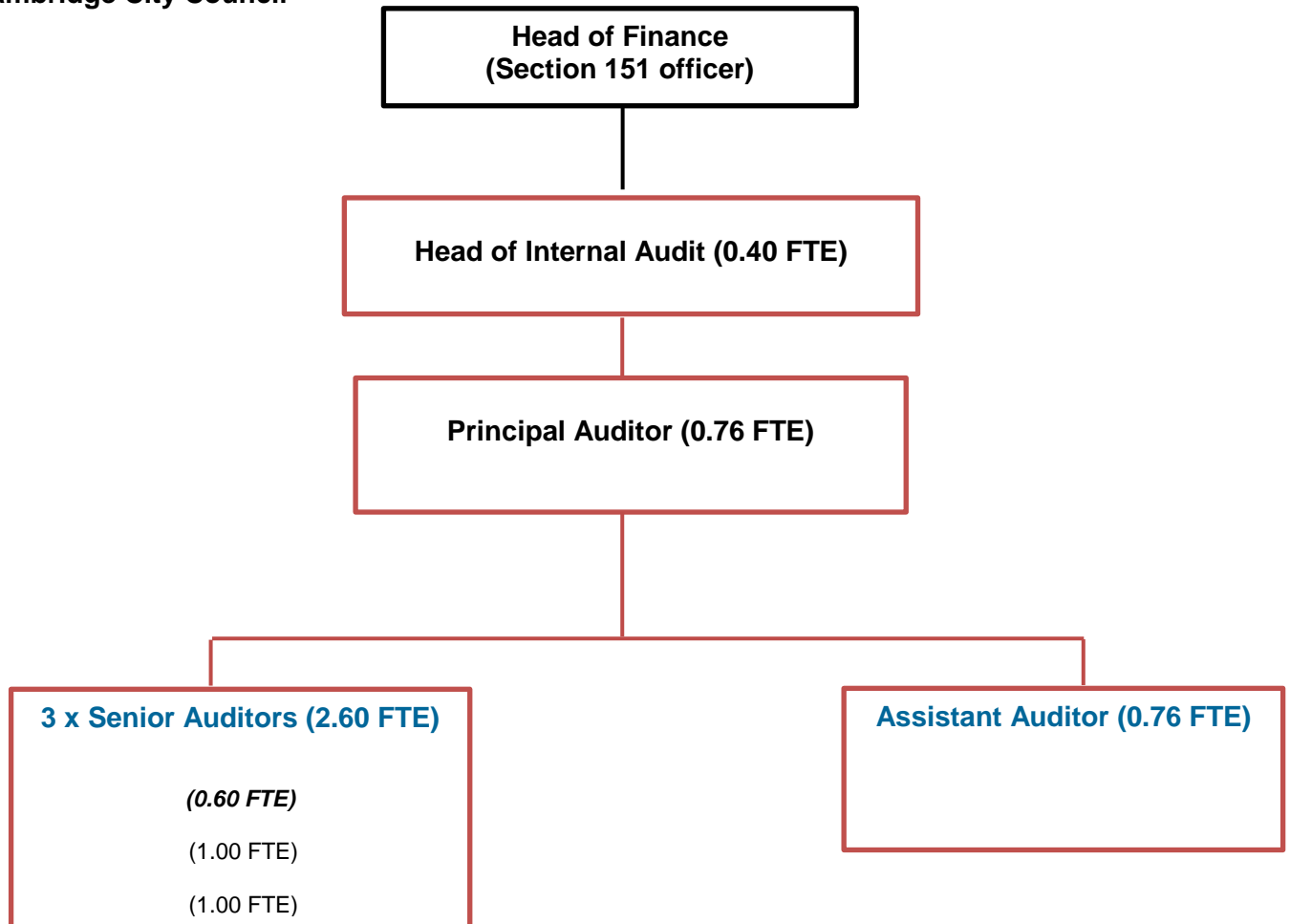
- It is anticipated that the Business Case will be discussed within the Member forum at each Council during October and November 2016.
- Formal consultation with staff, Unions/Staff Council will take place during November/December 2016 in accordance with each Councils consultation policy.

Appendix

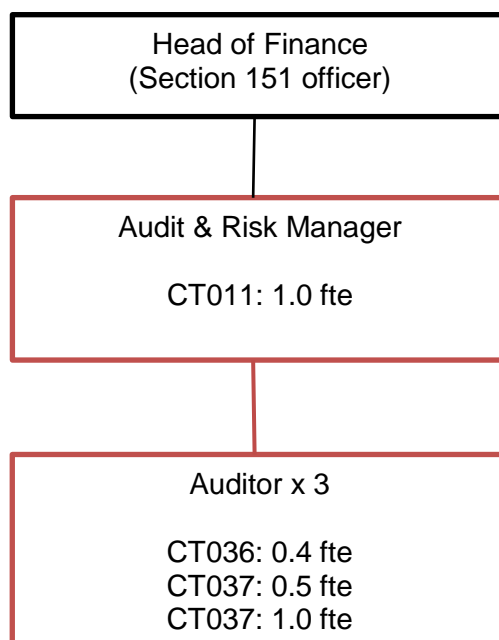
- 1 Organisational Charts
- 2 Budget details
- 3 Timetable for implementation

Organisational Charts

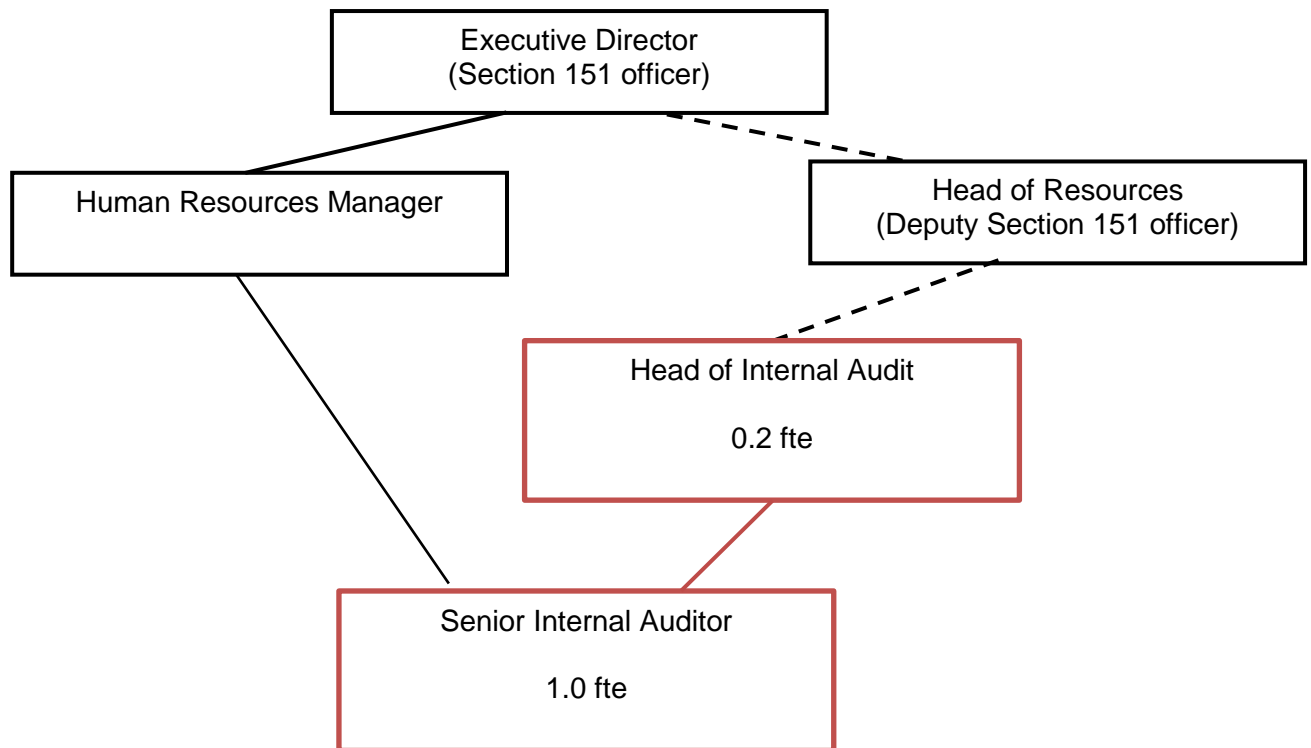
Cambridge City Council



Huntingdonshire District Council



Organisational Charts
South Cambridgeshire District Council



Internal Audit Service Budgets

Total Internal Audit Service budgets

	2012/13	2013/14	2014/15	2015/16	2016/17	Shared service 2017/18
	£	£	£	£	£	£
CCC	280,050	279,200	218,380	213,720	222,110	199,158
HDC	233,879	238,469	217,834	197,304	195,350	171,395
SCDC	82,750	77,950	54,500	56,510	58,040	53,007
TOTAL	596,679	595,619	490,714	467,534	475,500	423,560
Savings achieved 12/13 – 16/17					£ 121,179	
					20%	
Shared service savings 16/17 – 17/18						£ 51,940
						11%

The three tables below show the budgets per Council

Table 1
Cambridge City Council

	2012/13	2013/14	2014/15	2015/16	2016/17	Shared service 2017/18
	£	£	£	£	£	£
Employee costs						
HolA costs	40,980	42,170	36,890	33,960	34,940	11,988
Salaries	226,390	224,180	168,380	168,920	175,340	175,340
Training	1,960	1,920	1,970	3,240	5,020	5,020
Supplies & Services	10,420	10,630	10,840	7,300	6,510	6,510
Transport	300	300	300	300	300	300
TOTAL	280,050	279,200	218,380	213,720	222,110	199,158
Savings achieved 12/13 – 16/17					£ 57,940	
					21%	
Shared service savings 16/17 – 17/18						£22,952
						10%

