

A meeting of the **CORPORATE GOVERNANCE COMMITTEE** will be held in **CIVIC SUITE 0.1A, PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON PE29 3TN** on **WEDNESDAY, 24 MAY 2017** at **7:00 PM** and you are requested to attend for the transaction of the following business:-

**Contact
(01480)**

APOLOGIES

1. MINUTES (Pages 5 - 14)

To approve as a correct record the Minutes of the meetings of the Committee held on 22nd March and 17th May 2017. (The Minutes of the meeting held on 17th May 2017 will follow).

**A Roberts
388015**

2. MEMBERS' INTERESTS

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

3. CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT (Pages 15 - 22)

To receive the Corporate Governance Committee Progress Report.

**A Roberts
388015**

4. REVIEW OF FRAUD INVESTIGATION ACTIVITY (Pages 23 - 26)

To consider a report by the Revenues and Benefits Manager containing a summary of the activity of the Council's Corporate Fraud Team in 2016/17, including the number of investigations undertaken, types of investigation and the value of the fraud identified.

**A Burns
388122
L Martin
388861**

5. INTERNAL AUDIT SERVICE: ANNUAL REPORT AND INTERNAL AUDIT CHARTER REVIEW (Pages 27 - 44)

To receive the Annual Report and Audit Opinion of the Internal Audit and Risk Manager.

**D Harwood
388115**

6. NON-IMPLEMENTATION OF INTERNAL AUDIT ACTIONS: A NEW FRAMEWORK GOING FORWARD (Pages 45 - 78)

To consider a report by the Head of Resources on the implementation of audit actions.

**C Mason
388157**

7. WHISTLEBLOWING POLICY, GUIDANCE AND CONCERNS RECEIVED (Pages 79 - 82)

To consider a report by the Internal Audit and Risk Manager on the outcome of a review of the Whistleblowing Policy and Guidance and

**D Harwood
388115**

on the allegations received under the Policy in the year to the end of March 2017.

Dated this 16 day of May 2017



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 Anthony Roberts, Democratic Services, Tel: 01480 388015 / email Anthony.Roberts@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.

This page is intentionally left blank

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, 22 March 2017.

PRESENT: Councillor M Francis – Chairman.

Councillors Mrs S Conboy, T Hayward, P Kadewere, Mrs R E Mathews, R J West and D M Tysoe.

APOLOGIES: Apologies for absence from the meeting were submitted on behalf of Councillors K M Baker, E R Butler, D B Dew, Mrs L A Duffy and Mrs A Donaldson.

4. MELANIE SAGE

The Chairman reported to the Committee upon the safe arrival of Democratic Services Officer Melanie Sage's baby girl and Members asked that their best wishes and congratulations be conveyed to her.

5. MINUTES

The Minutes of the meeting of the Corporate Governance Committee held on 25th January 2017 were approved as a correct record and signed by the Chairman.

6. MEMBERS' INTERESTS

No declarations were received.

7. CORPORATE GOVERNANCE PANEL PROGRESS REPORT

The Committee received and noted a report on progress (a copy of which is appended in the Minute Book) detailing progress of decisions and action taken at previous meetings. In so doing, Councillor T Hayward drew Members attention to the decisions on 'Implementation of Audit Actions' and 'Skills, Knowledge and Effectiveness Review', which it had been suggested should be deleted from future lists. Members agreed that these actions continued to be ongoing and should remain on the progress report.

8. GRANT CERTIFICATION 2015/16

Consideration was given to a report by the Benefits Development and Support Team Manager (a copy of which is appended in the Minute Book) to which was attached the External Auditor's Annual Certification Report 2015/16 produced by Ernst and Young following its audit of Housing Benefit grant.

Members were reminded that the District Council administered the Housing Benefits Scheme and claimed a subsidy on behalf of the Department of Work and Pensions (DWP). In 2015/16 the Council

received £35.4m of Housing Benefit grant and was subject to external audit.

Members were informed that if an error was identified the audit instructions required that additional testing was undertaken. Several minor errors were identified during the audit but there being no materiality on external audit grant certification work for the Department of Works and Pensions, these had not resulted in an increase to the charges. The errors identified amounted to £205 in the context of the total benefits budget of £35m with 7,300 cases, so it was suggested that they were minimal.

The Benefits Development and Support Team Manager assured Members that given the complexity of the legislation surrounding Housing Benefits regular checks were undertaken throughout the year and training sessions held for all staff. It was further noted that the fee charged for testing by the auditors had reduced by £5k compared with charges in the previous year.

The Chairman and Members of the Committee commended the Benefits Development and Support Team Manager and her Team on the accomplishment of such a minimal number of errors identified within the scope of the wider budget for Housing Benefits and were reassured by the level of training that was undertaken throughout the year.

In response to a question by Councillor D M Tysoe on individual targets for avoidance of errors by officers, it was explained that Officers were given targets and if any errors were identified these would be corrected and checked for any trends arising.

Arising from concerns raised by Members on the certification guidance and low level of testing of samples, Mr N Harris, Executive Director, Ernst and Young, stated that there were restrictions in the methodology imposed by their regulator and the DWP but there was provision to extend the testing further should a number of errors arise. Furthermore the Benefits Development and Support Team Manager advised Members that there was extensive checking undertaken prior to the submission of the claim.

A question was raised by Councillor P Kadewere on how Officer and applicant errors were treated. The Benefits Development and Support Team Manager explained the process for reclaiming any errors in overpayment. Whereupon it was,

RESOLVED

that the Committee noted the contents of the External Auditor's Annual Certification Report 2015/16.

9. CODE OF PROCUREMENT

By way of a report from the Procurement Manager (a copy of which is appended in the Minute Book) the Committee was presented with the outcome of a review of the Code of Procurement. The Code was reviewed on an annual basis to ensure it reflected current legislation and the changing needs of the Council.

Attention was drawn to four significant changes to the Code, specifically formalising the rules of disposal, harmonisation of tender thresholds to £100k in line with the partner authorities of South Cambridgeshire District Council and Cambridge City Council, amending the threshold limit for single quotes approved by Heads of Service and implementing changes to collect income tax and national insurance through Pay-As-You-Earn for consultants and contractors in accordance with the Finance Bill 2017.

Arising from questions by Members on the specific proposed changes, the Procurement Manager explained that frameworks existed for specific work streams to enable contracts to be retained for a specific period of time and it was further explained that the Council and partner authorities had benefited from obtaining a reduction in some areas as a result of aggregating demand. Members also noted the procedure for awarding tenders and, in the context of supporting SMEs, the Procurement Manager reported that he had run training sessions providing advice on how to bid and where to obtain information on contracts to be let.

Having supported the proposed changes and in noting that a procedure template would be produced for Heads of Service to complete on single quote approvals and details presented quarterly to the Committee, it was

RECOMMENDED

that the Council adopt the changes to the Code of Procurement, as outlined in Appendix 2 to the report now submitted.

10. THE CODE OF CONDUCT AND THE REGISTER OF DISCLOSABLE PECUNIARY INTERESTS

By means of a report by the Members' Support Assistant (a copy of which is appended in the Minute Book) the Committee was updated on the adoption of a Code of Conduct by Town and Parish Councils and on the receipt and publication of register of interests forms on behalf of District and Town and Parish Councillors.

Members were informed that, of the 71 Town and Parish Councils, 44 had their full Register published on the Council's website, which comprised the Disclosable Pecuniary Interests (DPI) forms of all Councillors, with 27 parishes holding vacancies.

In terms of individual DPIs, 608 out of a total of 650 had been received from Parish Councillors, two were outstanding and 40 were vacancies. The forms of all District Councillors had been published on the Council's website.

In response to questions, Members were advised by the Elections and Democratic Services Manager that Town and Parish Clerks were regularly reminded of the requirement to submit DPI forms and it was requested that an audit be undertaken of those parishes that had adopted their own version of the Code to ensure compliance.

RESOLVED

that the contents of the report be noted.

11. PROGRESS REPORT ON BUSINESS CONTINUITY PLANNING

Further to Minute No. 38 of the meeting held on 7th December 2016 and by way of a report by the Corporate Team Manager (a copy of which is appended in the Minute Book) the Committee received an update on progress made regarding revisions to Business Continuity Planning processes at the Council. In so doing Members were advised that the revised Business Continuity Plan (BCP) had been completed in January 2017 and had been issued to Senior Management Team.

The Corporate Team Manager explained that the BCP had been reduced to a single organisational plan and references to lists of Officer names replaced by specific job roles. It was further noted that a test of the BCP would be undertaken and an audit would be carried out by Internal Audit in March/April 2017 prior to issuing an updated BCP in May 2017.

In noting the timescale for testing and audit of the BCP, the Committee

RESOLVED

that progress made on the revised Business Continuity Plan be noted.

12. EXTERNAL AUDIT PLAN 2016/17

(Mr Neil Harris, Hayley Clark and Sadaf Zahid of Ernst and Young, the Council's External Auditors, were in attendance for consideration of this item).

The Panel received a report by the Head of Resources (a copy of which is appended in the Minute Book) to which was attached the Council's External Audit Plan 2016/17 produced by the External Auditors Ernst and Young. In introducing his Team to the Committee, Mr Harris explained how they had intended to complete the audit looking at the risks relevant to the financial statements and conclusion on arrangements to secure a value for money opinion.

Attention was drawn to the current assessment of financial risks, specifically the significant risks of fraud in revenue recognition and risk of management override, both not unique to the Council but driven by the Auditor's professional audit standards as issued by the National Audit Office. Furthermore Members noted the other financial risks in the presentation of financial statements, valuation of fixed assets and the pension liability. Mr Harris reported upon the materiality of the financial statements of £1.7m based upon 2% of gross revenue expenditure, with any uncorrected audit misstatements greater than £86,479 to be reported to the Council.

Members noted the indicative fee scale for the audit of the Council,

not taking into account any additional work that may be required, and the timetable detailing the key stages of the audit. Particular mention was made of the difficulties experienced by Ernst and Young last year with the delay in completion of the audit and requirement to reschedule the meeting of the Committee. Mr Harris reassured Members that he was keen not to repeat the same issue and had allocated appropriate resources to complete the work. As last year had also been the first year Ernst and Young had undertaken the audit of the Council, Mr Harris intimated that they had a clearer understanding of the business and there was not the requirement for detailed handover discussions to be undertaken with the previous External Auditors, PricewaterhouseCoopers.

Following commendation on the clarity of the report, Councillor Ms R E Mathews questioned the level of materiality, whereupon Mr Harris explained that this had been prescribed by the audit methodology and confirmed that anything identified below the £86k would be highlighted in the audit report.

In commending the report, Councillor Mrs S J Conboy indicated her concerns with the challenge of budget setting and Mr Harris explained that even if the value for money conclusion was not significant the audit would continue to look at the budget setting process and assumptions made for future years with any concerns raised with Officers and Members.

The Chairman referred to the Council's Commercial Investment Strategy and the fact that some local authorities were over extending themselves but he had been reassured that the Auditors had been reviewing progress. Whereupon Mr Harris suggested that the Council had been investing at the right pace and not exposing itself to any unnecessary risk, whilst commending its outlook in identifying other ways to remain sustainable.

The Chairman requested to meet privately with the External Auditors before the 2016/17 annual accounts were submitted to the Committee for approval and Mr Harris agreed that a meeting would be arranged. Whereupon, the Committee

RESOLVED

- (a) that the content of the External Audit Plan for 2016/17 be noted as set in Appendix 1 to the report now submitted; and
- (b) that the timetable and level of updates reported to the Committee during the audit process be noted.

13. EXTERNAL AUDITOR ISA 260 REPORT - IMPLEMENTATION OF RECOMMENDATIONS

Consideration was given to a report by the Head of Resources (a copy of which is appended in the Minute Book), which provided an update of the findings and recommendations of the Annual Audit Letter that had been issued by the External Auditor. Members were reminded of the two control themes and observations that had been identified, specifically how the income bank accounts had not

reconciled with the relevant bank statements and failure to reconcile the valuation of the fixed assets with the Fixed Asset Register.

The Finance Manager explained that the reconciliations with the bank account statements had been completed in accordance with the target for completion, that was, within 30 days of the end of each month; however January had been delayed due to staff resourcing issues. Members noted that this would be completed by 24th March 2017. It was also noted that additional checks had been put in place in the closing of the accounts process for the year end to ensure robustness and avoidance of a similar error in the reconciliation.

RESOLVED

that the action taken to address the two identified control themes and observations as set out in the Annual Audit Letter be noted.

14. ACCOUNTING POLICIES FOR ANNUAL FINANCIAL REPORT 2016/17

Consideration was given to a report by the Finance Manager (a copy of which is appended in the Minute Book) on the outcome of the annual review of accounting policies applied by the authority when producing the Annual Financial Report 2016/17. Members were reminded that best practice required the Council regularly to review its adopted accounting policies to ensure that they remained appropriate and reflected any changes in accounting requirements.

