

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, 23 JANUARY 2019** at **7:00 PM** and you are requested to attend for the transaction of the following business:-

**Contact
(01480)**

APOLOGIES

1. MINUTES (Pages 5 - 10)

To approve as a correct record the Minutes of the meeting of the Committee held on 10th October 2018.

**Democratic Services
388169**

2. MEMBERS' INTERESTS

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

3. CODE OF CONDUCT COMPLAINTS - UPDATE (Pages 11 - 14)

To provide a summary and update of completed or ongoing complaints received regarding alleged breaches of the Code of Conduct under the Localism Act 2011 since the start of the year.

**L Jablonska
388004**

4. UPDATE ON CODE OF CONDUCT AND REGISTER OF DISCLOSABLE PECUNIARY INTERESTS (Pages 15 - 22)

To consider a report by the Elections and Democratic Services Manager on the Code of Conduct and the Register of Disclosable Pecuniary Interests.

**T Batha
388924**

5. EXTERNAL AUDIT PLAN 2018/19 (Pages 23 - 66)

To consider a report by the Head of Resources on the External Audit Plan for 2018/19.

**P Loveday / C Mason
388605 / 388157**

6. PROGRESS ON ISSUES ARISING FROM THE 2017/18 ANNUAL GOVERNANCE STATEMENT (Pages 67 - 76)

To receive a report by the Internal Audit and Risk Manager on progress on introducing the key improvement areas contained in the 2017/18 Annual Governance Statement.

**D Harwood
388115**

7. INTERNAL AUDIT PLAN QUARTER 4 - 2018/19 (Pages 77 - 86)

To consider and approve the Internal Audit Plan 2018/19 for quarter four.

**D Harwood
388115**

8. ANNUAL REPORT ON HDC COMPLIANCE WITH THE FREEDOM OF INFORMATION (FOI) & ENVIRONMENTAL INFORMATION REGULATIONS (EIR) ACTS (FOR THE PERIOD 1 NOVEMBER 2017 - 31 DECEMBER 2018) (Pages 87 - 100)

To consider a report on requests for information received by the Council under the Freedom of Information and Environmental Information Regulations Acts and to highlight any issues encountered and actions to be taken to improve performance.


**J Brooks
388850**

9. CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT (Pages 101 - 102)

To receive the Corporate Governance Committee Progress Report.

**H Peacey
388007**

Dated this 16 day of January
2019



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 Habbiba Peacey, Democratic Services, Tel: 01480 388169 / email: Habbiba.Peacey@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.

Specific enquiries with regard to items on the Agenda should be directed towards the Contact Officer.

Members of the public are welcome to attend this meeting as observers except during consideration of confidential or exempt items of business.

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

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

Emergency Procedure

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

HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CORPORATE GOVERNANCE COMMITTEE held in Civic Suite 0.1A, Pathfinder House, St Mary's Street, Huntingdon PE29 3TN on Wednesday, 10 October 2018.

- PRESENT: Councillor L W McGuire – Chairman.
- Councillors P Kadewere, D A Giles,
Dr P L R Gaskin, H V Masson, D J Mead,
J P Morris, Mrs S Smith and J E White.
- APOLOGIES: Apologies for absence from the meeting were submitted on behalf of Councillors E R Butler and D R Underwood.

DEMOCRATIC SERVICES OFFICER

Prior to commencement of the meeting the Chairman informed the Committee that it was the final Corporate Governance Committee that Melanie Stimpson would attend as she was due to leave the Council's employment at the end of October.

On behalf of the Committee, the Chairman expressed appreciation to Ms Stimpson for her support and contribution to the Committee and wished the very best in her future role.

26. MINUTES

The Minutes of the meeting of the Committee held on 26th July 2018 were approved as a correct record and signed by the Chairman.

27. MEMBERS' INTERESTS

There were no declarations of disclosable pecuniary or other interests received at the meeting.

28. ANNUAL COMPLAINTS REPORT 2018

The Committee received and noted a report by the Corporate Team Manager (a copy of which is appended in the Minute Book) of complaints submitted to the Local Government Ombudsman (LGO) and data relating to Stage 1 and Stage 2 complaints received by the Council in 2017/18.

At 7.03pm Cllr J P Morris entered the meeting.