Internal Audit Service Budgets

Table 2
Huntingdonshire District Council

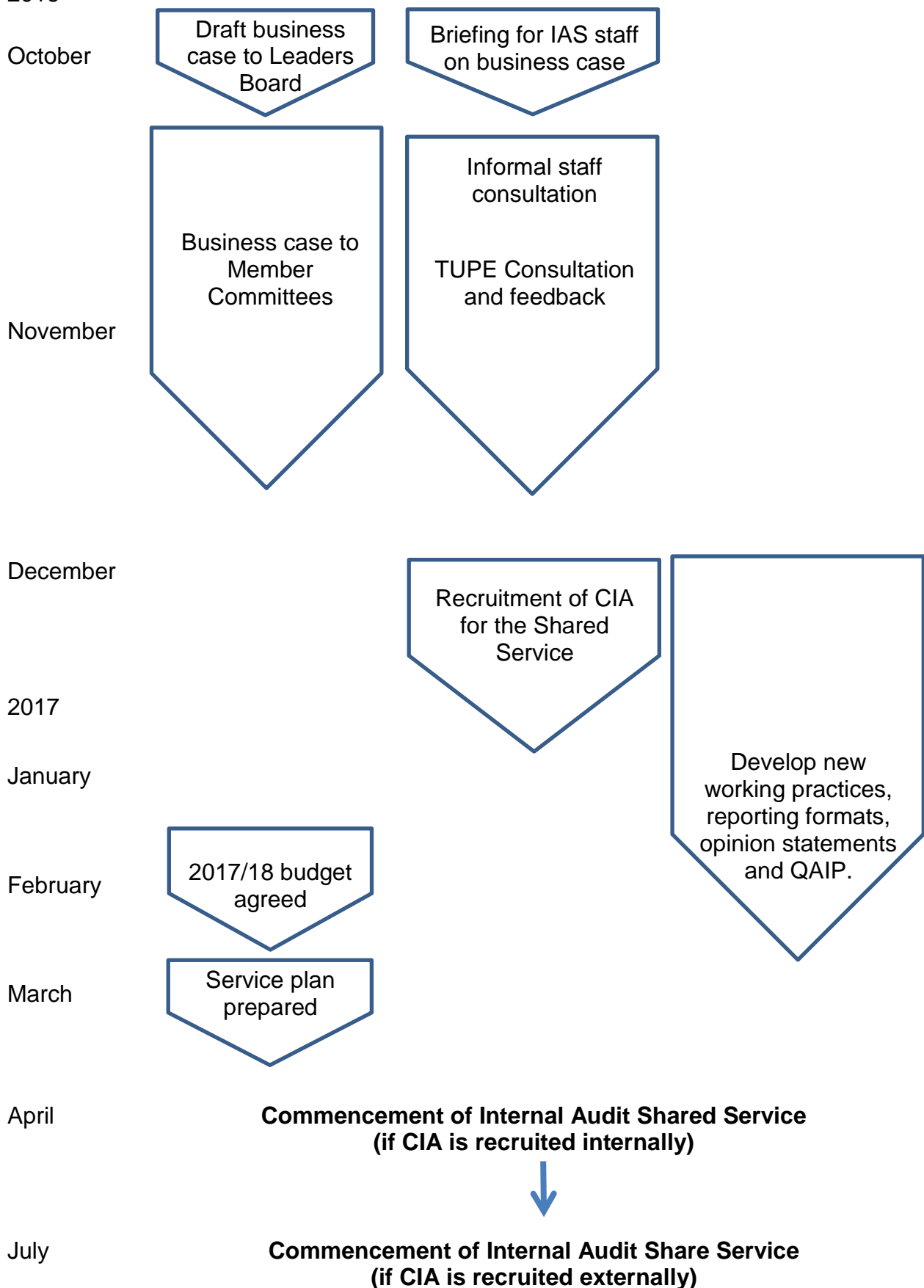
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	£	£	£	£	£	£
Employee costs						
Salaries	130,981	132,794	142,710	142,284	161,330	137,375
Hired staff	39,558	35,114	35,992	21,000	0	0
IT audit (contractor)	47,636	56,125	25,333	25,000	25,000	25,000
Training	7,184	6,064	5,815	1,900	1,900	1,900
Supplies & Services	6,738	6,542	6,113	6,120	6,120	6,120
Transport	1,782	1,830	1,871	1,000	1,000	1,000
TOTAL	233,879	238,469	217,834	197,304	195,350	171,395
Savings achieved 12/13 – 16/17					£ 38,529	
					16%	
Shared service savings 16/17 – 17/18						£ 23,955
						12%

Table 3
South Cambridgeshire District Council

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	£	£	£	£	£	£
Employee costs						
External contractor	82,750	77,950				
HolA costs			17,000	17,000	17,000	11,967
Salaries			36,200	37,710	39,290	39,290
Training			1,000	700	700	700
Supplies & Services			200	700	850	850
Transport			100	400	200	200
TOTAL	82,750	77,950	54,500	56,510	58,040	53,007
Savings achieved 12/13 – 16/17					£ 24,710	
					30%	
Shared service savings 16/17 – 17/18						£ 5,033
						9%

Timetable for implementation

Appendix 3
2016



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Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Computer Audit Plan
Meeting/Date:	Corporate Governance Committee – 27 September 2016
Executive Portfolio:	Strategic Resources: Councillor J A Gray (Deputy Executive Leader)
Report by:	Internal Audit & Risk Manager
Wards affected:	All Wards

Executive Summary:

Due to ongoing discussions about forming a shared internal audit service, no computer audit contract was in place when the 2016/17 internal audit plan was approved by the former Corporate Governance Panel in March 2016.

A competitive tender exercise has since been undertaken and BDO LLP (BDO) have been contracted to support the Internal Audit Service in undertaking computer audit reviews for the period October 2016 to March 2019.

The contract allows for the provision of 70 audit days per financial year, an increase of approximately 20 days per year on the previous contract. The contract sum has not increased however and remains within the budget allocated.

The tender submitted by BDO included an indicative audit plan for the period to March 2019. This was based upon BDO's assessment of the risks faced by the Council in delivering a shared IT service and their own extensive knowledge of the issues faced by their other public sector clients. Following their appointment, BDO discussed their indicative plan with both the Internal Audit & Risk Manager and the Head of ICT Shared Services and it has been agreed that the following seven audits will be completed in 2016/17.

- Cyber security
- IT disaster recovery
- IT strategy and governance
- Application security
- IT change management
- Website and intranet security
- Financial management system.

Recommendation

It is recommended that in accordance with the Public Sector Internal Audit Standards the Committee approve the 2016/17 computer audit plan.

1. PURPOSE OF THE REPORT

- 1.1 To inform the Committee of the arrangement in place for the delivery of computer audit services.

2. WHY IS THIS REPORT NECESSARY?

- 2.1 The Internal Audit & Risk Manager (IARM) is required by the Public Sector Internal Audit Standards to obtain the Committee's approval to the internal audit plan.

3. ANALYSIS

- 3.1 Competitive tenders were sought in July 2016 for the provision of computer internal audit services. Four tenders were received. Following analysis and review of the tenders submitted and tender clarification discussions, the tender evaluation group (IARM, Technical Architect 3C ICT Shared Services, and the Principal Auditor, Cambridge City Council) agreed that the tender from BDO LLP (BDO) was the most economically advantageous. This decision was based on both price and quality criteria. The quality criteria consisted of the breadth of coverage of the indicative audit plan; quality/experience of staff & staff continuity; development of the internal audit service, quality & contractor capability and experience.

- 3.2 The contract provides for 70 audit days per financial year, covering the three years ending March 2019. This is an increase of approximately 20 audit days per financial year. An option to extend the contract for a further two year period is also available.

- 3.3 The indicative computer audit plan that BDO submitted with their tender covered 21 separate areas as listed below:

Cyber security	IT disaster recovery	IT strategy & governance
Application security	IT change management	ITIL framework assessment
Intrusion detection	IT project management	Data protection compliance
Social media	Anti-virus arrangements	IT asset management
Firewall management	IT supplier management	Website & intranets
PCI-DSS compliance	Financial management system	
Patch & vulnerability management		
Application reviews : Capita; Northgate; and Resourcelink		

- 3.4 Following discussion between BDO and the IARM and the Head of ICT Shared Service a work plan for 2016/17 was agreed. This comprised of the seven areas listed below.

- Cyber security
- IT disaster recovery
- IT strategy and governance
- Application security
- IT change management
- Website and intranet security
- Financial management system

4. ACTION TAKEN

- 4.1 Contracts have already been exchanged with BDO and they have already prepared outline audit briefs for six of the seven audits planned. Dates for commencing the audits have also been agreed.

5. LINK TO THE CORPORATE PLAN

- 5.1 The Internal Audit Service through the audit plan contributes to all the strategic themes and outcomes. Specifically it supports Corporate Management Team and Heads of Service by undertaking reviews that provide assurance that:
- significant risks identified in the risk register are managed effectively;
 - laws and regulations are being met,
 - business and financial processes and systems are managed effectively; and
 - assets are safeguarded.

It also improves the performance of the Council by assessing current risks, considering emerging risks, identifying efficiency gains and process improvements.

6. RESOURCE IMPLICATIONS

- 6.1 The contract will be funded from the Internal Audit Service budget allocated for computer audit reviews.

7. REASONS FOR THE RECOMMENDED DECISIONS

- 7.1 The 2015/16 Internal Audit Service annual report highlighted the lack of computer audit reviews as a matter of concern. With the Council leading on the ICT shared service across the 3C's, it is important that internal audit review the key IT systems upon which the 3C's are reliant. BDO have been contracted to supply computer audit services to March 2019 and the Committee are required to approve the computer audit plan in accordance with PSIAS.

BACKGROUND PAPERS

BDO LLP computer audit tender (EXEMPT by virtue of Paragraphs 3 and 4 of Part 1 of Schedule 12A of the Local Government Act 1972).

CONTACT OFFICER

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**Public
Key Decision – No**

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Implementation of Internal Audit Actions

Meeting/Date: Corporate Governance Committee – 27 September 2016

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

Report by: Internal Audit & Risk Manager

Wards affected: All Wards

Executive Summary:

Due to the deteriorating position with the introduction of agreed internal audit actions, the Committee requested an update on the current position. Performance for the year ending 31 August 2016 is summarised below.

	Introduced on time	Introduced Late	Not introduced	Total
Red actions	3	5	3	11
Amber actions	30	27	7	64
Total	33	32	10	75
% age	44%	43%	13%	

Ten actions have not been introduced. According to information recorded on the 4action monitoring system, work has been undertaken in respect of one of the three red outstanding actions and six of the seven outstanding amber actions.

The three actions that show no action having been undertaken all relate to CCTV (Head of Community Services) and the internal audit report issued in June 2015.

The ten overdue actions are the responsibility of four Managers. The Internal Audit & Risk Manager has evaluated the current position and has made the following judgements as to progress to date.

	Total	Good	Progress Limited	None
Head of Community Services	3			3
Corporate Office Manager	2	2		
Managing Director	2	1	1	
Head of Resources	3	1	2	
Totals	10	4	3	3

Full details of the actions not introduced are included at Appendix 1.

Recommendation

It is recommended that the Committee consider the report and decide what, if any, further action they wish to take.

1. PURPOSE OF THE REPORT

- 1.1 To update the Committee on the progress made in implementing agreed internal audit actions that were due to be introduced during the year ending 31 August 2016.