The Committee were informed that four policies required amendment, two of which were considered significant. The two minor policies would not have any direct financial implications for the Council. The Minimum Revenue Provision (MRP) in respect of the Commercial Investment Strategy (CIS) had not impacted in the 2016/17 closure of accounts but the Finance Manager reported upon the new policy for 2017/18 to allow the financing of CIS expenditure with maturity loans. He advised Members that careful consideration would be given to selling any assets should there be a fall in the market. It was noted that this was regularly under review by the Treasury and Capital Management Group.

In supporting the principles of the MRP and the repayment of any loan finance supporting the investments, the Committee

RESOLVED

that the amendments to the accounting policies for 2016/17, as set out in Appendix 1 to the report now submitted, be approved.

15. INTERNAL AUDIT SERVICE: INTERNAL ANNUAL PLAN

The Panel considered a report by the Internal Audit and Risk Manager (a copy of which is appended in the Minute Book) detailing Internal Audit's planning process and Internal Audit Plan for 2017/18

as required by the Public Sector Internal Audit Standards.

Attention was drawn to the recent secondment of a member of the Audit Team to the Council's Transformation Programme for one year and Members noted the impact that this would have on delivering the Audit Plan by reducing the number of available audit days. The Committee were informed that BDO, the IT internal audit service provider, had agreed in principle to deliver 140 audit days during 2017/18 which would be funded from the current service budget.

In noting a proposed change to the audit planning process to ensure its flexibility and fluidity, Members were advised that the Internal Audit Plan might not be received at the March meeting of the Committee each year, rather updates would be received on a more frequent basis throughout the year.

In discussing the secondment of a member of the Audit Team to the Transformation Programme, the Internal Audit and Risk Manager committed to include in the Audit Plan the impact of the Programme on the Council and Members noted that this might have an impact on the planned reviews already contained in the Plan. An update would be provided to the Head of Resources and Chairman of the Committee and any future changes reported to the Committee. Councillor R West also indicated his disappointment that the successful Audit Team had been disrupted to allow for the secondment opportunity and the Corporate Team Manager outlined to Members the circumstances of the resource transfer following the launch of the Transformation event in November 2016 and requests for volunteers to assist the Programme.

Councillor T Hayward expressed his concern for existing staff resources being asked to undertake more work with fewer resources. The Internal Audit and Risk Manager advised the Committee that resourcing appeared to be impacting on internal control and it was possible that the overall level of assurance might be reduced from adequate assurance to limited assurance within his annual report, which would be presented to the Committee in May.

In noting that the identified resources would be sufficient to deliver the Audit Plan, the Committee

RESOLVED

that the Internal Audit Plan for 2017/18 be approved.

16. IMPLEMENTATION OF AUDIT ACTIONS

Further to Minute No. 41 of the meeting of the Committee held on the 7th December 2016 and by way of a report by the Internal Audit and Risk Manager (a copy of which is appended in the Minute Book) in light of Members' concerns raised previously the Committee were presented with an update on the current position with regard to the implementation of agreed audit actions for the year ending 28th February 2017.

Attention was drawn to an analysis of agreed audit actions and the Chairman reminded Members of the directive from Senior

Management Team that all agreed internal audit actions should be introduced on time. With reference to the 14 overdue audit actions assigned to the Head of Digital and ICT, Members noted that these actions had been inherited by the new Head of Service who had commenced his role in January 2017. He would be working to complete these overdue actions and a reduction was anticipated by May 2017.

Arising from a request by Members, the analysis of audit actions had now included details of the period of time since an action became overdue. A further analysis was presented to the Committee detailing the extension of time that had been awarded to the 25 overdue audit actions. Discussion ensued on the various reasons as to why these audit actions had not been completed in the context of the actual size and scale of the audit action required.

Concern was expressed by Members at the number of overdue audit actions and perceived attitude of those Officers responsible for implementation/action. They also discussed the support that could be provided to assist with their completion. In so doing Councillor Mrs S J Conboy indicated her struggle as Member of the Committee with the principles contained in the report, in particular the cultural emphasis on the value of Internal Audit, which should be perceived as independent and treated with respect for its function. It was suggested that Officers should be accountable for the completion of audit actions and delivery should form part of the performance monitoring process. Comment also was made that the Committee needed assurance the Council was delivering as a business and that further details should be provided to Members to ensure that actions were implemented in a timely manner.

With this in mind it was suggested that the Chairman should meet with the Managing Director before the next meeting to present the concerns and frustration of the Committee and to convey Members' desire to provide assistance to manage risks and maintain their monitoring role. Whereupon, the Committee

RESOLVED

- (a) that the contents of the report be noted; and
- (b) that a meeting be arranged with the Chairman and Managing Director to present the views of the Committee with regard to the outstanding audit actions and progress be reviewed at a future meeting.

17. PROGRESS ON ISSUES ARISING FROM THE 2015/16 ANNUAL GOVERNANCE STATEMENT

By way of a report by the Internal Audit and Risk Manager (a copy of which is appended in the Minute Book) the Committee reviewed progress made to date in respect of the two key improvement areas identified in the 2015/16 Annual Governance Statement. Members were reminded of the two areas for improvement, specifically the requirement to improve debt management and the continued development of effective governance and reporting arrangements for shared services, and informed of the action taken in each area.

With regard to debt management, Members commended progress made but requested further detail on how the reduction of debt had been managed from £2.2m to £1.1m in the nine month period ending February 2017, specifically whether any of this debt had been written off.

In referring to the action taken in reporting arrangements for shared services, the Committee highlighted their concerns regarding the lack of detail and Members noted that reports had been presented to the Overview and Scrutiny Panels and the Cabinet on their performance, but very little information was available on the governance arrangements. It was further suggested that a mechanism needed to be available for issues to be referred back to the Overview and Scrutiny Panels and the Internal Audit and Risk Manager undertook to ensure issues highlighted from the Annual Governance Statement were brought to the attention of the relevant Overview and Scrutiny Panel.

RESOLVED

- (a) that progress made in introducing the key improvement areas arising from the 2015/16 Annual Governance Statement when undertaking the 2016/17 governance review be noted; and
- (b) that the Finance Manger be requested to provide further detail of how the outstanding debt had been managed to be circulated to all Members of the Committee.

18. REVIEW OF THE EFFECTIVENESS OF THE CORPORATE GOVERNANCE COMMITTEE

Consideration was given to a report by the Internal Audit and Risk Manager (a copy of which is appended in the Minute Book) summarising the outcome of a review of the effectiveness of the Corporate Governance Committee following an informal meeting held with Members on 25th January 2017. It was concluded that the Committee had sufficient resources to fulfil its terms of reference and performed its role effectively and independently. Members accepted that opportunities existed to improve the effectiveness of the Committee as summarised in the report now submitted, together with proposed amendments to the terms of reference of the Committee.

Members considered whether or not they wished to commission an external review of the Committee's effectiveness, at an estimated cost of £3k, which could be combined with a review of the Internal Audit service. If accepted, the work would be scheduled for completion by no later than March 2019. Members supported this proposal and concluded that as potential changes to the membership of the Committee might occur after May 2017 and whole Council elections would be held in May 2018 the timeframe of March 2019 was appropriate.

Arising from earlier discussion on the working relationship between the Committee and the Overview and Scrutiny Panels, the Committee

agreed that its work plan should not be expanded but, when appropriate, issues of concern not directly related to their own terms of reference should be passed to the relevant Overview and Scrutiny Panel for consideration with appropriate feedback to the Committee to assist in the preparation of the Annual Governance Statement.

Councillor T Hayward requested that consideration be given to encouraging the retention of the same Members on the Committee. It was explained that this was a Group decision on an annual basis dependent upon the political composition of the Council. There was no decision reached as to whether or not 'subject experts' should be introduced. Whereupon, the Committee

RESOLVED

- (a) that the opportunities identified to further improve Committee effectiveness as outlined in the report now submitted (Items 3-6) be approved;
- (b) that relevant issues of concern be referred to the Overview and Scrutiny Panels for consideration and appropriate feedback procedures introduced; and
- (c) that an external review of effectiveness of the Committee be commissioned to coincide with the review of the Internal Audit service due for completion by March 2019.

It was further

RECOMMENDED

that the Council approve the changes to the terms of reference of the Corporate Governance Committee as attached at Appendix 1 to the report now submitted.

Chairman

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>This has been further discussed with Senior Management Team and it was agreed that a one Organisational Plan approach would be followed.</p> <p>Discussions had been held with IT on some file storage issues.</p> <p>The template was prepared in July and a first draft of a new Plan was issued in September.</p>	Corporate Team Manager	

CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

Committee	Decisions	Date for Action	Action Taken	Officer Responsible	Delete from future list
07/12/2016	<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> <p>In noting the progress report on revising the Business Continuity Plans presented to the Committee, it was also requested that a further update report be presented to the Corporate Governance Committee meeting in March 2017.</p>	<p>Update report to be presented to the Corporate Governance Committee on 22 March 2017</p>	<p>One Organisational Plan approach with an additional Plan for Customer Services.</p> <p>Internal Audit would undertake a test of the Plan in Quarter 4 with desktop and scenario planning in 2017/18, the outcomes of which would determine further testing if required.</p> <p>At the scenario planning stage the Committee would be informed to enable the understanding of what was required of the Council.</p> <p>The new Plan was issued in February 2017.</p> <p>A Progress Report on Business Continuity Planning was listed as an item of business on the Agenda.</p>		

CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

Committee	Decisions	Date for Action	Action Taken	Officer Responsible	Delete from future list
22/3/17	BCP to be tested. Audit of BCP by Internal Audit.	March / April 2017		Corporate Team Manager Internal Audit and Risk Manager	
20/07/2016 27/09/2016	<u>Implementation of Internal Audit Actions</u> Due to the deteriorating position with the introduction of agreed internal audit actions, the Committee requested an update on the current position. This was provided at the Committee meeting in September 2016. In referring to the percentage of audit actions that been introduced on time versus those that had been introduced late, reassurance was sought from Senior Management Team that such actions were taken seriously. Following circulation of the September and October 2016 reports of implementation of			Internal Audit and Risk Manager	

CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

Committee	Decisions	Date for Action	Action Taken	Officer Responsible	Delete from future list
07/12/2016	<p>agreed audit actions it was resolved to consider inviting the relevant Executive Councillor to the meeting of the Committee on the 7 December 2016 as necessary.</p> <p>The Committee discussed options on how best to progress the matter so the number of audit actions improved.</p> <p>The Committee wanted a strong message conveyed to the Corporate Management Team to express the disappointment of the Committee at the continued decline in the percentage of agreed internal audit actions implemented on time.</p> <p>The Executive Councillor for Strategic Resources confirmed that he would discuss the matter with the Managing Director to convey the sentiments of the Committee.</p> <p>The Committee resolved that the Managing Director or one of the Corporate Directors attend a future Corporate Governance Committee</p>	21/12/2016	<p>At the request of the Committee an additional column was included in the report to indicate how long an internal audit action had been overdue.</p> <p>A report on Implementation of Agreed Audit Actions was listed as an item of business on the Agenda.</p>		

CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

Committee	Decisions	Date for Action	Action Taken	Officer Responsible	Delete from future list
	Governance Committee meeting be arranged in January or February to undertake an effectiveness review.		An Informal Corporate Governance Committee was held on 25 January 2017 for a self-assessment review of its own effectiveness.		
22/3/2017	<p align="center"><u>Internal Audit Plan</u></p> <p>Update on Internal Audit Plan to be submitted to the Committee throughout the year.</p> <p>Impact of Transformation Plan to be included in the Audit Plan.</p> <p>Chairman of CGC and Head of Resources to receive update and changes to be reported to the CGC.</p>	<p align="center">3/2017</p> <p align="center">3/2017</p> <p align="center">Ongoing</p>		Internal Audit and Risk Manager	Yes
22/3/2017	<p align="center"><u>2015/16 Annual Governance Statement Progress</u></p> <p>Internal Audit and Risk Manager to refer issues highlighted in the Annual Governance Statement to the relevant Overview and Scrutiny Panel</p> <p>Finance Manger to provide further detail of how the</p>	<p align="center">3/2017</p> <p align="center">3/2017</p>		Internal Audit and Risk Manager Finance Manager	Yes

CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

Committee	Decisions	Date for Action	Action Taken	Officer Responsible	Delete from future list
	outstanding debt has been managed to be circulated to all Members of the Committee				
22/3/2017	<p align="center"><u>Review of Effectiveness of the Committee</u></p> <p>External review of the Committee and Internal Audit to be commissioned</p> <p>Revised Terms of Reference to be submitted to the Council for approval.</p>	<p align="center">3/2019</p> <p align="center">20/3/2017</p>	Changes submitted to Council	<p>Internal Audit and Risk Manager</p> <p>Elections and Democratic Services Manager</p>	Yes
22/3/2017	<p align="center"><u>Code of Procurement</u></p> <p>Details of single tender approvals to be submitted to the Committee on a quarterly basis.</p>	12/6/2017 onwards		Procurement Manager	Yes
22/3/2017	<p align="center"><u>Code of Conduct and Register of Disclosable Pecuniary Interests</u></p> <p>Audit to be undertaken of those parishes that have adopted</p>	2017		Internal Audit	

CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

Committee	Decisions	Date for Action	Action Taken	Officer Responsible	Delete from future list
	their own version of the Code of Conduct.			and Risk Manager	

Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Review of Fraud Investigation Activity
Meeting/Date: Corporate Governance Committee – 24 May 2017
Executive Portfolio: Executive Councillor for Strategic Resources
Report by: Revenues & Benefits Manager
Ward(s) affected: All

Executive Summary:

This report provides an overview of the activity of the Corporate Fraud Team (CFT) for 2016/17 in line with the requirement set out in the Council's Anti-Fraud and Corruption Strategy.