The Committee was informed that the LGO had been advised of 20 complaints of which there had been three detailed investigations, two of which were upheld.

Of the two complaints upheld by the LGO, one referred to a planning enforcement matter and although the LGO had not found fault with the Council's decision on the matter, it had stated that there was fault in the Council's communications with the complainant.

The other complaint upheld by the LGO referred to a planning decision where there was some fault by the Council in the way in which it responded to the initial complaint.

With regard to internal complaints, the Committee was advised that the Council had experienced a significant increase in the volume of Stage 1 complaints, largely as a result of the refuse/recycling round reconfiguration which was introduced in early 2017. The majority of complaints related to missed bin collections in Quarter 1 (April – June 2017). From a total of 280 complaints, 270 of these related to Operations. However, Operations had still achieved a 99.7% collection rate.

At 7.07pm Cllr D J Mead entered the meeting.

The Council had a two stage complaints process and in 2017/18 three cases were deemed to be 'Unreasonable Complainants' which had resulted in the Council withdrawing some of its services to the three complainants, with the exception of statutory obligations.

In response to a question regarding Appendix 1 and the number of planning and development complaints referred to the LGO, it was explained that some processes had altered within the department but overall the number of complaints to the LGO remained consistent over the years.

Regarding Appendix 2 it was confirmed that no Stage 2 complaints had been received for Leisure and Health in 2017/18.

The value of including the details within the report as to the reasons for the Stage 1 Operations complaints was considered and it was concluded that the detail within the report was sufficient as Members could contact the Corporate Team Manager directly for further information. The important aspect to focus upon was the key messages for service improvements.

It was noted that the Integrated Performance Report presented quarterly to both the Overview and Scrutiny Panel and the Cabinet included the number of Stage 1 and Stage 2 complaints received by the Council.

One comment which the Committee concurred was that given the transformation over the last 18 months throughout the Council the increased number of complaints was not a surprise.

It was requested that future reports include any key lessons learnt from complaint resolutions as well as a summary of complaint themes.

The Corporate Governance Committee requested that the respective Executive Councillors attend meetings when there was a relevant item within their remit on the agenda. Whereupon, it was

RESOLVED

that the Corporate Governance Committee, having offered comment on the LGO local authority report for Huntingdonshire District Council and the data relating to formal Stage 1 and Stage 2 complaints, the contents of the report be noted.

29. CODE OF CONDUCT COMPLAINTS - UPDATE

By means of a report by the Elections and Democratic Services Manager (a copy of which is appended in the Minute Book), in accordance with its responsibility for monitoring the operation of the Code of Conduct, the Committee was provided with general information on alleged breaches of the Code. A brief summary was provided of each of the matters referred to in the report.

The Committee were advised that there were currently no outstanding Code of Conduct complaints for determination.

In response to a question regarding sanctions, although limited, could include the requirement for training. Whereupon, it was

RESOLVED

that the conclusion of cases resolved since the meeting in June 2018 be noted.

30. GOVERNANCE BOARDS - EFFECTIVENESS REVIEW

Consideration was given to a report by the Head of Resources (a copy of which is appended in the Minute Book) following a review of the effectiveness of the Council's Governance Boards (GB).

A series of GB had been established with the purpose to review internal governance processes and practices across the Council in respect of:

- Information Management.
- Programmes & Projects.
- Finance & Procurement.
- Safeguarding.

In early 2017 there had been a fundamental review of the GB in operation, which had been reported to the Committee in July 2017. The report updated the Committee in respect of the operation of the GB since. The Committee were informed that the Head of Resources considered the current four GB were effectively challenging the Council's process and practices, although not explicitly tackling the strategic risks identified in the 2017/18 Annual Governance Statement. Therefore the Senior Leadership Team would consider whether a further review was required to ensure that the strategic risks were addressed.

The reviews had assessed how well each GB was performing against the Terms of Reference and a score was indicated which ranged from 1 being poor through to 5 being excellent. Although the majority of scores were 4 or 5 there were a number of 3 or 2 scores, an example being governance of the Commercial Investment Strategy (CIS). In

response to a question of how the Committee would recognise if the matter was improving, it was explained that the Integrated Performance Report presented quarterly to both the Overview and Scrutiny Panel and the Cabinet included an update on the CIS with details of investments to date, the level of returns expected as well as information on potential investment opportunities reviewed. The Finance and Procurement GB were responsible for monitoring the controls in place and processes involved to manage the CIS.