2. WHY IS THIS REPORT NECESSARY?

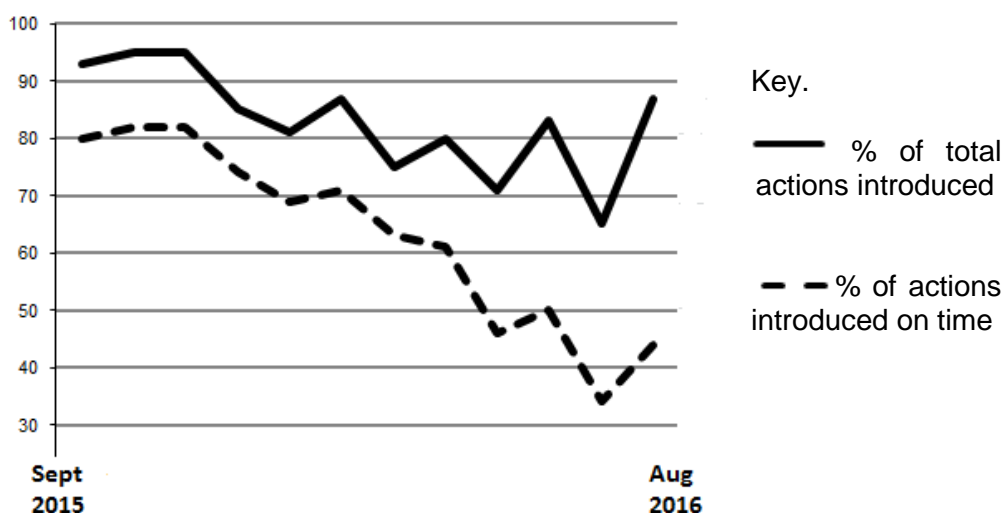
- 2.1 The Committee at their July 2016 meeting expressed concerns at the declining percentage of agreed internal audit actions that had been implemented on time. They requested that an update report be presented to the September meeting.

3. ANALYSIS

- 3.1 100% of agreed internal audit actions are to be introduced on time. That target has been set by the Corporate Management Team.
- 3.2 75 actions were due to be introduced in the year ending 31 August 2016. 44% (33 in number) of those were introduced on time. A further 43% (32 in number) were introduced, but late. The remaining 13% (10 in number) are outstanding. This information is summarised in the table below, which is ordered by percentage of actions introduced on time.

	Introduced on time		Total Introduced on time & late		Not introduced		Total
Head of Customer Services	11	92%	12	100%			12
Corporate Director – Services	2	67%	3	100%			3
Head of Resources	8	42%	16	84%	3	16%	19
Head of Community Services	2	40%	2	40%	3	60%	5
Head of Leisure & Health	5	31%	16	100%			16
Corporate Office Manager	4	31%	11	85%	2	15%	13
Managing Director	1	17%	4	67%	2	33%	6
Head of Operations	---	---	1	100%			1
Head of Development	---	---	---	---	---	---	---
Totals	33		65		10		75
		44%		87%		13%	

- 3.3 Overall performance across the year ending 31 August 2016 is shown below.



- 3.4 Ten actions have not been introduced. Appendix 1 contains full details of each action together with a summary (provided by the relevant Manager) of the current position. The Internal Audit & Risk Manager has reviewed all ten actions and to assist the Committee formed a view as to whether the action taken to date is sufficient or not, after taking into account any mitigating factors.

	Total	Good	Progress Limited	None
Head of Community Services	3			3
Corporate Office Manager	2	2		
Managing Director	2	1	1	
Head of Resources	3	1	2	
Totals	10	4	3	3

- 3.5 The performance information in the report has been prepared from the 4action system. It is the responsibility of Managers to access and update the system with details of the action they have taken.

4. KEY IMPACTS

- 4.1 It is important that the Council maintains a sound internal control environment. Actions that the Internal Audit Service propose to address risk and control weaknesses are discussed with Heads of Service and if appropriate Directors and agreement reached as to any corrective action that needs to be taken. Internal audit actions are not imposed on management.

5. LINK TO THE CORPORATE PLAN

- 5.1 The Internal Audit Service provides independent, objective assurance to the Council by evaluating the effectiveness of risk management, control, and governance processes. It identifies areas for improvement across these three areas such that Managers are able to deliver the Corporate Plan objectives as efficiently, effectively and economically as possible.

6. RESOURCE IMPLICATIONS

- 6.1 There are no direct resource implications arising from this report.

7. REASONS FOR THE RECOMMENDED DECISIONS

- 7.1 The report has been requested by the Committee and as such they need to decide what further action they wish to take in respect.

8. LIST OF APPENDICES INCLUDED

- 8.1 Appendix 1 - Outstanding Internal Audit Actions as at 31 August 2016

BACKGROUND PAPERS

Audit actions contained within the 4action system

CONTACT OFFICER

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Outstanding Internal Audit Actions as at 31 August 2016

Position as recorded on 4Action

Head of Community Services

Audit:	CCTV	
Implementation date	31/10/2015	
Agreed action:	CMT will agree arrangements for the management of CCTV across the Council, which will include appointment of a single point of contact.	No information provided.
Action status: Red		
IARM evaluation of progress	None	
<hr/>		
Audit:	CCTV	
Implementation date	31/07/2016	
Agreed action:	Codes of practices for CCTV systems will be established and staff will be properly trained in its use.	No information provided.
Action status: Red		
IARM evaluation of progress	None	
<hr/>		
Audit:	CCTV	
Implementation date	31/03/2016	
Agreed action:	Prior to a Hackney Carriage licence being issued, a check should be undertaken to ensure that a clear audit trail has been maintained to demonstrate compliance with legislation and best practice.	No information provided.
Action status: Amber		
IARM evaluation of progress	None	
<hr/>		
Corporate Team Manager		
Audit:	E-recruitment	
Implementation date	31/12/2015	
Agreed action:	The Corporate Office Manager will work with LGSS to investigate and consider the audit findings and determine what action is to be taken in respect of each item listed. Where it is decided that no action is to be taken on any item, the reason for this decision will be recorded. Internal audit will be informed of the results of the review.	An action log was introduced that listed the audit findings (which individually were not considered sufficiently important to be included in the audit report). The log is reviewed at the regular contract meetings with LGSS. A final run through of the log is scheduled for the September 2016, which should conclude this action.
Action status: Amber		
IARM evaluation of progress	Good	

Position as recorded on 4Action

<p>Audit: Corporate Plan 2015/16</p> <p>Implementation date 31/07/2016</p> <p>Agreed action: Heads of Service will complete a data quality template for each Performance Indicator or data set measured. This will ensure that the data gathering and result calculation method is fully documented and allow another person to carry out the task.</p> <p>Action status: Amber</p> <p>The method of data collection and results calculation should be obtained in the most direct way possible from the system with the least manual intervention.</p> <p>IARM evaluation of progress Good</p>	<p>Templates were due for completion by 30 June 2016.</p> <p>As at 24/08/2016, over half of the templates have now been completed and several reminders have been issues to these responsible for completing and to SMT on the need to complete.</p>
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Managing Director

<p>Audit: Compliance with the Transparency Code</p> <p>Implementation date 31/01/2016</p> <p>Agreed action: Responsibility for each data set should be formalised. There should be a document which lists the data sets to be published, the frequency of publication and a named officer for each. There should be written procedures on how each data set is prepared, including the information source; and any aspect of internal review /sign off prior to publication.</p> <p>Action status: Amber</p> <p>Policy, Performance & Transformation Manager overseeing action.</p> <p>IARM evaluation of progress Limited</p>	<p>Most of the documents have been completed. However there is no evidence of progress on the following:</p> <p>Community: Grants to VCS organisations</p> <p>Resources Parking Account</p> <p>Operations Parking Spaces; and Waste Contracts.</p>
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<p>Audit: Compliance with the Transparency Code</p> <p>Implementation date 29/02/2016</p> <p>Agreed action: The accuracy of published data needs to be ensured.</p> <p>Action status: Amber</p> <p>Heads of Service should formally sign off the procedure notes, that detail how information they are responsible for is prepared, to show that the method is accepted as complete and accurate and in</p>	<p>As at 15/06/2016, sign-off of relevant templates by Corporate Team Manager and Head of Customer Services.</p> <p>As at 31/08/2016, most [templates] have been signed off. The local land and</p>
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Position as recorded on 4Action

IARM evaluation of progress	accordance with the Code and its guidance. Policy, Performance & Transformation Manager overseeing action. Good	property template is completed but awaiting sign off by the Head of Resources
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Head of Resources

Audit:	Charging for Council Services	
Implementation date	28/02/2016	
Agreed action:	The production of the Fees and Charges book for the 2016/17 financial year should be aligned with the timescales for reviewing such charges to ensure that the information published is correct.	Due to the resignation of the interim Accountancy Manager in March 2016, this action was not progressed.
Action status: Amber		As at 14/04/2016, the Head of Resources has asked the Heads of Environment and Leisure and Health to confirm that fees and charges will be realigned so that they all apply from 1 April 2017.
IARM evaluation of progress	Limited	

Audit:	Budgetary Control and Management Information	
Implementation date	31/07/2016	
Agreed action:	Documented procedures should be produced covering journal transactions. Furthermore, a clear audit trail should be maintained to support all journal transactions including who requested the journal, the reason for it, who approved it and who processed the transaction.	As at 29/07/2016, procedures are still being finalised.
Action status: Red		
IARM evaluation of progress	Limited	

Audit:	Bank Reconciliation	
Implementation date	31/05/2016	
Agreed action:	The processes in place for the reconciliation of the Income Account to the e-Financials system should be updated to ensure that evidence of the bank and financial system balances are embedded and so that there are links to the supporting data.	As at 01/09/2016, there has been a significant amount of progress on reconciling the Income Account. The procedure is not straightforward due to the current cash interface not being transparent and
Action status: Amber		

Furthermore, the balance being carried forward as part of the payroll reconciliation should be evidenced and explained.

Position as recorded on 4Action

stripping out useful reference data.

A new reconciliation template has been prepared that links directly to supporting working papers.

The balance on the payroll reconciliation has been investigated but due to its age, bank statements are not available. It is likely that the balance will need to be written off.

IARM evaluation of
progress Good

End

Public
Key Decision – No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Miscellaneous Income – Performance Review
Meeting/Date: Corporate Governance Committee – 27 September 2016
Executive Portfolio: Cllr J Gray - Executive Member Strategic Resources
Report by: Clive Mason (Head of Resources)
Ward(s) affected: All

Executive Summary:

In June 2016, the Internal Audit & Risk Manager reported to the Corporate Governance Committee (CGC) that, as a consequence of some procedural issues within the Miscellaneous Income (Debtors) service, it was his recommendation that the service should be included within the 2015/16 Annual Governance Statement.

This report outlines the recent issues there have been with the debt management team, the miscellaneous debt position as at 31 March 2016 and the position as at 31 August 2016, highlighting progress made during the year to recover the outstanding debt. The concerns raised by internal audit were:

- A lack of reminders for debt and appropriate and timely debt recovery action being in place, including historic debt which would lead to increased write-offs,
- Delays in raising of certain debt that provide important income streams to the Council, and
- Poor management information on outstanding debt.

As at 31 March 2016 the Council had £1.797m of outstanding and overdue debt, which has reduced to £1.033m as at 31 August 2016.

The report also outlines actions that are being undertaken to ensure that debt management for miscellaneous income improves and is appropriately managed. The actions are:

- Implementation of a new finance system;
- A revised miscellaneous debt management policy, procedures and debt write-off regulations; and
- Specific comments regarding Internal Audits concerns are addressed.