During the year, the team:

- Received 685 allegations of fraud
- Investigated 366 cases and identified fraud valued at £415,106
- Recovered 8 social housing properties
- Carried out 8 prosecutions
- Administered 15 Council Tax Penalties giving an income of £1,190
- Administered 11 Administrative Penalties giving an income of £7,756
- Checked 80 homeless applications between 1/12/16 and 31/3/17

Recommendation:

The Corporate Governance Committee is invited to comment on the contents of this report which details the work that has been undertaken by the Corporate Fraud Team during 2016/17.

1. PURPOSE OF THE REPORT

- 1.1 This report provides a summary of the activity of the Council's Corporate Fraud Team in 2016/17 including the number of investigations undertaken, types of investigation and the value of the fraud identified.

2. BACKGROUND

- 2.1 The CFT plays a key role in ensuring that the Council meets its requirements under the Anti-Fraud and Corruption Strategy by providing a comprehensive fraud service across the whole of the Council.
- 2.2 The team consists of a manager, an investigation officer and an intelligence and analyst officer. (During 2016/17, an additional investigation officer post was funded through a Department for Communities and Local Government grant.) Priorities are determined by the available resource and are targeted at services where the greatest risk of fraud has been identified.
- 2.3 The team's main emphasis has been Council Tax Support (CTS), Single Person Discount (SPD) fraud and Tenancy Fraud.

3. ANALYSIS/WORK UNDERTAKEN

- 3.1 The outturn figures compare favourably with the previous year:

	2015/16	2016/17
Allegations of fraud	594	685
Cases investigated	332	366
Cases where fraud was found	135 (41%)	156 (42.5%)
Social housing recovered	11	8
Prosecutions	27	8
Penalties/fines	24	26

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

Council Tax Support (CTS)	£ 49,484
Council Tax Discounts	£ 31,904
Value of Council Tax fines	£ 1,190
Value of Administrative Penalties	£ 7,756
Court Costs awarded	£ 1,955
Identified 2 un-banded properties for Council Tax	£ 2,193
Housing Benefit*	£ 176,624
Value of social housing recovered**	£ 144,000

*During the investigation of Council Tax Support and Council Tax Discount cases, the team regularly find discrepancies in Housing Benefit, details of which are passed on to the Department for Work and Pensions (DWP) to deal with. As this fraud would unlikely to have been identified without HDC input, the value of this fraud is included in the figures above.

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

There was a reduction in the number of prosecutions during 2016/17. This is because responsibility for investigating Housing Benefit fraud transferred to the DWP in May 2015. The value of CTS and SPD cases tends to be comparatively low and it is not always appropriate or in the public interest to prosecute when alternative sanctions are deemed more appropriate; however each case is considered on an individual basis.

- 3.2 The team regularly issues press releases in respect of successful prosecutions in order to highlight the consequences of committing fraud against the Council.
- 3.3 Since December 2016, the CFT has worked closely with the Housing Needs Team by checking all homeless applications. Of the 80 applications checked, around half of them had inconsistencies in the information provided, e.g. failing to disclose addresses or ownership of properties. Not all inconsistencies will have a detrimental effect on someone's application for housing but one application check highlighted that the applicant was a joint owner of another property which they had failed to disclose. When the applicant was confronted with this information they withdrew their application to be housed. Another check established the applicant had been the previous tenant of a Housing Association property but had left with large arrears. This information had not been disclosed and as a consequence they had their banding reduced.
- 3.4 The Team also acts as the Single Point of Contact (SPOC) with regard to providing the DWP with information regarding Housing Benefit claims. In the last year this included dealing with 700 requests for information in relation to potentially fraudulent claims.

4. KEY IMPACTS / RISKS

- 4.1 The Council remains at risk of fraudulent activity against its services and so the presence and work of the CFT helps to mitigate this risk. A Workplan has been developed for 2017/18 setting out the main priorities for the team; but they are open to look at new areas of risk that may occur across the Council and work with any service area as needed.

5. WHAT ACTIONS WILL BE TAKEN

- 5.1 The team will continue to be proactive in identifying and investigating allegations of fraud and corruption against the Council. A key aim for 2017/18 is to continue joint working relationships with local housing associations to ensure that social housing is allocated to those with a genuine need due to the increasing pressure on this limited resource and the work with the Housing Needs Team in checking homeless and housing register applications. The team is also considering new areas of fraud and will be looking at Blue Badge fraud in the district. With the HR team returning in house, the CFT will be looking to provide an additional resource to HR in investigating and assisting in staff matters. Training with ACAS and a neighbouring authority has already been arranged.
- 5.2 The Team has purchased a new piece of software which is hoped will enhance capacity to do internal data matching and may make a useful contribution to identifying the new homes bonus.

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

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

7. RESOURCE IMPLICATIONS

7.1 Fraud Team costs for 2016/17 were £136,391.

8. REASONS FOR THE RECOMMENDED DECISIONS

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

CONTACT OFFICERS

Amanda Burns, Revenues & Benefits Manager

☎ 01480 388122

amanda.burns@huntingdonshire.gov.uk

Lorraine Martin, Corporate Fraud Manager

☎ 01480 388861

loraine.martin@huntingdonshire.gov.uk

**Public
Key Decision – No**

HUNTINGDONSHIRE DISTRICT COUNCIL

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

Meeting/Date: Corporate Governance Committee – 24 May 2017

Executive Portfolio: Strategic Resources: Councillor J A Gray

Report by: Internal Audit & Risk Manager

Wards affected: All Wards

Executive Summary:

The Public Sector Internal Audit Standards (PSIAS) requires the Committee to receive an annual report on the work of the Internal Audit Service. The report is required to include:

- The opinion
- A summary of the work that supports the opinion; and
- A statement on conformance with the PSIAS and the results of the quality assurance and improvement programme.

This report details the work undertaken by Internal Audit during the year ending 31 March 2017 to support the following opinion statement.

Audit Opinion

Based upon work undertaken and statements from external assurance providers, it is my opinion that the Council's internal control environment and systems of internal control as at 31 March 2017 provide adequate assurance over key business processes and financial systems.

David Harwood
Internal Audit & Risk Manager

April 2017

The assurance opinion is at the same level as last year.

The opinion is based on the outcome of 27 audit reviews and the quarterly review of five key financial systems. Ten audits have been given a limited assurance rating. Of these, two – safeguarding and the management of complaints - are of significant concern due to the potential impact upon service delivery arrangements or non-delivery of the objectives set out in the Customer Service Strategy

It is pleasing to be able to report that internal controls operating in the Accounts Receivable system have improved and the area has been given an increased assurance rating, up from 'little' to 'adequate'.

The percentage of agreed management actions introduced on time as at 31 March 2017 was 31% against a target of 100%. This is the lowest recorded figure for the year. The percentage average for 2016/17 of 41%.

The 2016/17 audit plan included 20 days contingency allowance. However over 150 days have been spent on unplanned activities during the year. Whilst 39 days of this time can be attributed to internal audit reviews taking longer than anticipated, the remainder of the time has been spent on a variety of tasks, including the Lean review of the service, staff development opportunities, investigations and the internal audit shared service arrangements. As a result, nine audit reviews included in the approved plan have not been undertaken. A further four audits were omitted and substituted by alternative audit reviews.

The amount of unplanned time incurred is unprecedented. It highlights the need to review the audit planning and approval process, so that non-delivery of the audit plan, (which is approved ahead of the financial year to which it relates) is not seen as a service failure.

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

Quality Assurance and Improvement Programme

One of the major elements of the PSIAS is the requirement to maintain a quality assessment and improvement programme (QAIP). This has been in place throughout the year. The IARM undertook in April 2017 a self-assessment review to evaluate Internal Audit's conformance with the PSIAS. This self-assessment did not identify any significant areas of non-conformance.

Audit Charter

A review of the Internal Audit Charter has also been conducted. A number of amendments were made to the PSIAS in April 2017. These are minor in nature. After comparing the revised PSIAS against the current Audit Charter the IARM considers that no change is required to the Charter as it adequately deals with the April 2017 amendments.

RECOMMENDATION

It is recommended that the Committee:

1. Consider and comment upon the report; and
2. Take into account the Internal Audit & Risk Manager's opinion when considering the Annual Governance Statement for 2016/17.

1. PURPOSE OF THE REPORT

- 1.1 This is the annual report of the Internal Audit & Risk Manager (IARM). It covers the period 1 April 2016 to 31 March 2017.
- 1.2 The report includes the IARM annual opinion on the overall adequacy and effectiveness of the Council's internal control and governance processes.

2. WHY IS THIS REPORT NECESSARY

- 2.1 The Accounts and Audit (England) Regulations 2015 require the Council to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'.
- 2.2 The Public Sector Internal Audit Standards (PSIAS) require an annual report to be considered by the Committee as they fulfil the role of the Board (as defined by PSIAS). The PSIAS details the matters that are required to be included in the annual report. These are:
 - a) The opinion
 - b) A summary of the work that supports the opinion; and
 - c) A statement on conformance with the PSIAS and the results of the quality assurance and improvement programme.

3. ANALYSIS

Annual audit report

- 3.1 The overall opinion of adequate assurance is unchanged from last year. The internal control environment is generally effective.

There has been a higher number of limited assurance reports issued in 2016/17 than in previous years. Two of these have been highlighted in the annual report as areas of concern.

Safeguarding

The current safeguarding procedures are not effective and a fundamental review is required. The audit review found amongst others, an ad-hoc approach across Services to the assessment of safeguarding risks, piecemeal training and a lack of evidence that checks on employees suitability for employment are carried out.

Management of complaints

Customer feedback procedures are a key element of the Customer Services Strategy 2015-18. The audit revealed overly bureaucratic and time consuming systems are in place to handle customer complaints. In line with the Transformation agenda, management have agreed to undertake a Lean review of complaints handling, with the focus on ensuring investigation outcomes are in the best interests of the customer.

Quality Assessment & Improvement Programme (QAIP)

- 3.2 The Internal Audit & Risk Manager has maintained a QAIP throughout the year in accordance with the PSIAS and undertook in April 2017 a self-assessment to evaluate Internal Audit's conformance with the PSIAS.
- 3.3 The self-assessment review did not identify any areas of significant non-conformance and there are no issues that need to be brought to the attention of Committee or require inclusion in the Annual Governance Statement.
- 3.4 Improvements can always be made. The review has identified that the two issues included in the 2016 action plan remain outstanding. These are:

Regularly reviewing and updating policies and procedures to reflect changes in working practices and standards; and

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

Carrying out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance

An assurance mapping exercise was carried out to assist the 2015 AGS process, but was found too onerous to properly maintain. An alternative mapping process is being evaluated based on the findings from individual audits.

Audit Charter

- 3.5 The current Audit Charter was approved by the Committee in June 2016.
- 3.6 The PSIAS were revised in April 2017 to reflect changes introduced to the Institute of Internal Auditors International Professional Practices Framework.
- 3.7 The majority of the revisions are minor in nature and have been introduced to clarify individual Standards that make up the PSIAS. There are however two main changes:
1. Introducing safeguards when the Internal Audit Manager has roles and responsibilities that fall outside of internal auditing.
 2. The need to inform the Committee on the results of the quality assurance and improvement programme (QAIP).

Due to the IARM being responsible for insurance and risk management services as well as internal auditing, the Charter had already recognised and dealt with point 1. above. In respect of point 2, the Charter already requires that the results of the QAIP are reported to senior management and the Committee. After considering the revised PSIAS, it is proposed that no amendments are made to the Audit Charter.

4. KEY IMPACTS

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

5. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION

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

6. LINK TO THE CORPORATE PLAN

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

7. RESOURCE IMPLICATIONS

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

8. REASONS FOR THE RECOMMENDED DECISIONS

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

9. LIST OF APPENDICES INCLUDED

Appendix 1 - Internal Audit Service annual report 2016/17.

