

## 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, 24 May 2017.

PRESENT: Councillor M Francis – Chairman.

Councillors Mrs S Conboy, Mrs L A Duffy, T Hayward, P Kadewere, Mrs R E Mathews, R J West, D M Tysoe, D A Giles and J M Palmer.

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

IN ATTENDANCE Councillor G J Bull.

#### **4. MANCHESTER ATTACK**

The Committee stood in silence for a minute as a mark of respect for those who had died and been injured during the Manchester attack earlier in the week.

#### **5. MINUTES**

The Minutes of the meetings of the Committee held on 22nd March and 17th May 2017 were approved as a correct record and signed by the Chairman.

#### **6. MEMBERS' INTERESTS**

No declarations of interests were received.

#### **7. NON-IMPLEMENTATION OF INTERNAL AUDIT ACTIONS: A NEW FRAMEWORK GOING FORWARD**

Pursuant to Minute No 16/16, the Chairman confirmed that he had met with the Managing Director and the Deputy Executive Leader to discuss the implementation of audit actions and the management and monitoring of risk. The Committee then gave consideration a report by the Head of Resources (a copy of which is appended in the Minute Book) recommending changes to the procedure for reporting on the implementation of audit actions. The new arrangements represented a pragmatic approach, which took into account the impact of audit actions on the control environment.

The report by the Head of Resources contained a break-down of all outstanding audit actions and proposals to deal with them following a review. Members' attention was drawn to the number of actions relating to IT and the fact that a new Head of Service recently had been appointed. All of these actions had been given a revised timescale with a relatively short implementation date.

The Managing Director stated that the Council was operating in a challenging environment with continually changing priorities and the importance attached to completing audit actions would be balanced against other demands that competed for management resources. The Council's management team was now more agile and able to respond flexibly to demands placed on it. Issues relating to shared services would be discussed at the Shared Services Management Board. Councillor G J Bull, Deputy Executive Leader, emphasised the importance the Leadership attached to organisational control and governance.

In response to a question by Councillor D M Tysoe on how decisions were made on the priority of actions in specialist areas such as cyber security, it was reported that, in this case the audit had been carried out by external expert IT auditors. In addition, the Council had a number of IT controls in place.

Having received assurances that the new system would enable all audit actions to be tracked and created a trail allowing analysis of their start dates and the time taken to complete them, and that the Head of Resources, in his capacity as S151 Officer, would continue to report to the Committee when required, it was

RESOLVED

that the process for decision-making and reporting on non-implemented audit actions be endorsed.

## **8. CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT**

The Committee received and noted a report on progress of decisions taken at previous meetings and subsequent actions. A copy of the report is appended in the Minute Book. With regard to the item on Business Continuity, it was reported that the audit work had been completed and the findings would be discussed with the Corporate Team Manager.

Pursuant to Minute No. 16/18, the Internal Audit and Risk Manager agreed to circulate the training survey to new Members of the Committee and to submit a report to the next meeting on future training options. A suggestion that invitations to the training might be extended to equivalent Members at South Cambridgeshire District and Cambridge City Councils was supported.

RESOLVED

that the report now submitted be received and noted.

## **9. REVIEW OF FRAUD INVESTIGATION ACTIVITY**

Consideration was given to a report by the Revenues and Benefits Manager (a copy of which is appended in the Minute Book) which provided an overview of the activity of the Corporate Fraud Team during 2016/17, as required by the Council's Anti-Fraud and Corruptions Strategy.

In response to a question by a Member, the Committee was informed that the Fraud Team took into account the type of allegation and the information provided when deciding whether to undertake investigations. Following a further question, the Committee also was informed that the number of prosecutions in the year had declined because responsibility for investigating Housing Benefit fraud had transferred to the Department for Work and Pensions.

With regard to the cost of the Fraud Team and the value it achieved, Members were advised of the difficulty experienced in calculating the income the Team generated because repayments often were made over a number of years, the value of fraud that had ceased as a result of investigations could not be quantified and extent to which fraud was deterred was not known. Members, nevertheless, endorsed the role of the Team in providing a strong deterrent against fraud and commended its work in the previous year.

Given that the number of Officers in the Team had decreased and additional work would be undertaken to support the Human Resources section following its transfer back to the Council, Members recommended that the Team's workload should be monitored. Whereupon, it was

RESOLVED

that the contents of the report now submitted be noted.

#### **10. INTERNAL AUDIT SERVICE: ANNUAL REPORT AND INTERNAL AUDIT CHARTER REVIEW**

In compliance with the Public Sector Internal Audit Standards (PSIAS), the Committee gave consideration to the Annual Report and opinion by the Internal Audit and Risk Manager (a copy of which is appended in the Minute Book). The report referred to the work undertaken by Internal Audit during the period 1st April 2016 to 31st March 2017 to support the opinion statement that at April 2017 the Council's internal control environment and systems of internal control provide adequate assurance over key business processes and financial systems.

The Committee discussed the audit planning process. During the year, the lowest rate of completion of audit actions since 2008/09 had been experienced while the highest level of unplanned work had been undertaken, with the result that the internal Audit and Risk Manager had been at risk of not being able to form an audit Opinion. Although it was likely that these trends would not be repeated, Members concurred with a suggestion that audit resources should be directed at the areas where they were needed most and that a more agile approach should be adopted.

The Committee went on to examine the audit of service areas. With regard to data protection, the Council's response to the General Data Protection Regulation would be contained in an action plan to be produced in June. Similarly, a group of Heads of Services would be meeting in June to review of the Council's safeguarding arrangements and the implementation of the Code of Practice for undertaking Disclosure and Barring Service checks. Councillor S J Conboy

requested that the review should consider establishing the Council as an “umbrella” organisation to sign checks on behalf of parish councils and Councillor R J West suggested that it should look at whether Members required checks.

Members were advised that following a review, no changes to the Internal Audit Charter were required to conform to the PSIAS. A Quality Assessment and Improvement Programme had been in place throughout the year, which had also been reviewed by the Internal Audit and Risk Manager, and no significant areas of non-conformance had been identified.

RESOLVED

- a) that the Annual Report on the work of the Internal Audit Service and the Internal Audit and Risk Manager’s Opinion be noted, and
- b) that the position in respect of the Internal Audit Charter be noted.

**11. WHISTLEBLOWING POLICY, GUIDANCE AND CONCERNS RECEIVED**

Consideration was given to a report by the Internal Audit and Risk Manager (a copy of which is appended in the Minute Book) regarding the Council’s Whistleblowing Policy and Guidance following the annual review. Having noted the internal and external allegations received and the steps that had been taken to deal with them, it was

RESOLVED

- a) that the outcome of the annual review of the Whistleblowing Policy and Guidance be noted, and
- b) that the whistleblowing allegations received in 2016/16 and the action taken be noted.

Chairman