Recommendation:

The Corporate Governance Committee is recommended to note the content and actions contained within this report.

1.0 PURPOSE OF THE REPORT

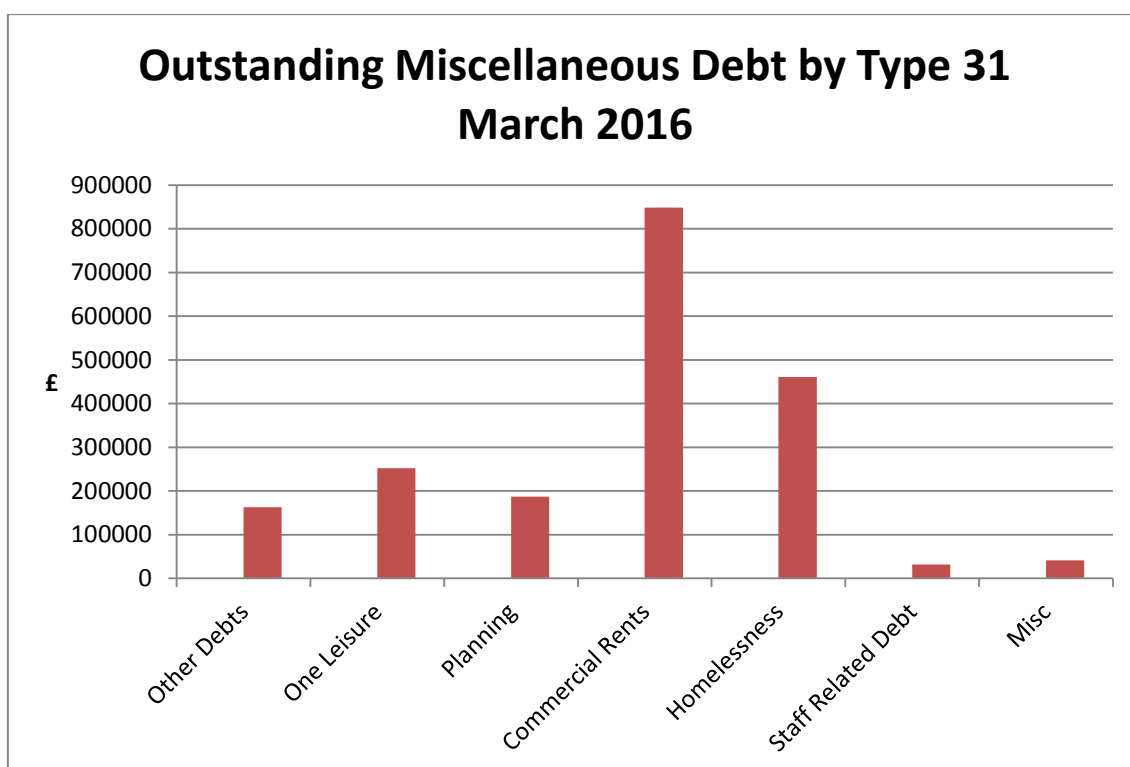
1.1 In June 2016, the Internal Audit & Risk Manager reported to the Corporate Governance Committee (CGC) that, as a consequence of some procedural issues within the Miscellaneous Income (Debtors) service, it was his recommendation that the service should be included within the 2015/16 Annual Governance Statement. As a consequence of this recommendation it was agreed that the Head of Resources would present a report.

2.0 DEBT OUTSTANDING AT THE COUNCIL

31 March 2016

2.1 As at the end of March 2016, the Council's total gross debt was £13.421m; after an allowance for Bad Debts Provision, the net debt was £10.854m. Of this, as shown in **Graph 1** below, the total net debt applicable to Miscellaneous Debt (debt) is £2.148m (16%), which is broken down over different types of debt.

GRAPH 1: Miscellaneous Debt by Type

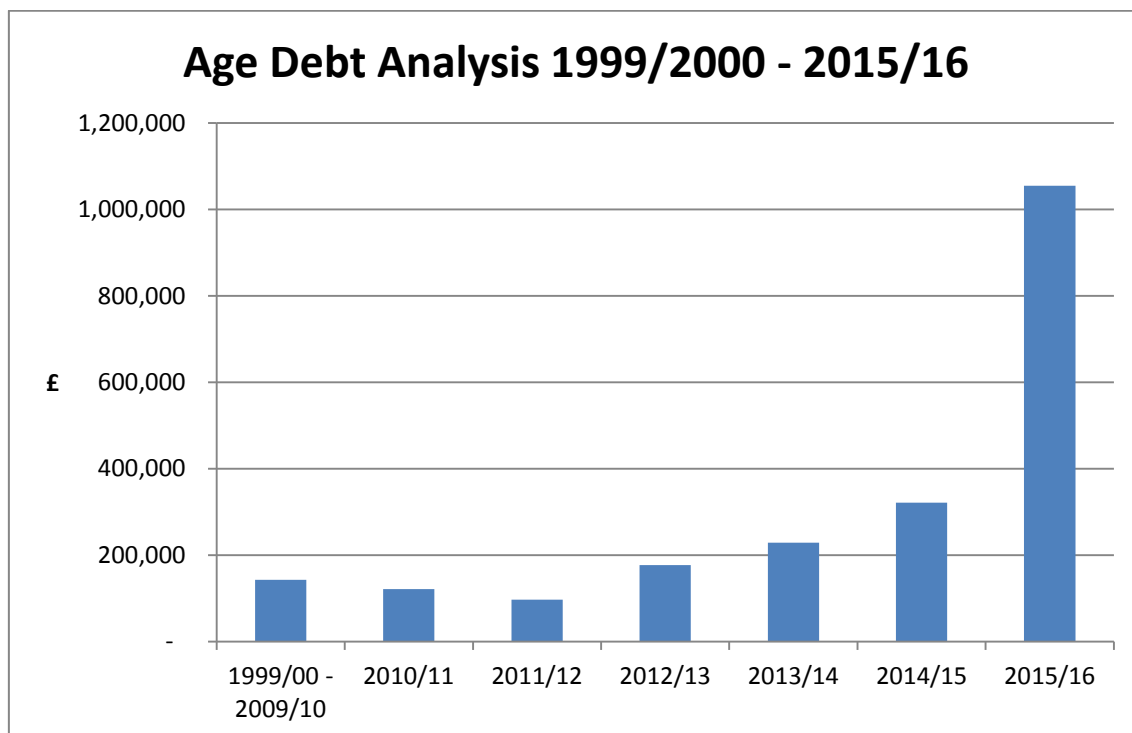


Note: the Commercial Rent debt includes annual invoices that were raised near the end of the financial year for the year ahead and therefore the majority of this was treated in the accounts as a receipt in advance. The value of real outstanding Commercial Rents debt is £45k.

2.2 Further, of the £2.148m miscellaneous debt, £351k was debt raised in 2015/16 but was still within the 21 day payment terms; therefore the pure debt (i.e. arrears) totalled £1.797m (13% of the total net debt).

2.3 The debt held at the 31 March 2016 dates back to 1999/2000 and the age breakdown of this debt is shown in **Graph 2** below.

GRAPH 2: Age Debt Analysis



2.4 Whilst the above graph is of concern as it shows historic debt going back to 1999/00 it does, however, demonstrate that the majority of the outstanding debt relates to more recent years, 2010/11 onwards, which greatly improves the ability of the team to collect.

2.5 If this is translated to a “debtors days” basis, this gives a rather concerning number of 108 days. However what needs to be considered is the type of debt that is held by the Council (as shown in graph 1) with homelessness and housing benefit overpayments, for example, being much harder to collect.

31 August 2016

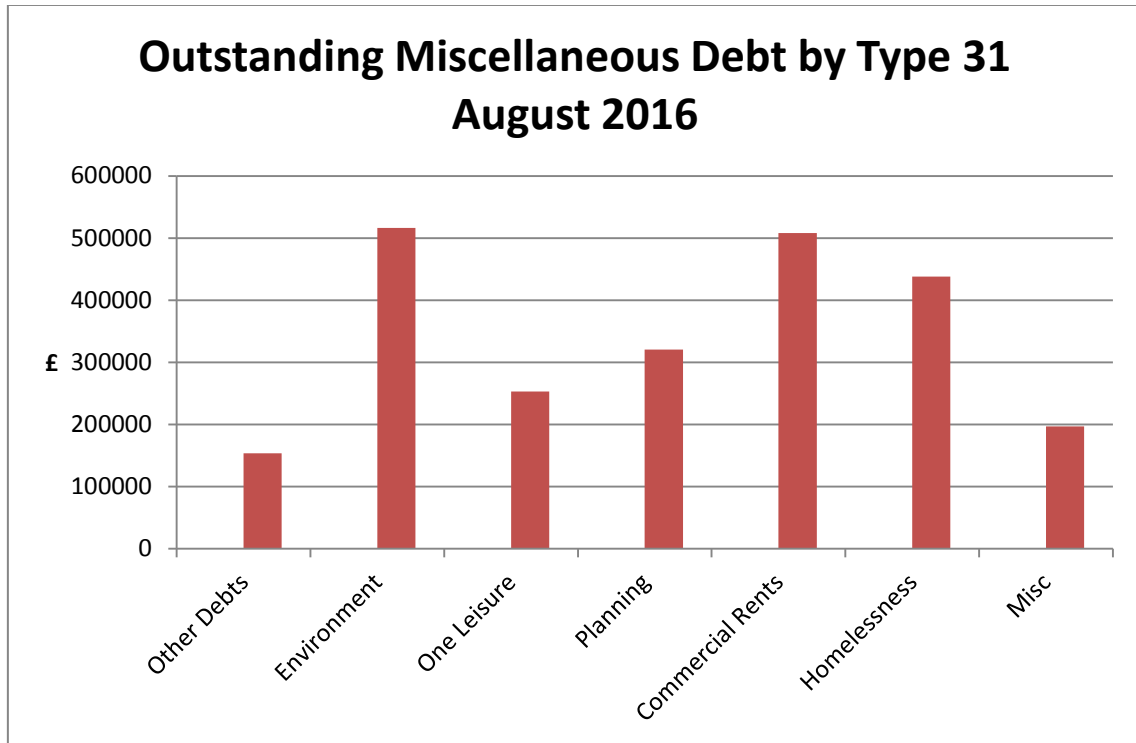
2.6 As at 31 August 2016 the debt outstanding as at 31 March has been reduced by £764,000 (£743,000 collections, £21,000 write-offs), thus reducing the outstanding debt to £1.033m.