BACKGROUND PAPERS

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

CONTACT OFFICER

David Harwood, Internal Audit & Risk Manager
Telephone: 01480 388115
Email: david.harwood@huntingdonshire.gov.uk



Internal Audit Service
Annual Report
2016/17

1. INTRODUCTION

1.1 This is the annual report of the Internal Audit & Risk Manager (IARM) as required by the Public Sector Internal Audit Standards (PSIAS). It covers the period 1 April 2016 to 31 March 2017.

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

The opinion is based upon

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

1.3 The report provides information on:

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

2. OVERALL OPINION

Audit Opinion

Based upon work undertaken and statements from external assurance providers, it is my opinion that the Council's internal control environment and systems of internal control as at 31 March 2017 provide adequate assurance over key business processes and financial systems.

David Harwood
Internal Audit & Risk Manager

April 2017

2.1 Assurance can never be absolute. The audit opinion reflects the IARM view on the current state of the internal control environment and the effectiveness of the systems of internal control across the Council and provides the Committee with an opinion for inclusion in the Annual Governance Statement (AGS).

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

2.2 In preparing the internal audit plan for 2016/17, Managers were asked if they were aware of any planned reviews by external organisations from which assurance could be obtained on the operation of the internal control environment and systems of internal control. With the exception of the statutory external audit of accounts/grant certification no other external assurances were identified for 2016/17.

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

3. DELIVERY OF THE AUDIT PLAN

3.1 The Internal Audit Plan, prepared in accordance with the PSIAS, was approved by the Corporate Management Team (CMT) and the former Corporate Governance Panel in March 2016 in respect of the year ending March 2017.

3.2 The plan consisted of 30 general reviews, six IT related reviews and the quarterly key control reviews of five financial systems. At the 31 March 2017, 21 general audits and five IT audits (undertaken by BDO LLP) have been completed or were underway.

Unplanned time

3.3 The audit plan is reviewed at the end of each quarter and updated to reflect changing priorities. Committee were informed in December 2016 that an exceptional amount of unplanned time had been incurred in the period ending October 2016.

3.4 In the second half of the year, the amount of unplanned time reduced but still remained high. Overall a total of 158 days has been spent on areas not envisaged when the audit plan was prepared in February 2016.

3.5 The main areas of unplanned time are listed below:

Preparing the internal audit shared services business plan	26 days
Auditor secondment to the Transformation project	25
Undertaking on behalf of the Corporate Director (Delivery) a review of staff restructuring processes and procedures	18
External 'Lean' review of the service	16
Completing 2015/16 audit plan reviews: 3 reviews	15
Audit reviews of: Overtime	10
Flexi-time Management & Work-life Balance	7
Management of Ill Health & Sickness	7
4Action – audit action performance reporting	6
Auditor involvement in the Local Authority challenge	4

3.6 The audit plan has been frequently reviewed to take account of the unplanned activities. This has led to nine audits included in the approved plan not being undertaken. A further four audits were omitted and substituted by alternative audit reviews.

In addition, due to the delay in the implementation of the new financial management system, the planned review of system security was postponed.

Annex A contains details of the audits undertaken in 2016/17 against those included in the approved 2016/17 internal audit plan.

Internal Audit Reports Issued

3.7 Audit reports that have been issued during the period April 2016 – March 2017 are listed in the table below, grouped by assurance opinion (see Annex C for further explanation) and showing action type and number of actions.

3.8 Eight reviews from the 2015/16 audit plan were underway at the 31 March 2016. These have been completed and are included in the table below, as they inform the annual opinion statement.

Audit area		Action type & No.	
		Red	Amber
Substantial			
	IT strategy		2
Adequate			
	Staff appraisal scheme **	3	1
	IT disaster recovery	1	4
	Overtime procedures	1	3
	LGSS contract management *	1	3
	Management of street markets	1	
	Management of ill health & sickness		9
	Purchasing & corporate cards		5
	Management of vacancies		5
	Development management		5
	Bank reconciliation *		4
	Project Management of the Capital Plan *		4
	IT change management		3
	Budget forecasting, accuracy & assumptions		3
	Managing bribery risks		3
	Staff training		2
	Housing Benefits		1
Limited			
	Flexi-time management	3	4
	Effectiveness of Governance Boards *	2	4
	Cyber security	2	3
	Safeguarding **	1	
	Management of complaints	1	
	Data Protection & Information Management *		10
	Information Security *		10
	Business application security		4
	Data quality & performance indicators *		4
	Delivery of corporate & service plans *		4

* 2015/16 audit plan reviews. Reports issued in 2016/17.

** 2016/17 audit plan reviews. Fieldwork completed/draft reports issued at 31 March 2017.

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

- Implementation of policy initiatives
- Prevention of fraud
- Transformation Challenge Award

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

3.10 Three reviews from the 2016/17 audit plan are still to be completed. These are a review of the legal debt recovery process, capital plan programming within services and 3C ITSS software licence costs.

3.11 The continuous auditing of key controls across five key financial systems has continued to be undertaken on a quarterly basis. At the time of writing this report the 2016/17 fourth quarter reviews had not all been completed. The table below is the IARM estimation of the likely assurance opinion outcome based on the work already completed. The IARM will update the Committee if any changes to the assurance opinions are required following the conclusion of the audit reviews.

Audit area	Level of assurance			
	Substantial	Adequate	Limited	Little
Council tax		✓		
Non domestic rates		✓		
Accounts payable (Creditors)		✓		
Main accounting system		✓		
Accounts receivable (Debtors)		✓		

3.12 Since 2014/15 internal audit have only given a 'little' assurance opinion on the control process associated with the accounts receivable system and the collection of general debt. Due to little improvement being made during 2015/16 this matter was included as a key improvement area in last year's annual governance statement.

It is pleasing to be able to report that significant improvements have been made during the year, such that the assurance opinion has been increased to 'adequate'. Whilst there are a small number of areas where further improvement can be made, the failure of these controls either individually or collectively do not put at risk the achievement of the systems objectives.

3.13 Due to the planned introduction of a new financial management system in October 2017, the quarterly reviews undertaken on the operation of the controls in the current financial management system, accounts payable and accounts receivable systems will not be undertaken in respect of the quarters ending June and September. Time will be spent however on preparing new key control schedules that will form the basis of the December 2017 and March 2018 reviews.

Other review areas

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

- Continued involvement in agreeing the contractors final account for the redevelopment of One Leisure St Ives.
- Providing assistance to Cambridge City Council (who are the 3Cs internal audit lead) on the new financial management project.
- Attending 14 quotation openings
- Responding to whistleblowing complaints

- Developing a new Code of Corporate Governance
- Assisting the Corporate Fraud Team introduce 'real-time' document checks to reduce fraudulent access to services
- Supporting the Committee in the annual governance review, the preparation of the Annual Governance Statement, the review of its own effectiveness and preparation of its annual report.
- Attending the Social Media Group and Sickness Focus Group to provide them with advice and insight into the findings from audit reviews
- Identifying areas of non-compliance across the Council (overtime, flexi management, sickness, annual leave, expenses etc.) to assist Corporate Office staff prepare for the newly introduced Managers' Forums

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

4. ISSUES OF SPECIFIC CONCERN

Safeguarding

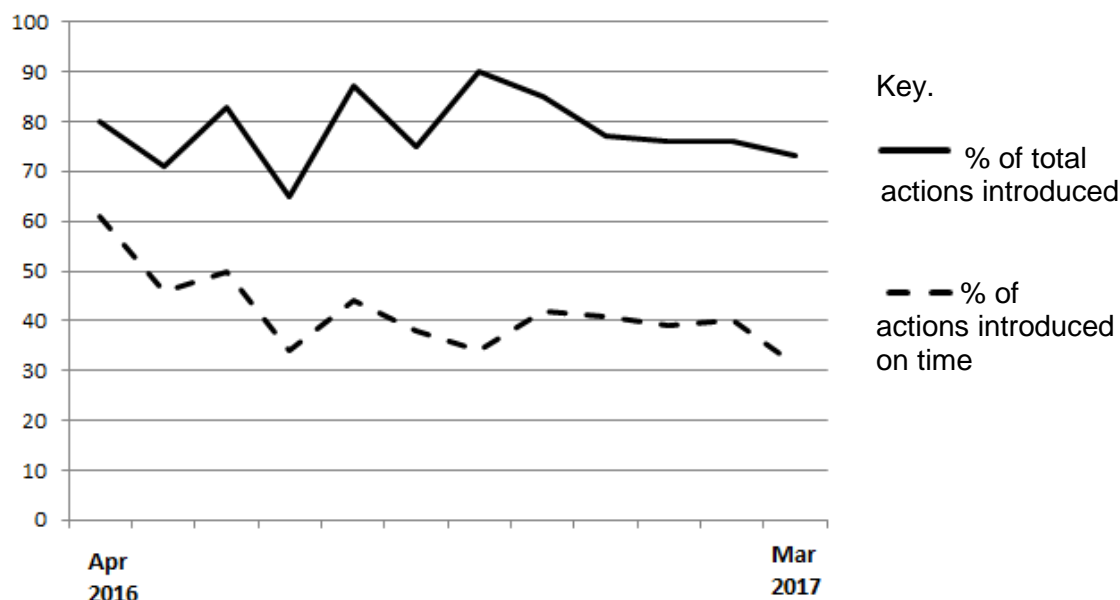
- 4.1 At the time of writing this report, the Safeguarding audit report had only been issued in draft form. However the control failings were such that I consider that the matter should be included in this report.
- 4.2 The current safeguarding procedures are not effective. Only one action was proposed – there should be a fundamental review of the Council's approach to safeguarding. The audit revealed that there is no policy for undertaking Disclosure and Barring Service (DBS) checks, evidence could not be found that all DBS checks had been completed. DBS checks on Countryside Services volunteers were stopped as a result of LGSS charging for the service, despite a national policy of volunteers being able to be checked for free. An e-learning programme has been developed but not introduced and no alternative formal training programme is in place. Training is done on a piecemeal basis. Safeguarding responsibilities are not included in job roles or descriptions.
- 4.3 There is a specific risk register entry for safeguarding (risk 147) which has three controls listed against it. Two were considered by management to be substantially effective, the remaining, adequate. This allowed the inherent high risk to be reduced to a medium residual risk. The audit opinion is that the three controls provide only limited assurance and the residual risk level has been evaluated at too low a level.

Management of Complaints

- 4.4 The internal audit review revealed that overly bureaucratic and time consuming systems (both electronic and manual) are in place to handle customer complaints. Like the Safeguarding audit, only one action was proposed and agreed by management. A Lean review of the complaints process should be undertaken, to introduce greater efficiency and ensure the focus of any investigation is on providing a satisfactory response to the complainant.
- 4.5 A target date of 30 June 2017 has been set for the Lean review to be completed. This date may slip however as it is dependent on an early decision being taken on the resourcing of the review.

5. IMPLEMENTATION OF AGREED ACTIONS

- 5.1 The Corporate Management Team has set a target of 100% of agreed actions to be implemented on time, based on a rolling 12 month timeframe. As at the 31 March 2017 the figure achieved was 31% (38 actions from a total of 121). This increases to 73% (88 actions from a total of 121) when actions implemented on time and late are combined.



- 5.2 Not all of the introduced actions are routinely followed up. The IARM decides if a follow-up review is required after considering the actions classification, the action itself, the evidence provided by a manager and his own knowledge of the action taken.

A total of 51 follow-up reviews have been completed on actions marked as been fully introduced. These reviews found that:

- 44 had been fully introduced
- 3 had been partially introduced
- 2 have been superseded with an alternative control and for
- 2 it is unclear as to what action has been taken and further work is underway. If it is found that the actions have not been introduced, then the action will revert back to outstanding within the 4Action system.

6 LOW GRADED AUDITS FROM PREVIOUS YEARS

- 6.1 Three audit reviews had been given 'limited' assurance opinions in previous years. They are listed below together with a summary of the progress made towards implementation of the agreed actions.

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

Original level assurance	Agreed Action Status		Audit area	'Potential' level of assurance
Red Amber				
2014-15				
Limited	0	2	<p>Service desk, change & release management The audit actions have been superseded.</p> <p>The report was issued in April 2015 and examined how well the Council was conforming with Information Technology Infrastructure Library (ITIL) practices. At the time of the audit, ITIL was being proposed as the management control framework. The introduction of the 3C ITSS delayed implementation of the actions. 3C ITSS has decided that ITIL will not be pursued currently. The audit actions are no longer valid.</p>	----
Limited	1	1	<p>E-payments The red action remains outstanding. It requires the completing and submission to our payment card provider, a payment card industry security standard self-assessment. Work is currently underway on introducing the action and an update will be provided to Committee later in the year.</p>	Limited
2015-16				
Limited	2	1	<p>Licencing The two red actions remain outstanding. Both refer to the need to recalculate fees and charges for licences.</p>	Limited

7. INTERNAL AUDIT PERFORMANCE

7.1 In addition to undertaking a review against the PSIAS, Internal Audit also maintains a series of internal performance targets. These are prepared and reported quarterly within the teams Service Plan. The performance as at 31 March 2017 is detailed below.