2.7 The new debt position in relation to 2016/17 is set out in the table below:

	£m
New debt raised 2016/17	3.709
Less Income Received 16/17 debt	(2.201)
	1.508
Less Debt within 21 days payment terms	(0.774)
Outstanding New Debt 2016/17	0.734
Plus outstanding debt b/f 2015/16 (per paragraph 2.6)	1.033
Total outstanding debt 31/8/16	1.767

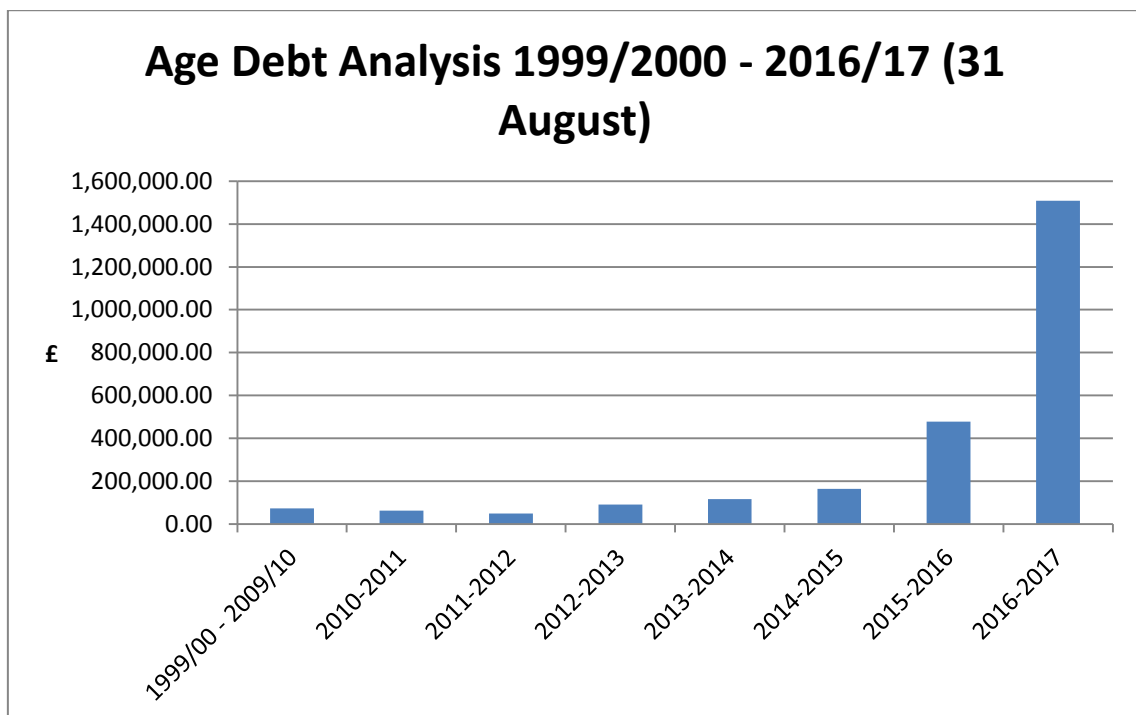
2.8 The charts below show the breakdown of the debt as at 31 August 2016 by age-debt and type of debt.

GRAPH 3: Miscellaneous Debt by Type – 31 August 2016



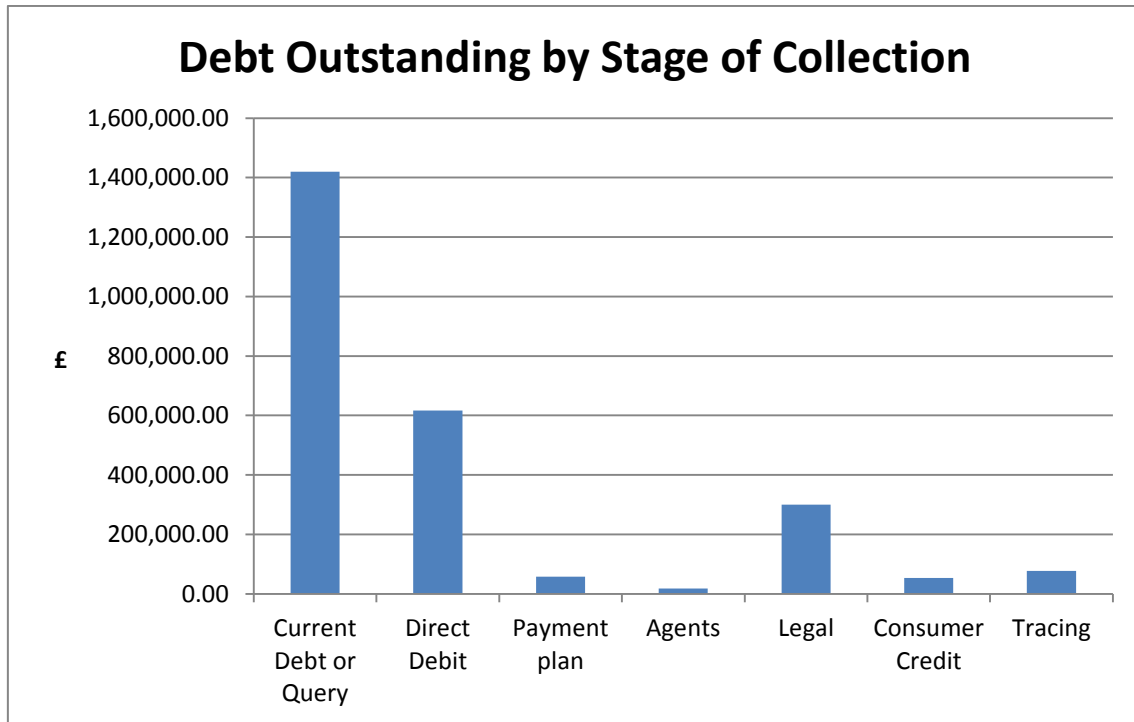
Note: the Commercial Rent debt includes annual invoices that are paid over the course of the year and are repaid on payment terms that vary from annual, quarterly and monthly. The level of outstanding debt from 2015/16 is £400k but the majority of this has a payment plan in place.

GRAPH 4: Age Debt Analysis – 31 August 2016



2.9 The outstanding debt is in various stages of collection and is being collected by a variety of means, as shown in **Chart 5** below, with a more detailed year on year breakdown in **Appendix 1**. This shows that of the debt outstanding £1.420m is current or under query or discussion with the debtor and £726,000 is subject to some sort of collection plan.

Chart 5: Debt outstanding by stage of collection



3.0 DEBT MANAGEMENT

3.1 Historically there have been a number of issues that have led to the current position of the debt management team.

- For the past 2 years there have been staffing issues resulting in a high turnover of staff, lack of appropriately trained and experienced staff in place and, until May this year, an establishment that was not completely filled.
- The previous Income Manager took on a lot of additional functions for the team that were outside the core purpose of debt management and were more debt administration that distracted the team from its core purpose. This position is being rectified with the majority of debt administration functions now passed back to services.
- The debtors system is now 17 years old and has had very little development since it was implemented. The processes are very long-winded and automatic debt reporting is almost non-existent. To get round these issues, the system has been heavily worked around and there has been a lot of bespoking.

4.0 MOVING FORWARD

Miscellaneous Debt and Procedures

4.1 One of the underlying issues that has exasperated the issues within the debt management team has been the lack of an up to date and clear miscellaneous debt management policy, as well as, clear procedures setting out the

responsibilities of each part of the debt cycle, from raising invoices to collecting or writing-off debt. To rectify this the following actions are being undertaken:

- A revised miscellaneous debt management policy for approval by Council;
- A new miscellaneous debt management procedures and guide;
- An update to the debt write-off financial regulation to have all debts up to £5,000 jointly approved by the S151 and Head of Service; and
- New debt collection targets to be put in place for the team.

New Financial System

4.2 The Council is replacing its Financial Management System, with a joint system with Cambridge City Council and South Cambridgeshire District Council, Technology One, being implemented in April 2017. This should ensure that the Council has a fit for purpose system for debt management and reporting.

5.0 INTERNAL AUDIT MEMO 2015/16

5.1 Attached at **Appendix 2** is the Internal Audit memo for the Debtors Continuous Review 2015/16. Included within this memo were a number of weaknesses, which this report has sought to address but are summarised below.

Internal Control Weakness	Action
1. Lack of reminders or recovery actions	Reminders for all debts are now sent out within the following parameters: <ul style="list-style-type: none"> • 1st reminder – 21 days • 2nd reminder/final notice – 7 days later
2. Backlog on recovery of outstanding debt	Targeted action on outstanding debts taking place, including historical and current debt. A stable debt team is now in place with appropriate experience.
3. Delays in raising Commercial Rents income	All Commercial rents income relating to 2015/16 has now been raised and 2016/17 income raising is up to date.
4. Lack of action on historic debt – increasing the risk of write-offs as debt statute/time barred	Historic debt is being actively chased. In the year to date only a small value of debt has been written-off and procedures in place ensure that writing off of debt only occurs when all other options have been exhausted. .
5. Lack of regular reviews of debt to ensure appropriate action being taken.	Monthly management information on debt is being reported and monitored. More targeted monitoring of highest value debts to be started September 2016.

6.0 KEY IMPACTS / RISKS

6.1 A lack of proper debt management procedures and processes in place that effectively manages the debt of the Council will result in a loss of income and therefore additional budgetary pressures.

7.0 WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION

7.1 Specific actions and deadlines are contained within the body of the report.

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

8.1 Ensuring we are a customer focused and service led council.

9.0 REASONS FOR THE RECOMMENDED DECISIONS

9.1 No specific approvals are required by the committee as this is a progress report on the specific issues. Therefore the Committee is asked to note the report and actions being taken.

10. LIST OF APPENDICES INCLUDED

10.1 Appendix 1 – Detailed recovery action table.

10.2 Appendix 2 – Internal Audit Annual Review Memo.

CONTACT OFFICER

Graham Oliver, Interim Finance Manager
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Email: graham.oliver@huntingdonshire.gov.uk

APPENDIX 1

Breakdown of debt by year and Recovery type 31/08/16									
	Current Debt or Query	Direct Debit	Payment plan	Agents	Legal	Consumer Credit	Tracing		Total Debt
1999-2000	-344.73				7,360.85			1999-2000	7,016.12
2000-2001	-459.42				580.76			2000-2001	121.34
2001-2002	-1,344.07				3,431.55			2001-2002	2,087.48
2002-2003	-1,916.57				878.29			2002-2003	-1,038.28
2003-2004	-1,025.85		6,652.49		3,201.05		119.66	2003-2004	8,947.35
2004-2005	891.86				505.88			2004-2005	1,397.74
2005-2006	-1,782.77		233.19		1,369.89			2005-2006	-179.69
2006-2007	1,028.33				2,449.27			2006-2007	3,477.60
2007-2008	-885.12				3,574.82			2007-2008	2,689.70
2008-2009	2,098.20	953.74			11,578.17			2008-2009	14,630.11
2009-2010	8,129.20	215.87	437.48	691.68	24,287.57		410.00	2009-2010	34,171.80
								1999/00 - 2009/10	73,321.27
2010-2011	8,042.21	3,593.80	3,702.99	754.78	42,673.16	342.26	2,992.34	2010-2011	62,101.54
2011-2012	12,053.47	1,890.04	991.56	314.48	30,573.22		2,659.45	2011-2012	48,482.22
2012-2013	19,779.94	4,709.28	1,771.00	3,093.54	51,654.09	770.00	9,410.52	2012-2013	91,188.37
2013-2014	22,146.57	3,936.28	4,665.42	1,498.99	42,328.25	19,664.16	22,093.51	2013-2014	116,333.18
2014-2015	74,459.51	20,509.69	9,363.41	4,293.17	27,245.75	11,575.21	16,925.57	2014-2015	164,372.31
2015-2016	20,575.00	365,917.58	11,734.18	5,797.94	42,625.71	19,718.36	10,855.28	2015-2016	477,224.05
2016-2017	1,258,411.19	214,301.51	17,804.22	1,249.04	3,961.30	1,044.16	11,448.98	2016-2017	1,508,220.40
Total	1,419,856.95	616,027.79	57,355.94	17,693.62	300,279.58	53,114.15	76,915.31		2,541,243.34

HUNTINGDONSHIRE DISTRICT COUNCIL INTERNAL AUDIT

From: David Harwood Internal Audit & Risk Manager	To: Clive Mason Head of Resources and Section 151 Officer
My Ref: C&T/AUDIT/DM	Cc: Your Ref:
Ext: 8115	Date: 18 May 2016

Internal Audit Review – Debtors Continuous Auditing – Year Ending 15.16

I have completed my review of Debtors for the year ending 2015/16. The audit involved reviewing the 32 controls from the agreed Key Controls List.