7.2 Customer satisfaction

Target: 85% or more of customers rating service quality as good or better via customer survey forms.
Achieved: 12 months to March 2017 – 100% (from 13 responses).

7.3 Service delivery targets

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

There are four elements to this target which all relate to the progress of individual audits and the reporting process. It is the intention to keep the same targets for 2017/18. They are both challenging and achievable with managers co-operation.

	Target	March 2017		March 2016
a) Complete audit fieldwork by the date stated on the audit brief.	75%	Below target	58%	53%
b) Issue draft audit reports within 15 working days of completing fieldwork.	90%	Below target	68%	89%
c) Meet with customer and receive response allowing draft report to progress to final within 15 working days of issuing draft report.	75%	Above target	77%	84%
d) Issue final audit report within 5 working days of receiving full response.	90%	Above target	100%	100%

7.5 In respect of target a) above, the targets have not been achieved due to either the auditor being over-optimistic as to the date by which fieldwork would be completed or the scope of the audit increased which meant that the planned fieldwork date could not be achieved.

7.6 In respect of target b) above, eight of the 25 reports issued have not met the target. The reasons why the target date was not met are different for each of the eight audits. The two principle reasons are service staff unavailability and management challenge to the findings at 'wash-up' stage which require further work to be undertaken.

Annex

- A. Status of audits as per the audit plan agreed
- B. External assurance received
- C. Definitions used in the report

David Harwood : Internal Audit & Risk Manager
Huntingdonshire District Council
April 2017

Status of audits as per the agreed 2016/17 audit plan.

Audits undertaken

- 1 Prevention of fraud
- 2 Staff appraisal scheme
- 3 Safeguarding
- 4 Employee training
- 5 Management of ill health & sickness
- 6 Budget forecasting, accuracy & assumptions
- 7 Housing Benefits
- 8 Overtime procedures
- 9 Replacement FMS
- 10 Management of vacancies
- 11 Development Management
- 12 Management of Complaints
- 13 Implementation of policy initiatives
- 14 Flexi-time management
- 15 Management of street markets
- 16 Managing bribery risks
- 17 Purchasing & corporate cards

Audits not undertaken

- ~~48~~ VFM review of services
- ~~49~~ Document Centre
- ~~20~~ One Leisure
- ~~24~~ Client management of Shared Services
- ~~22~~ Energy management
- ~~23~~ Commercial investment strategy

Committee informed in December 2016 that the following audits would be deleted from the audit plan.

- ~~24~~ S106 Agreements
- ~~25~~ Management of health & safety
- ~~26~~ Housing - Choice based lettings
- ~~27~~ Business continuity
- ~~28~~ Equipment servicing
- ~~29~~ Elected Member development
- ~~30~~ Lean process

Additional audits undertaken, not in the original 2016/17 audit plan

- 18 Transformation Challenge Award
- 19 3C ITSS software licence costs

Committee informed in December 2016 that the following audits had been added to the audit plan.

- 20 Legal – management of debt recovery
- 21 Capital plan programming within Services

Status of audits as per the agreed 2016/17 audit plan.

IT audits (delivered by external contractor)

- 1 IT disaster recovery
- 2 Cyber security
- 3 Business application security
- 4 IT strategy
- 5 IT change management
- 6 IT financial management system security

External Assurance Received

Date	Report from	Area covered	Assessment
November 2016	External Auditor (Ernst Young LLP)	Annual Audit Letter 2015/16	Unqualified accounts. Unqualified value for money opinion.
March 2017	----- ----	Grant Certification Report 2015/16	One grant certified: BEN01 Housing and Council Tax Benefit Subsidy - qualified.

Assurance definitions: for information

Substantial Assurance There are no weaknesses in the level of internal control for managing the material inherent risks within the system. Testing shows that controls are being applied consistently and system objectives are being achieved efficiently, effectively and economically apart from any excessive controls which are identified in the report.

Adequate Assurance There are minor weaknesses in the level of control for managing the material inherent risks within the system. Some control failings have been identified from the systems evaluation and testing which need to be corrected. The control failings do not put at risk achievement of the system's objectives.

Limited Assurance There are weaknesses in the level of internal control for managing the material inherent risks within the system. Too many control failings have been identified from the systems evaluation and testing. These failings show that the system is clearly at risk of not being able to meet its objectives and significant improvements are required to improve the adequacy and effectiveness of control.

Little Assurance There are major, fundamental weaknesses in the level of control for managing the material inherent risks within the system. The weaknesses identified from the systems evaluation and testing are such that the system is open to substantial and significant error or abuse and is not capable of meeting its objectives.

Internal control environment

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

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

System of internal control

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

Public
Key Decision – No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Non-Implementation of Internal Audit Actions: a new framework Going Forward
Meeting/Date:	Corporate Governance Committee – 24 May 2017
Executive Portfolio:	Strategic Resources: Councillor J A Gray (Deputy Executive Leader)
Report by:	Head of Resources
Wards affected:	All Wards

Executive Summary:

There is a management reporting performance indicator that states 100% of audit actions should be implemented by the agreed deadline; which is itself agreed by the service and the Internal Audit and Risk Manager. Unfortunately, there are operational circumstance that mean that these 'deadlines' are missed but the current reporting process means that all such audit actions are reported to Senior Management and Corporate Governance Committee (CGC). Consequently, a new decision-making framework is required to determine the requirement of reporting audit actions that have not been implemented that reflects both the risk posed to the internal control framework and the operational circumstances.

It is proposed that all audit actions relating to "red" risks are reported to Senior Management and CGC. For audit actions relating to "amber" risks, it is proposed that there is intervention by the Head of Resources (as the Responsible Financial Officer) to determine if reporting is required or if a deadline should be allowed.

It should be noted that this approach to determining the need to report 'non-implemented' audit actions is considered pragmatic and reflective of the operational environment in which services operate.

Recommendation

It is recommended that the Committee consider the report and comment as they consider necessary.

1. PURPOSE OF THE REPORT

- 1.1 To provide an alternative approach to the decision making process that supports the reporting of 'non-implemented' audit actions.

2. WHY IS THIS REPORT NECESSARY?

- 2.1 At the July 2016 meeting of the Corporate Governance Committee (CGC), the committee expressed concerns at the declining percentage of agreed internal audit actions that had been implemented on time. This report provides a record of those audit actions not implemented by the agreed deadline, along with an explanation by the relevant Head of Service and a revised deadline.

3. BACKGROUND

- 3.1 Following each audit review; audit conclusions, associated actions and implementation dates are agreed between the audit client and the Internal Audit and Risk Manager (IARM).
- 3.2 In 2013, Corporate Management agreed an increase in the target for the implementation of 'agreed internal audit actions to be introduced on time' from 60% to 100%, best practice would also suggest that all recommendations are implemented by the agreed deadline.

4. NON-IMPLEMENTATION OF AUDIT ACTIONS

- 4.1 There are occasions, due to operational circumstances that agreed implementation dates have to be extended; all such extensions are agreed between the audit client and the IARM. Such audit actions are then not considered as "not implemented" and are excluded from any exemption reporting.
- 4.2 However, there are circumstances that sometimes prevail that mean even extended deadlines are missed and the current practice is that non-implementation at this stage is reported to management and CGC; this is considered a too strict a test.
- 4.3 As at the end of April 2017 there were 27 audit actions not implemented; these are detailed in **Appendix 1**, along with the reasons for non-implementation.

5. GOING FORWARD: REPORTING OF NON-IMPLEMENTED AUDIT ACTIONS

- 5.1 Going forward a new approach in the assessment of non-implemented audit actions is to be followed:
- i. For "red" risks.
There will be no change to the current reporting approach; in that where the original audit report (3.1) implementation deadline has not been achieved, this will be reported to both management and CGC.
 - ii. For "amber" risks.
Where the IARM has chosen not to extend an implementation or an extended deadline extension (4.2) has been missed, in consultation with the relevant Head of Service and the IARM, all such cases will be considered by the Head of Resources (as the Councils Responsible Finance Officer). He will determine the impact on the Councils internal control and financial framework. Where in his opinion non-implementation:

- a. poses a significant risk to the aforementioned framework, the Head of Resources will ensure that non-implementation is reported to CGC, along with a 'drop-dead' implementation date.
- b. does not pose a significant risk, then
 - the audit action will not be reported to CGC, but
 - a new 'drop-dead' implementation date will be agreed, and the audit risk system will be duly updated. If this revised implementation date is not met, then this will be reported to management and CGC.

A flowchart for the "amber" risk audit action process is shown at **Appendix 2**.

- 5.2 With regard to the 'drop-dead' implementation dates noted in 5.1 (ii), no further deadline extensions will be permitted.
- 5.3 Of the audit actions noted in **Appendix 1**, post this meeting they will now follow the process noted in 5.1 above.

6. KEY IMPACTS

- 6.1 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.

7. LINK TO THE CORPORATE PLAN

- 7.1 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.

8. RESOURCE IMPLICATIONS

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

9. REASONS FOR THE RECOMMENDED DECISIONS

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

10. LIST OF APPENDICES INCLUDED

Appendix 1 - Outstanding Internal Audit Actions as at 30 April 2017
Appendix 2 – Flowchart for Decision-Making/Reporting process for Non-Implemented Audit Actions.

BACKGROUND PAPERS

Audit actions contained within the 4action system

CONTACT OFFICER

Clive Mason, Head of Resources

Tel No: 01480 38157

Email: clive.mason@huntingdonshire.gov.uk

OUTSTANDING INTERNAL AUDIT ACTIONS AS AT 30 APRIL 2017

APPENDIX 1

	Manager Responsible	Head of Service Position Statement		Responsible Financial Officer		
		Reason for Delay	Revised Implementation Date	RFO Opinion on Impact on Control/Financial Framework	Going Forward Action	
HEAD OF RESOURCES						
AUDIT	BANK RECONCILIATION					
Agreed Action	The Finance Manager should liaise with the Development Manager (IMD) to ensure that the changes to the systems / processes that are needed to improve the efficiency and transparency of the income reconciliation are agreed, scheduled and completed.	Finance Manager	The process needed to implement this recommendation will be a part of the new Finance Management System. As this will not be implemented until 01 October 2017, it is not possible to implement earlier.	01/10/2017	Although bank reconciliations are manual at this time, they are up to date so the risk is minimised. The reasons for non-implementation of the audit action are entirely related to the implementation of the new FMS. It is therefore considered that "risk" to the Councils control/financial framework is minimal.	Revised Implementation Deadline: - updated on 4Action. - fixed deadline. No further extensions. Removed from Non-Implemented Audit Actions list.
Implementation Date	30/09/2016					
Agreed Action Status	Amber					

OUTSTANDING INTERNAL AUDIT ACTIONS AS AT 30 APRIL 2017

APPENDIX 1

	Manager Responsible	Head of Service Position Statement		Responsible Financial Officer		
		Reason for Delay	Revised Implementation Date	RFO Opinion on Impact on Control/Financial Framework	Going Forward Action	
AUDIT	PURCHASING & CORPORATE CARDS					
Agreed Action	The Cards written guidance will be reviewed and updated where necessary. As current procedures are not being followed, a decision will be taken on whether a card may be used by other members of the team/service, or whether a card should still be restricted to the cardholder’s use only and additional cards applied for where deemed necessary for practical reasons. (Personal liability for the card points to additional cards being the better option and card details securely held by the cardholder and never shared).	Finance Manager	Guidance has been reviewed but the updating of it has not been completed.	31/05/17	<p>The guidance notes are still relevant for the “proper” use of procurement cards.</p> <p>However, the notes do need streamlining and their proper use reinforcing.</p> <p>On balance, there is limited risk to the control/financial framework as managers approve procurement card spend on a monthly basis – including appropriate receipts.</p>	<p>Revised Implementation Deadline:</p> <ul style="list-style-type: none"> - updated on 4Action. - fixed deadline. <p>No further extensions.</p> <p>Removed from Non-Implemented Audit Actions list.</p>

OUTSTANDING INTERNAL AUDIT ACTIONS AS AT 30 APRIL 2017

APPENDIX 1

	Manager Responsible	Head of Service Position Statement		Responsible Financial Officer		
		Reason for Delay	Revised Implementation Date	RFO Opinion on Impact on Control/Financial Framework	Going Forward Action	
Implementation Date	31/03/2017					
Agreed Action Status	Amber					
AUDIT	CHARGING FOR COUNCIL SERVICES					
Agreed Action	Charging Policy to be developed, agreed and published covering areas such as: <ul style="list-style-type: none"> · The scope of the policy. · Corporate objectives. · Links with other policies and strategies. · Charging principles. · Financial targets. · Payments methods and facilities. · Annual review of charges. 	Finance Manager	Due to changes in the Finance team personnel. However, charges are reviewed annually by Heads of Services as part of the Budget setting process. A Charging Policy will be written to link in to the Corporate Plan objectives.	30/09/17	This recommendation proposes the development of a Policy/Framework through which Fees and Charges should be set. As part of the annual budget setting process, services review their Fees and Charges. It is therefore concluded that although there is not a framework this has not hindered services amending their Fees and Charges.	Revised Implementation Deadline: - updated on 4Action. - fixed deadline. No further extensions. Removed from Non-Implemented Audit Actions list.
Implementation Date	30/09/2016					