I reported at March 2014 that too many routine tasks were not being completed and that debt recovery procedures had almost come to a standstill. There was the real possibility that the Income Service could fail in the immediate future to deliver the services required. Similar conclusions were issued in respect of June, September and December 2014. The December 2014 memo also said:

“.. action needs to be taken to address the issues that had been identified. This review has found little improvement and it is my opinion that the position has not substantially improved. There is the real possibility that the service could fail in the immediate future”.

The annual memo for March 2015 stated that the March 2015 review would not be completed as you acknowledged that there was likely to be little substantial improvement until a review of operational processes was completed.

The review for the quarter ending March 2016 has found that there has been little improvement during 2015/16. The service has significant weaknesses including:

- Invoices being raised that have not received reminders or any recovery action. This relates to a four month period where the system did not work correctly. The Income Manager believes that automatic reminders have not been picked up from this period. They have thus fallen from the recovery schedule and need to be identified.
- General recovery action is backlogged and I have been advised that mistakes have been made by temporary or untrained staff. Significant time and resources would be needed to address the backlog.
- The Income Manager confirmed that some commercial rent insurance invoices have not yet been raised due to absence of instruction.
- Aged debts have been reported to the Head of Resources but I am concerned that older debts may just stay on the system without action, and will be written off once they are statute/time-barred.
- There is a greater risk of some debts becoming overlooked, as regular reviews of payment plan cases, disputed cases and other on-hold debts are not taking place. A review of all outstanding invoices is needed to ensure all are captured and being actioned.

Based on the audit work undertaken this year it is my opinion that the inherent risks in the system are not being managed properly. The system is not capable of achieving its objectives. Consequently, if the existing approach is maintained I am able to provide little assurance that the system risks are being properly managed.

I am not proposing any specific actions to address the weaknesses identified as we already have the necessary recovery procedures in place. They need to be followed.

If you have any comments or wish to discuss any matters relating to the review please contact Deborah Moss ext. 8475 within the Internal Audit Service.

David Harwood
Internal Audit & Risk Manager

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Public
Key Decision – No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Risk Management Update
Meeting/Date:	Corporate Governance Committee – 27 September 2016
Executive Portfolio:	Strategic Resources: Councillor J A Gray (Deputy Executive Leader)
Report by:	Internal Audit & Risk Manager
Wards affected:	All Wards

Executive Summary:

One of the Committees functions is to ensure that there are effective arrangements for the management of risk across the Council. This report summarises the current position.

The Committee (as the Corporate Governance Panel) received their last update in June 2015. Since that time the Cabinet (July 2015) have approved a new risk management strategy, introducing seven individual risk appetite statements. Risks have been re-evaluated against the appetite statements, and all those exceeding their appetite have been reviewed by Cabinet or the Corporate Management Team.

The risk register is reviewed frequently by individual members of the Senior Management Team (SMT) to ensure that it remains fit for purpose and captures the significant risks to the achievement of the Council's objectives. Following Cabinet's approval of a new risk strategy the SMT have reviewed the content of the risk register and in doing reduced the number of risks from 143 to 89. The risks that were deleted were considered 'business as usual' items.

Both the Overview & Scrutiny Panel (Performance & Customers) and Cabinet reviewed the corporate risk register in June 2016.

Procedures are in place to ensure that the risk register reflects the current risks facing the Council and the Committee should take reassurance that both Member's and Officers are reviewing and challenging the risk register.

Recommendations:

The Committee is

- 1) invited to comment on the current risk management procedures in place; and
- 2) determine whether it is able to take assurance from those procedures.

1. PURPOSE OF THE REPORT

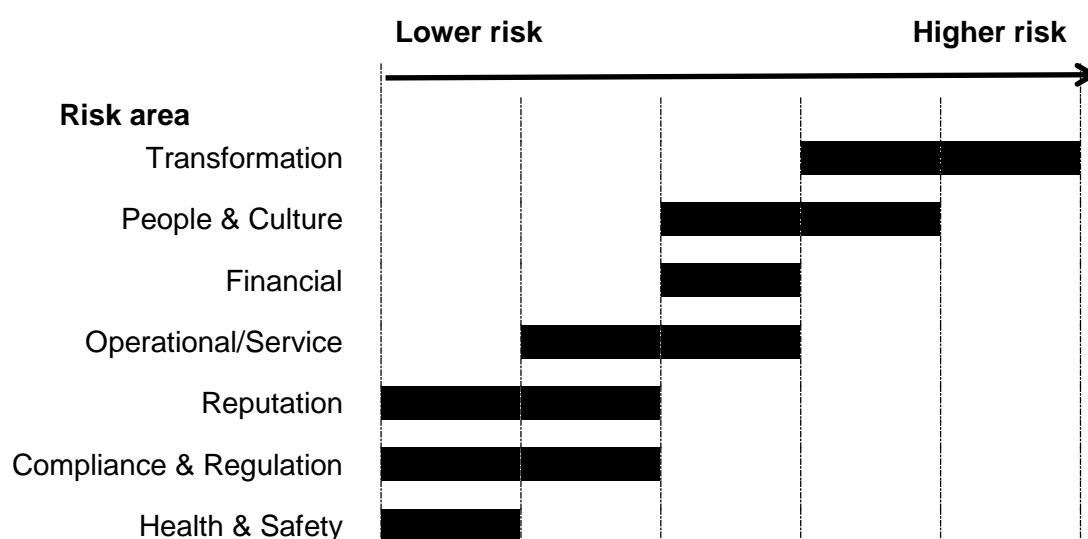
- 1.1 To inform the Committee of the arrangements in place for the management of risk across the Council.

2. WHY IS THIS REPORT NECESSARY?

- 2.1 Risk management is a key strand of the corporate governance framework. Whilst Cabinet are responsible for approving the Risk Management Strategy and ensuring that risk management procedures are in place across the Council, the Committee require assurance that these arrangements are working effectively.
- 2.2 Arising from the Committee's 2015 effectiveness review, it was agreed that the Head of Resources would provide an annual report on risk management arrangements across the Council.

3. ANALYSIS

- 3.1 The Cabinet approved a new risk management strategy in July 2015. In recognising that the appetite for risk varies according to the activity undertaken and the outcomes required seven individual appetite tolerance statements were agreed. With the lower risk levels being concerned with minimising the Council's exposure to reputation, compliance and health and safety risk, whilst accepting and encouraging increasing risk in the areas of transformation and people & culture. The diagram below summaries the individual risk appetite levels.



- 3.2 Risk register entries have been updated to reflect the new appetite levels. As part of the update, the Corporate Management Team (CMT) requested Heads of Service to consider whether any risks could be removed from the register, due to them being managed as 'business as usual'. Consequently the register has reduced in size – from 143 risks at July 2015 to 89 risks at 22 August 2016.
- 3.3 In June 2016 both Overview & Scrutiny Panel (Performance & Customers) and Cabinet reviewed the corporate risk register. The Panel and Cabinet reviews were detailed, questioning individual risks, risk scores and linkages between risks.

- 3.4 At the time of writing the report, all 15 risks that exceed their respective risk appetite levels have been reviewed by Cabinet or CMT and the risk been accepted.
- 3.5 All risk register entries, including assurance upon mitigating controls are reviewed by the Senior Management Team at least twice each year.
- 3.6 211 individual controls are recorded in the register as at 22 August. The levels of assurance are as follows:

Total No of Controls	Assurance Level			
	Substantial	Adequate	Limited	None
211	114	84	12	1
	54%	40%	6%	0%

74% of the assurances have been updated in the past six months. 2% of assurances are more than twelve months old.

- 3.7 In 2014 in response to recommendations made by the external auditor, the Managing Director introduced a number of Officer Governance Groups (OGG) to oversee specific governance areas – one of which was risk management. Following an internal audit review, the structure of the OGG has been changed. CMT have agreed to make all the OGG take responsibility for managing risk. Consequently the risk management OGG has been disbanded.
- 3.8 The Cabinet are required to review the risk management strategy annually. The next review is planned for the 22 September.

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

- 4.1 Effective risk management is integral to the delivery of the Corporate Plan. It supports sound decision making through a robust assessment of risks and opportunities.

5. RESOURCE IMPLICATIONS

- 5.1 There are no resources implications arising from this report.

6. REASONS FOR THE RECOMMENDED DECISIONS

- 6.1 In discharging its functions, the Committee need to ensure that risk management processes across the Council are robust. The report supports that view and the Committee are able to take reassurance from the procedures that are being followed.

BACKGROUND PAPERS

Risk register

CONTACT OFFICER

David Harwood, Internal Audit & Risk Manager

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Public
Key Decision – No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Annual Report of the Committee
Meeting/Date:	Corporate Governance Committee – 27 September 2016
Executive Portfolio:	Strategic Resources: Councillor J A Gray (Deputy Executive Leader)
Report by:	Internal Audit & Risk Manager
Wards affected:	All Wards

Executive Summary:

The Committee present an annual report to the Council on the work that it has undertaken each year. The draft annual report in respect of the year ending September 2016 is attached at Appendix 1.

The report will be presented to the 19 October Council. If after considering the report the Committee wish to make any changes, it is proposed that the Chairman approve any changes.

In preparation for the legislative changes that will bring forward to 31 July 2018 the date by which the 2017/18 Annual Accounts and Annual Governance Statement have to be approved, it is proposed that the reporting period of any future report be changed – from September to March. The next annual report will cover the year ending March 2017.

Recommendations:

It is recommended that the Committee:

1. Review the draft annual report and decide what changes, if any, they wish to make;
2. Agree that the Chairman of the Committee approve any changes to the report;
3. Agree that future annual reports be prepared and reported for each financial years.

Recommendation to Council:

Receive and comment on the Chairman's Annual Report to Council.

1. PURPOSE OF THE REPORT

- 1.1 To allow the Committee to agree its annual report to Council.

2. BACKGROUND

- 2.1 Arising from the former Corporate Governance Panels effectiveness review of 2010/11, it was agreed that it provide an annual report to Council. The report sets out the impact of the Committee's work upon the Council's internal control and governance environment.

3. ANALYSIS

- 3.1 The annual report has been prepared by the Internal Audit & Risk Manager. It summarises the work undertaken by the Committee during the year ending 30 September 2016.
- 3.2 At the time of writing the annual report, the External Auditor's International Standard on Auditing (ISA) 260 report (Communication With Those Charged With Governance) had not been received. Within the Committee annual report, under the Section 'Approving the Annual Financial Report 2015/16', there is a paragraph that deals with the External Auditors opinion on the financial statements and achievement of value for money. It will not be known if that paragraph has to be amended until the ISA 260 Report has been received.
- 3.3 To deal with this, and to allow for any other changes that the Committee wish to make, it is proposed that the Chairman of the Committee approve any changes to the report prior to its submission to Council.
- 3.4 The key assurance that the Committee provides to the Council is via the Annual Governance Statement (AGS). The AGS has to reflect the governance position of the Council at the date when the financial accounts are approved, which is currently September 2016. The Committee's annual report has traditionally covered the same period, rather than relating to the financial year end.
- 3.5 Legislation has been introduced that will bring forward to 31 July 2018 the date by which the 2017/18 annual accounts and AGS have to be approved and published. The change will also affect the publication date of the Committee's annual report. It is proposed to amend the annual reporting period from September to March. The Committee's next annual report will therefore be in respect of the year to March 2017, so effectively only covering an additional six month period.

4. WHAT ACTIONS WILL BE TAKEN

- 4.1 Once agreed, the annual report will be made available to all Council Members and presented to the October 2016 Council.

5. LINK TO THE CORPORATE PLAN

- 5.1 The report will be available on the Council's website. As such it will assist with customer engagement.

6. RESOURCE IMPLICATIONS

- 6.1 There are no direct resource implications arising from this report.

7. REASONS FOR THE RECOMMENDED DECISIONS

- 7.1 The Committee need to be satisfied that the annual report reflects their work. Changes may be required to the report once the Committee have discussed its contents. Allowing the Chairmen to approve the report, will enable any amendments to be agreed prior to the reports submission to Council.

8. LIST OF APPENDICES INCLUDED

- 8.1 Appendix 1 – Corporate Governance Committee Annual Report 2016

BACKGROUND PAPERS

Minutes and reports presented to the former Corporate Governance Panel and the Corporate Governance Committee.

CONTACT OFFICER

David Harwood, Internal Audit & Risk Manager
Tel No: 01480 388115
Email: david.harwood@huntingdonshire.gov.uk

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Corporate Governance Committee

Chairman's Annual Report to Council

for the year ending 30 September 2016

DRAFT



Introduction by the Chairman of the Corporate Governance Committee

This is the sixth annual report on the work of the Corporate Governance Committee and the second one that I have presented as Chairman of the Committee.

The report is intended to demonstrate to the Districts resident's and other stakeholders the importance of good governance and the contribution the Committee makes to achieving that aim. The Committee's meetings are open to the public and its reports are available on the Council's webpages and I welcome the public's attendance at our meetings.

The Council adopted a new Constitution in March 2016. This removed from the Committee's terms of reference the requirement to provide the Council with an annual report. I feel that it is important that the Council and all its stakeholders are aware of how the Committee discharged its duties and for that reason I have decided that an annual report will be prepared for this year. The Committee will consider whether or not it intends to continue to produce an annual report when it undertakes its annual self-assessment in February next year.

The report provides an overview of the key issues considered by the Panel during the year ending September 2016. The Committee is of the view that the Council's governance and internal control procedures are generally sound.

Whilst the Council's Annual Financial Report (AFR) is prepared for the year ending March, the key assurance that the Committee provides to the Council is via the Annual Governance Statement (AGS). The AGS has to reflect the governance position of the Council at the date when the AFR is approved - September 2016. It is for that reason, that this report covers the period to September, rather than the 2015/16 financial year.

Legislation has been introduced that will bring forward to 31 July 2018 the date by which both the 2017/18 AFR and AGS have to be approved and published. This change will also affect the publication date for this report. It is proposed to change the period which this report covers to reflect financial years – so the next report will reflect upon the 2016/17 financial year.

In March 2016, following the adoption by the Council of an amended Constitution, the former Standards Committee was merged with the Corporate Governance Committee. Committee membership was increased from eight to twelve Members. To allow the newly appointed Members the opportunity to contribute to the annual Committee effectiveness review, a decision was made to move the review date from July 2016 to February 2017. Coincidentally, this also has the benefit of allowing the review to be reported in a timely way in future annual reports.

Finally, I would like to thank all the Members who served on the Committee during the reporting year and those Officers who have supported its work.

Councillor Mike Francis
Chairman, Corporate Governance Committee
September 2016

Committee Functions

The Committee is required to discharge the functions of the Council in relation to both the corporate governance of the Council and the conduct of Elected Members.

The Committee's functions (terms of reference) were amended when the Council approved a new Constitution in March 2016. At that time, the former Standards Committee was abolished and merged with the former Corporate Governance Panel, so forming a new Corporate Governance Committee.

The Committee oversees the Council's governance and financial arrangements and the promotion and maintenance of high standards of conduct amongst the Council and Town and Parish Council's within the District of Huntingdonshire. This includes advising the Council on the Code of Conduct for Members, agreeing a Code of Conduct for Planning matters and considering reports by the Local Government Ombudsman.

Functions relating to the conduct of Members will be considered by a Standards Sub-Committee, which will be a Sub-Committee of the Corporate Governance Committee.

The full functions of the Committee are listed in Appendix A.

The Constitution review was undertaken by a cross-party Constitution Review Advisory Group (CRAG). The Chairman of the former Corporate Governance Panel was a member of the Group. In the course of the review it became clear that the Council needed to reconsider the naming of its Committees and Panels. Legal advice provided was that the Local Government Act requires delegations to be made only by a Committee or Sub-Committee of the Council or Cabinet, not a Panel. Consequently a number of Panels were renamed – with the Corporate Governance Panel becoming the Corporate Governance Committee.

For ease of reference, Committee has been used as the naming convention in this report to cover the work undertaken by the former Corporate Governance Panel and the current Corporate Governance Committee.

Effectiveness

An effective Corporate Governance Committee can bring many benefits, including:

- raising greater awareness of the need for internal control and the implementation of agreed audit recommendations;
- increasing public confidence in the objectivity and fairness of financial and other reporting;
- reinforcing the importance and independence of internal and external audit and other similar review process; and
- providing additional assurance through a process of independent and objective review.

The Committee's work activities have been designed so that they not only provide assurance to the Council and allow it to discharge its functions, but also allow the Committee to make a positive contribution towards maintaining good governance practices across the Council.

A brief outline of the main business conducted by the Committee during the reporting year is listed in the table below and on the following pages.

December 2015	March 2016	June 2016	July 2016
Approved the Corporate Fraud Team work plan and prosecution policy	Reviewed proposals for a new Council Constitution and changes to the Code of Financial Management and Code of Procurement and recommend their adoption to the Council	Considered the Internal Audit Service 2015/16 annual report, opinion and effectiveness review. Approved the Internal Audit Charter	Recommended to Council the adoption of a new Code of Corporate Governance
Reviewed proposed changes to the structure of Overview & Scrutiny Panels and recommend their adoption to Council	Reviewed external audit plan for 2015/16 and 2014/15 grant certification	Approved changes to the whistleblowing policy & procedure and reviewed concerns received.	Agreed the significant governance issues for inclusion in the 2015/16 AGS
Reviewed delivery of 2015/16 Internal Audit plan	Approved 2016/17 Internal Audit plan	Reviewed 2015/16 Corporate Fraud Team activity	Considered changes to the benefits risk based verification policy and recommended to Cabinet that it be approved
Reviewed the external auditors annual audit letter 2014/15	Noted progress on issues from 2014/15 AGS	Considered the current position of business continuity planning across the Council	Considered the annual report on the Council's compliance with the FoI & EIR ¹ and governance issues arising
Noted progress on the introduction of agreed internal audit actions	Approved accounting policies for 2015/16	Noted the progress on the introduction of external audit recommendations from 2014/15 audit	Considered appropriateness of thresholds within the Disposals and Acquisitions Policy: Land and Property and made recommendations to Cabinet

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¹ Freedom of Information Act and Environmental Information Regulations.

How effective is the Committee ?

As explained in the introduction to the report, the Committee has not undertaken a review of its own effectiveness during 2016, but postponed the date of the review from July 2016 to February 2017.

The results of the 2015 review were considered by the Committee in September 2015. Whilst considering themselves to be acting effectively and fulfilling their Terms of Reference (as applicable at that time), an number of opportunities to further improve effectiveness were identified – these are listed below together with the action taken.

Opportunities to improve effectiveness	Action taken
1 Five new Members were appointed to the Committee in May 2015. In order to get a clear idea of all Committee Members current knowledge of governance matters, a skills assessment questionnaire to be circulated, based upon the CIPFA Audit Committee knowledge and skills framework.	There was a delay in issuing the questionnaire. It was issued to all Committee Members in August 2016 and the results will form the basis of a training programme for the Committee.
2 Cabinet are responsible for approving the Risk Management Strategy and ensuring that risk management procedures are in place across the Council. The Committee require assurance that these arrangements are working effectively.	The Head of Resources to report to Committee (in September 2016) on the risk governance arrangements in place across the Council.
3 With regard to the Constitution review that is underway, the Committee would like early sight of proposed changes so that they are able to adequately deliberate and consider the changes before making any recommendation to Council.	The Chairman of the Committee was appointed a member of the CRAG, which was formed to support the Monitoring Officer in undertaking the Constitution review. Whilst a Special Meeting of the Committee was planned to be held in late January 2016 to review the new Constitution, the meeting had to be cancelled as the final document was not available for review. The Committee reviewed the Constitution at their March 2016 meeting.
4 A wide breadth of governance related knowledge is required by Members of the Committee. To ensure that the Committee remains effective the Constitution review should consider options for restricting the number of changes to Committee membership each year or the appointment of Members for longer than one year.	The CRAG did not propose any changes to membership appointments. The decision was accepted by the Committee.

- 5 As recommended by the Committee in 2013 and 2014 the Council should -
- a. introduce a Procurement Policy; and
 - b. become a signatory to the Prompt Payment Code (PPC)

A Procurement Policy was approved by the Council in December 2015.