OUTSTANDING INTERNAL AUDIT ACTIONS AS AT 30 APRIL 2017

APPENDIX 1

		Manager Responsible	Head of Service Position Statement		Responsible Financial Officer		
			Reason for Delay	Revised Implementation Date	RFO Opinion on Impact on Control/Financial Framework	Going Forward Action	
Agreed Action Status	Amber					On balance, there is considered limited risk to the control/financial framework.	
MANAGING DIRECTOR							
AUDIT	COMPLIANCE WITH TRANSPARENCY CODE						
Agreed Action	Training/guidance will be given to all responsible officers who prepare data to ensure they are aware of their responsibilities and what is required from them e.g. data protection and redacting information; caveats data amendments; on-line publication/filing rules (formats and names) metadata etc.	Information Governance Manager	The Information Governance Manager is preparing a training / briefing for Quarter 1 2017/18	30/06/2017	The correct use of data is every member and officers responsible; however, job descriptions etc should identify where there are specific responsibilities. The issuing of up to date training/guidance should be an ongoing process by management so it can gain confidence that staff are meeting their responsibilities.	Revised Implementation Deadline: - updated on 4Action. - fixed deadline. No further extensions. Removed from Non-Implemented Audit Actions list.	
Implementation Date	31/12/2016						

OUTSTANDING INTERNAL AUDIT ACTIONS AS AT 30 APRIL 2017

APPENDIX 1

	Manager Responsible	Head of Service Position Statement		Responsible Financial Officer		
		Reason for Delay	Revised Implementation Date	RFO Opinion on Impact on Control/Financial Framework	Going Forward Action	
Agreed Action Status	Amber				With the issuing of this latest guidance, although late, will meet this requirement. On balance, there is considered limited risk to the control/financial framework.	
HEAD OF DEVELOPMENT						
AUDIT	DEVELOPMENT MANAGEMENT					
Agreed Action	Issues around workload, prioritisation, targets and performance will be investigated informally through conversations with staff and formally as part of the six month appraisal review process. Action will be taken to address concerns and support staff going forward.	Planning Services Manager	Conversations were completed with staff by the 31 st December 2016. This highlighted the need for additional resources which needed to be evidenced. The Planning Advisory Service was	Completed May 2017 (Advertisements going live on the 2 nd May 2017).	This action remained outstanding at the 30 th April 2017; however it was implemented in May 2017 so therefore no further commentary necessary.	N/A as now implemented.
Implementation Date	31/12/2016					

OUTSTANDING INTERNAL AUDIT ACTIONS AS AT 30 APRIL 2017

APPENDIX 1

		Manager Responsible	Head of Service Position Statement		Responsible Financial Officer	
			Reason for Delay	Revised Implementation Date	RFO Opinion on Impact on Control/Financial Framework	Going Forward Action
Agreed Action Status	Amber		<p>commissioned to undertake a service Health Check in October 2016 and this was completed in January 2017. The Planning Officers' Society was commissioned to carry out a benchmarking exercise with comparable authorities in November 2016 and this was completed in February 2017.</p> <p>Agreement to recruit 3 additional Senior Development Management</p>			

OUTSTANDING INTERNAL AUDIT ACTIONS AS AT 30 APRIL 2017

APPENDIX 1

	Manager Responsible	Head of Service Position Statement		Responsible Financial Officer		
		Reason for Delay	Revised Implementation Date	RFO Opinion on Impact on Control/Financial Framework	Going Forward Action	
			Officers was given in April 2017 and advertisements went live in May 2017.			
HEAD OF 3C ICT						
AUDIT	UNIFORM APPLICATION AUDIT					
Agreed Action	The Council should ensure that there is an approved document in place which standardises the permissions each level of staff should have assigned to them within the Uniform application. Additional permissions outside of the defined set of permissions should then be formally approved by management prior to being granted. (Going forward, with a	Development Manager	A vacant post within the team responsible for this software and the Northgate contract migration has had a serious knock on effect on the capacity within the application team. High impact operational	31/07/17	Permission levels within all ICT related systems are an essential element of the Councils control framework; including the agreeing of such permissions by management. However, this recommendation is not in respect of “poor” permissions but more about standardisation of permissions. It is recognised that the bedding-down of the 3C’s ICT	Revised Implementation Deadline: - updated on 4Action. - fixed deadline. No further extensions. Removed from Non-Implemented Audit Actions list.

OUTSTANDING INTERNAL AUDIT ACTIONS AS AT 30 APRIL 2017

APPENDIX 1

		Manager Responsible	Head of Service Position Statement		Responsible Financial Officer	
			Reason for Delay	Revised Implementation Date	RFO Opinion on Impact on Control/Financial Framework	Going Forward Action
	move to a shared service solution within the Council, the production of 'templates' for user profiles will help increase efficiency of new user set-ups and ensure consistency across the Uniform user group.) Agreed in principle and will be linked to the Shared Service work.		tasks to support the partners needed to be prioritised. Pressure on team resources has been an issue during this time and this has now been resolved with the introduction of an additional skilled member of staff and with Northgate activities now abated this can proceed.		shared service has been challenging but with the recent recruitment of both a new Head of Service and other members of the team this will allow an increase in capacity. On balance, there is a limited risk to the control/financial framework.	
Implementation Date	31/12/2016					
Agreed Action Status	Amber					

OUTSTANDING INTERNAL AUDIT ACTIONS AS AT 30 APRIL 2017

APPENDIX 1

	Manager Responsible	Head of Service Position Statement		Responsible Financial Officer		
		Reason for Delay	Revised Implementation Date	RFO Opinion on Impact on Control/Financial Framework	Going Forward Action	
AUDIT	UNIFORM APPLICATION AUDIT					
Agreed Action	We would recommend that a standardised and formal process is in place for the requesting and approval of new starter access, modification of users and removal of leavers from the application. The management of the above user changes should be clearly assigned to a restricted selection of staff, with modifications being made outside of this process being prohibited by the Council. Agreed in principle - to be linked to the formation of shared service.	Development Manager	As per previous remarks above. Activities planned to audit fulfil the finding above will be combined with activities to complete this task as they are directly related.	31/07/2017	Standardisation of procedures should bring both service and cost value benefits to the Council. It is recognised that the bedding-down of the 3C's ICT shared service has been challenging but with the recent recruitment of both a new Head of Service and other members of the team this will allow an increase in capacity. On balance, there is a limited risk to the control/financial framework.	Revised Implementation Deadline: - updated on 4Action. - fixed deadline. No further extensions. Removed from Non-Implemented Audit Actions list.
Implementation Date	31/12/2016					

OUTSTANDING INTERNAL AUDIT ACTIONS AS AT 30 APRIL 2017

APPENDIX 1

		Manager Responsible	Head of Service Position Statement		Responsible Financial Officer	
			Reason for Delay	Revised Implementation Date	RFO Opinion on Impact on Control/Financial Framework	Going Forward Action
Agreed Action Status	Amber					
AUDIT	IT DISASTER RECOVERY 16.17					
Agreed Action	<p>a) Management should identify, document and assess the risks to the continuity of the 3C ICT Shared Service. Where appropriate, mitigating actions should be recorded and reviewed for efficacy on a routine basis.</p> <p>b) Furthermore, Management should complete a business impact assessment for the loss of the 3C ICT Shared Service on the Council. Recovery arrangements should be reviewed and, where necessary, updated so that they are aligned to the</p>	Project Manager	Resources from the Network and Infrastructure team have been heavily involved in the transition activities since February which has delayed moving this item forward and delayed the annual disaster recovery testing of key systems. This coupled with a revised council BCP plan (published in February) has	<p>30/06/2017</p> <p>New DR document to be completed by end of the year when we go live with 2 data centres.</p>	<p>Business Continuity has been addressed as the HDC Corporate Level with new procedures delivered and now operational.</p> <p>It is recognised that the bedding-down of the 3C's ICT shared service has been challenging but with the recent recruitment of both a new Head of Service and other members of the team this will allow an increase in capacity.</p> <p>Although Disaster recovery and associated activity</p>	<p>Revised Implementation Deadline:</p> <ul style="list-style-type: none"> - updated on 4Action. - fixed deadline. <p>No further extensions.</p> <p>Removed from Non-Implemented Audit Actions list.</p>

OUTSTANDING INTERNAL AUDIT ACTIONS AS AT 30 APRIL 2017

APPENDIX 1

	Manager Responsible	Head of Service Position Statement		Responsible Financial Officer		
		Reason for Delay	Revised Implementation Date	RFO Opinion on Impact on Control/Financial Framework	Going Forward Action	
	Council's objectives. These assessments should be reviewed on a periodic basis or following a significant change to the Council's operations.		made this finding difficult to progress.		attracts very high importance, the relatively tight revised implementation deadline demonstrates management's priority in implementing this action. On balance, providing the revised deadline is achieved the risk to the control/financial framework should be mitigated. With future development of the two data centres will allow improved resilience.	
Implementation Date	31/03/2017					
Agreed Action Status	Amber					
AUDIT	IT DISASTER RECOVERY 16.17					
Agreed Action	a) Management should, in consultation with the Council, determine and define the recovery time and recovery point objectives for the Council's IT infrastructure and	Project Manager	We have had change of HoS and have not had opportunity to align activities from the previous finding with HDC	30/06/2017	This is linked to the preceding RFO opinion. Although Disaster recovery and associated activity attracts very high importance, the relatively	Revised Implementation Deadline: - updated on 4Action. - fixed deadline. No further extensions.

OUTSTANDING INTERNAL AUDIT ACTIONS AS AT 30 APRIL 2017

APPENDIX 1

		Manager Responsible	Head of Service Position Statement		Responsible Financial Officer	
			Reason for Delay	Revised Implementation Date	RFO Opinion on Impact on Control/Financial Framework	Going Forward Action
	<p>systems.</p> <p>b) The Council’s IT Disaster Recovery Plan should be reviewed and, where necessary, updated so that the recovery process is aligned to the Council’s objectives in the event of an incident.</p> <p>c) The recovery objectives should be reviewed on a routine basis or following a significant change to the Council’s operations.</p>		Corporate Team and the revised BCP process.		tight revised implementation deadline demonstrates management’s priority in implementing this action. On balance, providing the revised deadline is achieved the risk to the control/financial framework should be mitigated.	Removed from Non-Implemented Audit Actions list.
Implementation Date	28/02/2017					
Agreed Action Status	Red					

OUTSTANDING INTERNAL AUDIT ACTIONS AS AT 30 APRIL 2017

APPENDIX 1

	Manager Responsible	Head of Service Position Statement		Responsible Financial Officer		
		Reason for Delay	Revised Implementation Date	RFO Opinion on Impact on Control/Financial Framework	Going Forward Action	
AUDIT	IT DISASTER RECOVERY 16.17					
Agreed Action	Management should review and, where necessary, update the contact information that has been included within the IT Disaster Recovery Plan. Furthermore, all relevant information relating to Third Party suppliers should be recorded within the IT Disaster Recovery, which includes but is not limited to: a) In hours and Out of Hours contact information b) The services that the Third Party is required to provide in the event of a disaster and the agreed timescale for their provision.	Project Manager	The majority of third party services have been updated within the DR but finding all of the relevant detail has proven to be a more time consuming exercise that originally anticipated due to poor internal documentation. Staff details have been updated but there have been several recent changes to the team that require updating.	20/5/2017	This provides good supporting information in the event of an incident. Although Disaster recovery and associated activity attracts very high importance, the relatively tight revised implementation deadline demonstrates management's priority in implementing this action. On balance, providing the revised deadline is achieved the risk to the control/financial framework should be mitigated.	Revised Implementation Deadline: - updated on 4Action. - fixed deadline. No further extensions. Removed from Non-Implemented Audit Actions list.