The voluntary PCC has been superseded by two pieces of legislation. Together they deliver the same outcome as the PCC – payment of invoices in 30 days and contractors required to pay sub-contractors within 30 days. For this reason the Procurement Manager proposed to the Committee that the Council does not sign up to the PCC. This was agreed by the Committee in September 2015.

Whilst the table above summarises the work of the Committee, significant items of note that were discussed or considered are summarised in the following paragraphs.

Reviewing the Constitution

The Council have adopted the recommendations of the Committee and introduced a number of changes to the Constitution to allow it to operate more effectively.

The Committee is responsible for proposing to Council changes to the Council's Constitution.

As noted above, a major review of the Constitution was undertaken during 2015/16.

The main changes were:

- All Panels with delegated decision making powers were renamed as Committees in line with Local Government Act 2000 requirements.
- The introduction of a revised Scheme of Delegations.
- The introduction of Committee Procedure Rules.
- The incorporation of the Standards Committee into the Corporate Governance Committee (and for Standards Committee to be a Sub-Committee of the Corporate Governance Committee).

The proposed changes were considered by the Committee in March 2016, who after review, agreed to recommend their adoption to the Council. (Council approved the Constitution on 23 March 2016) .

The annual review of the Code of Financial Management and Code of Procurement was also considered in March 2016, and subsequently approved by Council.

The overall governance of the Council

Adopting a new Code of Corporate Governance.

The Code of Corporate Governance (CoCG) describes the way in which the Council carries out its functions through its Members, and employees and the way it undertakes its work, so ensuring that it establishes and maintains public confidence. It is a key document that supports the preparation of the Annual Governance Statement (AGS).

Council first adopted a CoCG in September 2003. A new 'proper practices' document – *Delivering Good Governance in Local Government: Framework* – was published in April 2016. The Framework defines seven principles that underpin the Council's overall governance structure.

The Committee recommended to Council that a new CoCG should be adopted from April 2016, and so form the basis for the 2016/17 AGS.

The Committee also discussed the assurance gathering processes to be introduced to ensure compliance with the CoCG and noted that the six Officer led Governance Groups (first introduced in November 2013) would be responsible for this.

Approving the Annual Governance Statement on behalf of the Council.

At the September 2016 meeting, the Committee approved the 2015/16 AGS. The Committee continue to believe that it is important that the Council's stakeholders understand the Council's governance structures and consider that the style of the annual governance statement allows this.

The Committee are of the opinion that there are two areas that need specific mention – the development of robust and effective reporting arrangements for shared services; and to continue to improve debt management arrangements.

Significant governance issues included in the 2014/15 AGS:

- ~ Improve project management practices.*
- ~ Develop robust & effective reporting arrangements for shared services.*

In March 2016 the Committee discussed the progress that had been made in delivering the two significant governance issues identified in the 2014/15 AGS.

Project management
The action taken to address all five of the recommendations agreed by Cabinet in April 2015, through reports presented to the Overview and Scrutiny Panel (Economic Well-Being) in October 2015 and March 2016 was noted. The

Committee consequently felt that sufficient improvement had been made that it was not necessary to include the issue in the 2015/16 AGS.

Shared Services

The Committee were aware that the Council approved the overall shared service² governance arrangements in July 2015 and were content with the progress since made.

In July 2016 they revisited the shared service governance arrangements and noted that business plans which set out the key priorities, objectives, activities and measures of success for each service had been approved by the Cabinet in June 2016. Whilst having no specific concerns about this, it was felt that reporting and oversight of shared services performance was still in its infancy and the failure of a shared service would be of significant impact to the Council. For this reason, the Committee decided that the Council should not lose sight of the shared service initiatives and decided that it should remain as a significant governance issue for the 2015/16 AGS.

Approving the Annual Financial Report 2015/16

Unqualified financial statement and value for money opinion issued by the external auditor.

The 2015/16 financial report was externally audited and approved prior to the statutory deadline of 30 September 2016. The external auditors issued both an unqualified value for money and financial statement opinion.

The Committee are aware that from 2017/18 the financial statements will need to be ready for external audit review by the 31 May and be approved by the Committee by the 30 July. They are also aware that the Council missed the deadline for preparing the 2010/11 accounts due to introduction of new accounting standards. The Committee intend to request updates on the progress being made to ensure that the new dates are achieved.

² Cambridge City Council, Huntingdonshire District Council and South Cambridgeshire District Council – collectively known as 3Cs - have agreed the principle of working in partnership to deliver a range of shared services.

Internal audit plan and annual opinion

The annual opinion of the Internal Audit & Risk Manager as at 31 March 2016 was that the Council's internal control environment and systems of internal control 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.

The Committee noted that the assurance opinion was unchanged from 2014/15.

The Committee had previously expressed concern that the need to drive out savings and efficiencies may lead to a reducing internal control environment and increasing numbers of internal audit reports being issued that are in the 'limited' or 'little' categories. It is pleasing that this does not appear to be the case.

The Committee were concerned about the continuing low level of assurance given to the Accounts Receivable system. Control failings had been reported to the Committee over three successive years. Due to the difficulties in recruiting and retaining staff little improvement had been made to the implementation of systems and processes.

Having considered the matter, the Committee decided that improvements in debt management should be included as a significant issue for the 2015/16 AGS.

Concerns about the lack of IT audit services during 2015/16.

The Internal Audit Service has obtained IT audit services from an external contractor since 2006. The previous contract ended in January 2015. It was not immediately re-let due to uncertainty over which of the 3Cs would be appointed the lead authority for the IT shared service. Following the decision that Huntingdonshire would lead, a further delay occurred due to the commencement of a review to examine options for forming a shared internal audit service.

The lack of IT audit is of concern. However some of the risks associated with this have been mitigated by the Cabinet Office renewing the Council's Public Services Network (PSN) compliance certificate in November 2015 for twelve months. The 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.

Whilst no IT audit reviews were conducted during 2015/16, work is expected to be completed in 2016/17. A contract for IT audit services was awarded in August 2016 to BDO LLP.

Poor performance in introducing agreed internal audit action on time.

As last year, the Committee have continued to express concern and disappointment at the low number of agreed audit actions that have been introduced on time. In June 2015 the Committee referred the matter to Council and requested that it be referred on to the Cabinet. This was done.

Despite their being an initial improvement, recent months has seen a tail off in performance.

Before the Committee refer the matter to Council once again, they have decided to review the outstanding actions and seek an explanation from the appropriate Head of Service so as to understand the reason why the action has not introduced on time. The first such review is due to be completed in September 2016.

Approving the internal audit work plan and Internal Audit Charter.

The Committee approved the internal audit plan for 2016/17 in March 2016.

In July 2016, the Committee approved changes to the Internal Audit Charter. Changes were necessary following revised Public Sector Internal Audit Standards (PSIAS) being issued in April 2016 – which introduced a Mission of Internal Audit and Core Principles for the Professional Practice of Internal Auditing.

The Audit Charter was 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 as the Committee considered that these were already sufficiently addressed.

Countering fraud and the work of the Corporate Fraud Team

Consideration of the Corporate Fraud Teams (CFT) work plan and prosecution policy.

The Committees 2015 annual report explained that the Council's Anti-Fraud and Corruption Strategy had been amended to reflect the CFT change of focus – that was a move away from undertaking mainly welfare fraud reviews.

In December 2015, the Committee received a report that detailed how this change of approach was reflected in the work plan of the CFT. At the same time, the Committee considered a revised prosecution policy.

The work plan outlined the approach to dealing with areas such as Council Tax Support and Council Tax discount fraud; Housing Tenancy and Business Rate frauds.

A Fraud Working Group had previously been set-up by the Committee to review the work of the CFT. The Committee considered whether the Group should be re-formed as work priorities had changed. However they felt that an annual report to the Committee together with the Executive Councillor for Customer Services overseeing the work of the team was an appropriate level of focus.

The Committee made a number of comments to the Cabinet on the report as they were responsible for approving the work plan and prosecution policy.

Approving the whistleblowing policy and guidance.

In June 2015 that policy and guidance was overhauled to meet the aims of the Public Concern at Works whistleblowing code of practice. Consequently, only minor changes to the policy were required in 2016.

Due to the adoption of a narrower definition of 'whistleblower' – covering only Council employees and contractors and suppliers who provided services under contract to the Council – no allegations of whistleblowing were received during 2015/16.

However three allegations were made from members of the public. All have been investigated and the Committee made aware of the outcomes of those investigations.

The areas referred to above deal with the core business of the Committee. A number of reports and other issues were also considered during the year that had a direct impact upon governance systems and processes across the Council. The most significant of these were:

- Reviewing the Disposals & Acquisitions Policy (in July 2015) that supports the Commercial Investment Strategy, recommending to Council that it be adopted. In July 2016, considering whether financial thresholds in the Policy should be amended, deciding that they should remain unchanged;
- Considering and then approving to Cabinet, changes to the Housing Benefits risk based verification policy; and
- Reviewing the Council's compliance and performance in respect of responses to enquiries received under both the Freedom of Information and Environmental Impact Regulations.

Future Developments

The Committee wish to continue to build upon the solid governance processes and procedures that are in place across the Council. In addition to the opportunities for improvement that are listed earlier in the report, there are other developments planned.

- Reinvigorating the Committee's training programme.
- Undertake an effectiveness review of the S106 Agreement Advisory Group.
- Undertake an effectiveness self-assessment in February 2017

**Corporate Governance Committee
Functions : Approved by Council 23 March 2016**

To discharge the functions of the Council in relation to the Corporate Governance of the Council and to be the Council's "Audit" Committee.

These responsibilities include:

Governance	<p>Regularly reviewing the Council's Code of Corporate Governance and recommending any changes to the Council and approving the annual governance statement and reviewing the achievement of any outstanding improvements.</p> <p>Ensuring there are effective arrangements for the management of risk across the Council.</p> <p>Ensuring there are effective arrangements for the system of internal audit of the Council including:</p> <ul style="list-style-type: none"> • considering a regular review of its effectiveness; • reviewing and approving the internal audit charter; • approving internal audit plans and receiving reports on progress in delivery. <p>Receiving and considering external audit reports including the adequacy of management response to issues identified.</p>
Final Accounts	<p>Approving the accounting policies, statement of accounts and considering any matters arising from the external audit.</p>
Standards	<p>To advise the Council on the adoption or revision of its Codes of Conduct for Members.</p> <p>The promotion and maintenance of high standards of conduct within the town and parish councils within Huntingdonshire.</p> <p>To advise the Council on the adoption or revision of a Protocol for Member/Officer relations.</p> <p>To advise the Council on the adoption of a Code of Conduct for Planning and monitoring operation of the Code.</p>
Complaints	<p>Consideration of reports by the Local Government Ombudsman including compensatory payments.</p>
Electoral matters	<p>Consider the periodic electoral review and review District and Parish electoral arrangements including boundaries and other electoral matters.</p>
Standards Sub-Committee To include Independent Person and Parish Council representatives	<p>Functions relating to standards of conduct of members under any relevant provision of, or regulations made under, the Localism Act 2011.</p>

End

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