OUTSTANDING INTERNAL AUDIT ACTIONS AS AT 30 APRIL 2017

APPENDIX 1

		Manager Responsible	Head of Service Position Statement		Responsible Financial Officer	
			Reason for Delay	Revised Implementation Date	RFO Opinion on Impact on Control/Financial Framework	Going Forward Action
Implementation Date	31/03/2017					
Agreed Action Status	Amber					
AUDIT	IT DISASTER RECOVERY 16.17					
Agreed Action	a) Management should put in place a defined procedure for testing the recoverability of the backups performed on a routine basis. b) Furthermore, Management should require that secure equipment is used to transport backup tapes to and from the recovery site.	Senior Network / Infrastructure Officer	Audit action was completed. Officer was not aware of the process to close out findings. Closed on the 12 th May.	N/A	Completed	N/a as implemented.
Implementation Date	31/03/2017					
Agreed Action Status	Amber					

OUTSTANDING INTERNAL AUDIT ACTIONS AS AT 30 APRIL 2017

APPENDIX 1

	Manager Responsible	Head of Service Position Statement		Responsible Financial Officer		
		Reason for Delay	Revised Implementation Date	RFO Opinion on Impact on Control/Financial Framework	Going Forward Action	
AUDIT	CYBER SECURITY 16.17					
Agreed Action	<p>Management should implement a defined information security incident management procedure, which includes but is not limited to:</p> <ul style="list-style-type: none"> - The definition of what constitutes an incident - The procedure for reporting an information security incident - The procedure for logging incidents - The procedure for investigating and categorising an incident - The arrangements for post-incident management. <p>The procedure should be</p>	Information Governance Manager	<p>This forms part of the new information security framework being implemented as part of the Protocol Policy System. Implementation of that project has been delayed due to unexpected clash of resources.</p>	30/06/17	<p>Cyber security attracts very high importance; the relatively tight revised implementation deadline demonstrates management's priority in implementing this action.</p> <p>On balance, providing the revised deadline is achieved the risk to the control/financial framework should be mitigated.</p>	<p>Revised Implementation Deadline:</p> <ul style="list-style-type: none"> - updated on 4Action. - fixed deadline. <p>No further extensions.</p> <p>Removed from Non-Implemented Audit Actions list.</p>

OUTSTANDING INTERNAL AUDIT ACTIONS AS AT 30 APRIL 2017

APPENDIX 1

64

		Manager Responsible	Head of Service Position Statement		Responsible Financial Officer	
			Reason for Delay	Revised Implementation Date	RFO Opinion on Impact on Control/Financial Framework	Going Forward Action
	communicated to all members of staff across the three Councils. Furthermore, information security incidents should be reviewed on a routine basis.					
Implementation Date	31/01/2017					
Agreed Action Status	Red					
AUDIT	CYBER SECURITY 16.17					
Agreed Action	Management should undertake a risk assessment of the cyber security threats to the 3C Shared IT Service and determine whether appropriate mitigating actions have been taken. Furthermore, Management	Information Governance Manager	The CCC transition project has made it impossible to assess the threat landscape, but as this is almost complete, an assessment can be undertaken.	30/06/17	The original implementation date was agreed, probably erroneously as a consequence of the Interim Head of Service arrangements that prevailed at the time. There is now a new permanent Head of Service in place. With the transition of CCC	Revised Implementation Deadline: - updated on 4Action. - fixed deadline. No further extensions. Removed from Non-Implemented Audit

OUTSTANDING INTERNAL AUDIT ACTIONS AS AT 30 APRIL 2017

APPENDIX 1

	Manager Responsible	Head of Service Position Statement		Responsible Financial Officer		
		Reason for Delay	Revised Implementation Date	RFO Opinion on Impact on Control/Financial Framework	Going Forward Action	
	should assess the impact to the business of a successful cyber-attack and determine whether there are adequate recovery arrangements in place. These assessments should be reviewed on at least an annual basis or following significant change to the IT structure.		Prior to the CCC transition project we had no physical access to perform a full assessment.		now nearing completion, a tight revised deadline has been agreed. On balance, providing the revised deadline is achieved the risk to the control/financial framework should be mitigated.	Actions list.
Implementation Date	31/01/2017					
Agreed Action Status	Red					
AUDIT	CYBER SECURITY 16.17					
Agreed Action	Management should implement a procedure to routinely audit the configuration and security of the IT Network,	Information Governance Manager	The item was not assigned to the correct member of staff and subsequently	31/07/2017	With the on-boarding of the former CCC Northgate services now nearing completion, a revised deadline has been agreed.	Revised Implementation Deadline: - updated on 4Action. - fixed deadline.

OUTSTANDING INTERNAL AUDIT ACTIONS AS AT 30 APRIL 2017

APPENDIX 1

		Manager Responsible	Head of Service Position Statement		Responsible Financial Officer	
			Reason for Delay	Revised Implementation Date	RFO Opinion on Impact on Control/Financial Framework	Going Forward Action
	<p>which includes but is not limited to:</p> <ul style="list-style-type: none"> - Firewall configuration and activity - Network activity - Anti-malware configuration - Network access controls - Staff compliance with policies. <p>The procedure should include the frequency and schedule for undertaking these audits as well as the arrangements for reporting the results to relevant stakeholders. Furthermore, Management should review and, where necessary, update all policies related information and cyber security on a routine basis.</p>		<p>missed by officers. When reviewed prior to action date Northgate transition was well underway and availability of appropriate resources was an issue.</p>		<p>On balance, providing the revised deadline is achieved the risk to the control/financial framework should be mitigated.</p>	<p>No further extensions.</p> <p>Removed from Non-Implemented Audit Actions list.</p>

OUTSTANDING INTERNAL AUDIT ACTIONS AS AT 30 APRIL 2017

APPENDIX 1

	Manager Responsible	Head of Service Position Statement		Responsible Financial Officer		
		Reason for Delay	Revised Implementation Date	RFO Opinion on Impact on Control/Financial Framework	Going Forward Action	
Implementation Date	31/03/2017					
Agreed Action Status	Amber					
AUDIT	CYBER SECURITY 16.17					
Agreed Action	<p>Management should complete a cyber security training needs assessment in order to determine the training needs for:</p> <ul style="list-style-type: none"> - Members of staff within 3C Shared IT Service - Members of staff with responsibility for the security of the Council's information assets - Members of staff across the Council - Council Members. 	Information Governance Manager	<p>This assessment is partially complete and requires documenting fully. Transition at CCC now allows a complete view of needs.</p>	30/06/17	<p>With the transition of CCC now nearing completion, a tight revised deadline has been agreed.</p> <p>On balance, providing the revised deadline is achieved the risk to the control/financial framework should be mitigated.</p>	<p>Revised Implementation Deadline:</p> <ul style="list-style-type: none"> - updated on 4Action. - fixed deadline. <p>No further extensions.</p> <p>Removed from Non-Implemented Audit Actions list.</p>

OUTSTANDING INTERNAL AUDIT ACTIONS AS AT 30 APRIL 2017

APPENDIX 1

		Manager Responsible	Head of Service Position Statement		Responsible Financial Officer	
			Reason for Delay	Revised Implementation Date	RFO Opinion on Impact on Control/Financial Framework	Going Forward Action
	Training should be provided on a routine basis. Furthermore, Management should establish a cyber security awareness programme to raise awareness of security issues across the Council.					
Implementation Date	31/03/2017					
Agreed Action Status	Amber					
AUDIT	INFORMATION SECURITY 15.16					
Agreed Action	The Information Manager will issue regular awareness reminders to staff to reinforce training and policy messages.	Information Governance Manager	This has been low priority, and pertinent messages have been issued. A plan will be produced to address this.	30/06/17	To be fair, there are relatively regular communications from the ICT team in respect of ICT related activity. However, this communication will raise the profile of the responsibility of all members and officers in respect of information security.	Revised Implementation Deadline: - updated on 4Action. - fixed deadline. No further extensions. Removed from Non-
Implementation Date	31/12/2016					
Agreed Action Status	Amber					

OUTSTANDING INTERNAL AUDIT ACTIONS AS AT 30 APRIL 2017

APPENDIX 1

	Manager Responsible	Head of Service Position Statement		Responsible Financial Officer		
		Reason for Delay	Revised Implementation Date	RFO Opinion on Impact on Control/Financial Framework	Going Forward Action	
					On balance, providing the revised deadline is achieved the risk to the control/financial framework should be mitigated.	Implemented Audit Actions list.
AUDIT	INFORMATION SECURITY 15.16					
Agreed Action	The training will be amended to include sections on homeworking and remote working, use of portable devices etc.	Information Governance Manager	This is dependent on the new information security framework being implemented as part of the Protocol Policy System. Implementation of that project has been delayed due to unexpected clash of resources.	30/06/17	To be fair, there are relatively regular communications from the ICT team in respect of ICT related activity. However, this communication will raise the profile of the responsibility of all members and officers in respect of information security. On balance, providing the revised deadline is achieved the risk to the control/financial framework should be mitigated.	Revised Implementation Deadline: - updated on 4Action. - fixed deadline. No further extensions. Removed from Non-Implemented Audit Actions list.
Implementation Date	31/12/2016					
Agreed Action Status	Amber					

OUTSTANDING INTERNAL AUDIT ACTIONS AS AT 30 APRIL 2017

APPENDIX 1

	Manager Responsible	Head of Service Position Statement		Responsible Financial Officer		
		Reason for Delay	Revised Implementation Date	RFO Opinion on Impact on Control/Financial Framework	Going Forward Action	
AUDIT	INFORMATION SECURITY 15.16					
Agreed Action	Training or further guidance will be given to managers on what information needs to be protectively marked and what needs to be sent via secure email.	Information Governance Manager	This forms part of the new information security framework being implemented as part of the Protocol Policy System. Implementation of that project has been delayed due to unexpected clash of resources.	30/06/17	To be fair, there are relatively regular communications from the ICT team in respect of ICT related activity. However, this communication will raise the profile of the responsibility of all members and officers in respect of information security. On balance, providing the revised deadline is achieved the risk to the control/financial framework should be mitigated.	Revised Implementation Deadline: - updated on 4Action. - fixed deadline. No further extensions. Removed from Non-Implemented Audit Actions list.
Implementation Date	31/12/2016					
Agreed Action Status	Amber					
AUDIT	INFORMATION SECURITY 15.16					
Agreed Action	Mobile phone policy will include specific information security rules surrounding BYOD.	Information Governance Manager	This forms part of the new information security framework being	30/06/17	To be fair, there are relatively regular communications from the ICT team in respect of ICT related activity. However, this communication will raise	Revised Implementation Deadline: - updated on 4Action. - fixed deadline.

OUTSTANDING INTERNAL AUDIT ACTIONS AS AT 30 APRIL 2017

APPENDIX 1

	Manager Responsible	Head of Service Position Statement		Responsible Financial Officer		
		Reason for Delay	Revised Implementation Date	RFO Opinion on Impact on Control/Financial Framework	Going Forward Action	
Implementation Date	31/12/2016		implemented as part of the Protocol Policy System. Implementation of that project has been delayed due to unexpected clash of resources.		the profile of the responsibility of all members and officers in respect of information security. On balance, providing the revised deadline is achieved the risk to the control/financial framework should be mitigated.	No further extensions. Removed from Non-Implemented Audit Actions list.
Agreed Action Status	Amber					
AUDIT	DATA PROTECTION AND INFORMATION MANAGEMENT 15.16					
Agreed Action	The Senior Information Risk Officer (SIRO) shall decide how long information and emails etc shall be kept within Anite, and the process for purging or archiving.	Head of Customer Services	The module for retention is still in testing within Benefits service. Unknown if automated process viable. Retention Policy in place. Application of this to be decided. This action does not address wider	30/06/17	When the review is complete (by the revised deadline) the concerns of the Head of ICT will be discussed with the Head of Customer Services (as the Councils SIRO). This may require further discussions is the I&RM to determine and completely revised audit action.	Revised Implementation Deadline: - updated on 4Action. - fixed deadline. The result of the review may require a supplementary audit action. Removed from Non-
Implementation Date	30/09/2016					
Agreed Action Status	Amber					

OUTSTANDING INTERNAL AUDIT ACTIONS AS AT 30 APRIL 2017

APPENDIX 1

		Manager Responsible	Head of Service Position Statement		Responsible Financial Officer	
			Reason for Delay	Revised Implementation Date	RFO Opinion on Impact on Control/Financial Framework	Going Forward Action
			concerns about retention in legacy systems.			Implemented Audit Actions list.
AUDIT	DATA PROTECTION AND INFORMATION MANAGEMENT 15.16					
Agreed Action	<p>Copies of both the data protection privacy / fair processing notices for both internal and external (customer) use shall be posted to both the internet and intranet.</p> <ul style="list-style-type: none"> •The notices shall contain hyperlinks to the 'layered' approach required for statutory NFI participation. •Heads of Service will be asked to confirm that all the forms they use (both e-forms and paper) to capture personal data contain the Council's approved (full or abbreviated) data protection and fair 	Information Governance Manager	Partially complete, with new version awaiting assessment against requirements of GDPR. New guidance now available from ICO.	30/06/17	<p>This is partially complete.</p> <p>On balance, providing the revised deadline is achieved the risk to the control/financial framework should be mitigated.</p>	<p>Revised Implementation Deadline:</p> <ul style="list-style-type: none"> - updated on 4Action. - fixed deadline. <p>No further extensions.</p> <p>Removed from Non-Implemented Audit Actions list.</p>

OUTSTANDING INTERNAL AUDIT ACTIONS AS AT 30 APRIL 2017

APPENDIX 1

		Manager Responsible	Head of Service Position Statement		Responsible Financial Officer	
			Reason for Delay	Revised Implementation Date	RFO Opinion on Impact on Control/Financial Framework	Going Forward Action
	processing statement. All forms that do not comply will be updated immediately.					
Implementation Date	30/11/2016					
Agreed Action Status	Amber					
AUDIT	DATA PROTECTION AND INFORMATION MANAGEMENT 15.16					
Agreed Action	<p>The Data Protection Officer (DPO) to review the current privacy and fair processing notices and inform the Monitoring Officer (MO) of the outcome of the review. .</p> <p>If the notices are not appropriate, a timescale will be agreed with the Monitoring Officer and instructions issued to SMT on the changes that are</p>	Information Governance Manager	Partially complete, with new version awaiting assessment against requirements of GDPR. New guidance now available from ICO.	30/06/17	<p>This is partially complete.</p> <p>On balance, providing the revised deadline is achieved the risk to the control/financial framework should be mitigated.</p>	<p>Revised Implementation Deadline:</p> <ul style="list-style-type: none"> - updated on 4Action. - fixed deadline. <p>No further extensions.</p> <p>Removed from Non-Implemented Audit Actions list.</p>

OUTSTANDING INTERNAL AUDIT ACTIONS AS AT 30 APRIL 2017

APPENDIX 1

	Manager Responsible	Head of Service Position Statement		Responsible Financial Officer		
		Reason for Delay	Revised Implementation Date	RFO Opinion on Impact on Control/Financial Framework	Going Forward Action	
	required to be made.					
Implementation Date	31/10/2016					
Agreed Action Status	Amber					
AUDIT	E-PAYMENTS					
Agreed Action	The Council should complete a Payment Card Industry (PCI) Data Security Standard (DSS) Self Assessment Questionnaire and submit the findings to the Council's acquirer or payment brand/bank.	Information Governance Manager	In house experience of PCIDSS was deficient and an independent assessment was commissioned to determine appropriate approach. Scoping report recently obtained in April. Report to SMT will highlight the requirements needed to	30/06/17 (report only) Additional action needed once impact reviewed by operational teams. Formal project initiation suggested.	The report element of this audit action must be completed by the revised deadline. Subsequent actions will require further implementation – but this work will constitute a work programme within the 3C's ICT shared services. On balance, providing the revised deadline is achieved the risk to the control/financial framework should be mitigated.	Revised Implementation Deadline: - updated on 4Action. - fixed deadline. No further extensions. Removed from Non-Implemented Audit Actions list.
Implementation Date	31/03/2017					
Agreed Action Status	Red					

OUTSTANDING INTERNAL AUDIT ACTIONS AS AT 30 APRIL 2017

APPENDIX 1

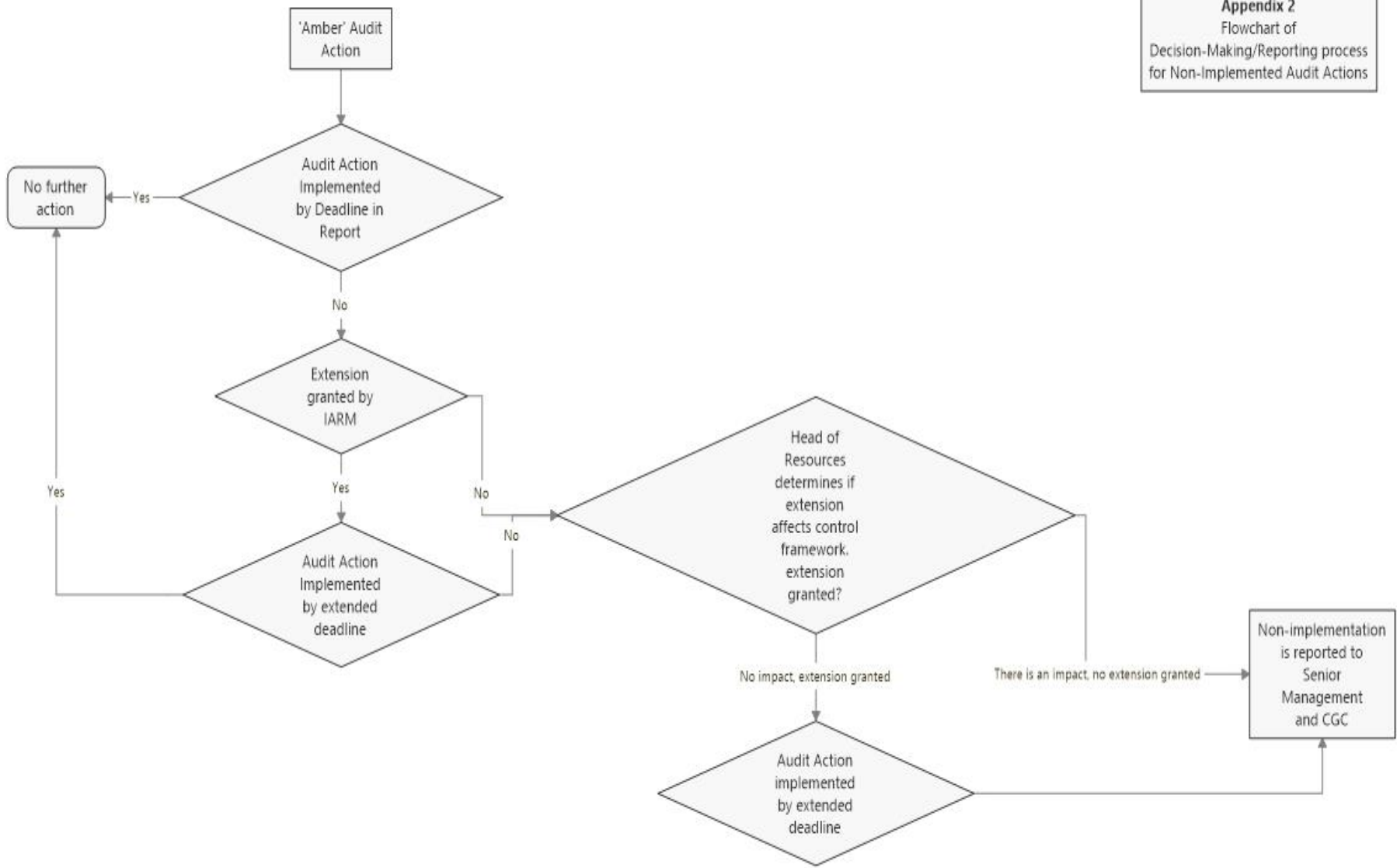
	Manager Responsible	Head of Service Position Statement		Responsible Financial Officer		
		Reason for Delay	Revised Implementation Date	RFO Opinion on Impact on Control/Financial Framework	Going Forward Action	
			achieve this. Remedial actions may require internal process and system changes therefore action should be modified to report only with findings and recommendation to achieve PCI compliance.		On balance, providing the revised deadline is achieved the risk to the control/financial framework should be mitigated.	
AUDIT	FREEDOM OF INFORMATION					
Agreed Action	The Head of Customer Services will raise the issue of monitoring of essential training with CMT, and decide what monitoring and enforcement procedures shall be put in place. The existing FOI e-learning	Information Governance Manager	Transition away from LGSS has made this impossible. E-Learning portals will not be re-established until July 2017	31/08/2017	The proposed actions are fair. On balance, providing the revised deadline is achieved the risk to the control/financial framework should be mitigated.	Revised Implementation Deadline: - updated on 4Action. - fixed deadline. No further extensions.

OUTSTANDING INTERNAL AUDIT ACTIONS AS AT 30 APRIL 2017

APPENDIX 1

	Manager Responsible	Head of Service Position Statement		Responsible Financial Officer		
		Reason for Delay	Revised Implementation Date	RFO Opinion on Impact on Control/Financial Framework	Going Forward Action	
	course(s) will be revisited and compared to any other similar course available through County. The agreed e-learning course should be advertised, encouraged and take-up monitored.		therefore it is not possible to review courses until this date.			Removed from Non-Implemented Audit Actions list.
Implementation Date	31/12/2016					
Agreed Action Status	Amber					

Appendix 2
Flowchart of
Decision-Making/Reporting process
for Non-Implemented Audit Actions



This page is intentionally left blank

**Public
Key Decision - No**

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Whistleblowing Policy, Guidance and Concerns Received
Meeting/Date: Corporate Governance Committee – 24 May 2017
Executive Portfolio: Strategic Resources: Councillor J A Gray
Report by: Internal Audit & Risk Manager
Wards affected: All Wards

Executive Summary

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

It is recommended that no changes are made to either the whistleblowing policy or guidance.

Only Council employees, contractors or suppliers providing services under a contract to the Council are classified by law as whistleblowers. One allegations has been received during 2016/17 that fulfilled this criteria. The Committee can be assured that the allegation has been investigated by the Internal Audit & Risk Manager, with a positive outcome for the whistleblower.

Members of the public have continued to use the whistleblowing channels available to raise matters of concern and nine separate allegations have been received during 2016/17.

Three new posters were distributed across the Council's offices in February 2017 for display in staff areas, outlining the ways in which a whistleblowing concern could be raised.

The Managing Director considers that the Council's whistleblowing arrangements are effective.

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

Recommendations:

It is recommended that the Committee in noting that the whistleblowing arrangements are considered effective:

1. Accept the results of the annual review of the whistleblowing policy.

1. WHAT IS THIS REPORT ABOUT/PURPOSE?

- 1.1 This report deals with the review of the whistleblowing policy and guidance and contains details of the total number of whistleblowing allegations received during the year ending March 2017.

2. WHY IS THIS REPORT NECESSARY/BACKGROUND

- 2.1 The whistleblowing policy and guidance was introduced in 2000 in response to the Public Interest Disclosure Act 1998 (PIDA). Both documents are reviewed annually to ensure they continue to be fit for purpose.

3. ANALYSIS

Policy and Guidance review

- 3.1 After undertaking the whistleblowing policy and guidance review in June 2016, Committee recommended that minor changes to the policy and guidance that do not affect the overall approach taken to whistleblowing can be approved by the Managing Director. No such changes have been made, however the guidance will be updated once the new Corporate Director (Services) has been appointed as they are one of the points of contact for employees. In addition, there have been no significant legislative or legal decisions in the past year that require the policy or guidance to be amended.
- 3.2 To remind staff of the whistleblowing reporting options available to them, a new series of publicity posters was devised and have been displayed across the main offices and the five leisure centres.

Whistleblowing concerns received

- 3.3 There are a number of channels available for a whistleblower to raise their concerns. These include an internet form, a specific email address and a dedicated 24 hour telephone.
- 3.4 One whistleblowing allegation (as per the definition in the policy) has been received in 2016/17 (no allegations were received in 2015/16). Due to the confidential nature of whistleblowing no specific details can be reported.

The allegation was investigated by the Internal Audit & Risk Manager. During the investigation it became clear that the issue reported was being dealt with by the relevant manager and is currently being resolved. The person raising the concern is satisfied with this outcome. The Internal Audit & Risk Manager intends to continue to monitor the situation until full resolution has been achieved.

- 3.5 Nine allegations were received from members of the public. Seven of these were passed onto the appropriate service department for action. The two remaining allegations were not related to Council services and passed to the relevant external organisation.

4. KEY IMPACTS

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

4.2 It is important that employees and contractors have the ability to report, in confidence, issues of concern to the Council. The whistleblowing policy sets out the framework in which this can be done and importantly, sets out the protection that will be afforded to a whistleblower. Dealing effectively with a whistleblowing allegation is important to protect the Council from potentially significant reputation, commercial and financial risks.

4.3 Not having a reporting mechanism in place, may lead people to report matters outside of the Council with consequential impacts upon the reputation of the Council. The Managing Director is of the opinion that the current policy, guidance and publicity material gives employees and others the opportunity to raise matters through the whistleblowing channels available.

5. WHAT ACTIONS WILL BE TAKEN

5.1 The policy and guidance note has already been recently publicised to employees via the Council's usual communication channels (key issues, team briefings and intranet).

6. LINK TO THE CORPORATE PLAN

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

7. REASONS FOR THE RECOMMENDED DECISIONS

7.1 After reviewing the policy and guidance no changes to either document are required. The policy requires an annual report be presented to the Committee on the effectiveness of the arrangements that have been introduced.

BACKGROUND PAPERS

Whistleblowing Policy

Whistleblowing Guidance

Whistleblowing allegations received (exempt information)

CONTACT OFFICER

David Harwood. Internal Audit & Risk Manager

Tel No. 01480 388115

david.harwood@huntingdonshire.gov.uk

This page is intentionally left blank