In response it was suggested that further clarity and assurances were required and as a result it was proposed that as the Finance and Procurement GB had not devoted sufficient time to the governance of the CIS, and an update report be presented to the Committee in six months.

There was some discussion as to whether the Committee should receive a report regarding the effectiveness of the Council's GB more regularly. However, it was agreed that this would not be necessary on the basis that the Head of Resources present any exception reports to the Corporate Governance Committee. Whereupon it was

RESOLVED

- i. that the Corporate Governance Committee notes that the Finance and Procurement Governance Board has not devoted sufficient time to the governance of the Commercial Investment Strategy and therefore requires an update to be reported to the Committee in six months; and
- ii. that any exception reports by the Head of Resources be presented to the Corporate Governance Committee.

31. INTERNAL AUDIT PLAN QUARTER 3 - 2018/19

Having previously agreed to receive on a trial basis the Internal Audit Plan quarterly, rather than on an annual basis, the Committee considered the quarter three Audit Plan 2018/19 (a copy of which is appended is the Minute Book).

Regarding the audit of the new Financial Management System - Technology 1 (T1) that went live on 9th July 2018, it was explained that work would be required to identify the key controls across all the T1 modules prior to completing quarterly assurance reviews. It was anticipated to be a substantial piece of work and discussions were taking place with 3C partner Councils to investigate if the workload could be shared.

The audit report to review the administration processes associated with receiving and responding to Freedom of Information requests had been drafted and was to be issued imminently.

Fieldwork had been completed regarding the audit of the management of the mobile phone project across the 3C partner authorities and the draft report was expected to be issued by the end of October 2018.

Having considered the report by the Internal Audit and Risk Manager the Committee,

RESOLVED

to approve the Internal Audit Plan 2018/19 for quarter three.

32. ANNUAL AUDIT LETTER 2017/18

With the aid of a report by the Finance Manager presented in his absence by the Head of Resources (a copy of which is appended in the Minute Book) the Committee was acquainted with the contents of the external auditor's Annual Audit Letter.

Members' attention was drawn to paragraph 3.5 of the submitted report which detailed an excerpt of the observations made by Ernst and Young LLP. Whereupon it was

RESOLVED

that the contents of the 2017/18 Annual Audit Letter be noted.

33. CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

The Committee received and noted a report (a copy of which is appended in the Minute Book) on progress of actions in response to any decisions taken at previous meetings.

It was confirmed that the item listed within the report was a biennial report and not an annual report as listed.

Chairman

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Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Code of Conduct Complaints - Update

Meeting/Date: Corporate Governance Committee – 23rd January 2019

Executive Portfolio: Councillor G J Bull, Executive Leader

Report by: Elections and Democratic Services Manager & Deputy Monitoring Officer

Ward(s) affected: All

Executive Summary:

This report provides Members with an update on complaints cases regarding alleged breaches of the Code of Conduct. The Committee is responsible for maintaining high standards of conduct by Members of the District and Town and Parish Councils, for monitoring operation of the Code of Conduct and for considering the outcome of investigations in the event of breaches of the Code.

Recommendation:

The Committee is requested to note the progress of any outstanding complaints and the conclusion of cases resolved since the meeting in October 2018.

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to provide a summary and update of completed or ongoing complaints received regarding alleged breaches of the Code of Conduct under the Localism Act 2011 since the start of the year.

2. BACKGROUND

- 2.1 In accordance with the functions of the Committee, this report seeks to provide a summary of the current position in relation to the Code of Conduct complaints since the last meeting.
- 2.2 At the meeting of the Committee on 13th September 2017, Members requested that this report be submitted on a quarterly basis and to include categories of the Code of Conduct cases to enable feedback to be given to Town and Parish Councils should similar themes emerge on the nature of the complaints to enable further training to be arranged.

3. ANALYSIS

- 3.1 Details of allegations/complaints in relation to the Code of Conduct have been outlined in the table below. Specific detailed information regarding the complaint has not been provided as this may be prejudicial to the conduct of the ongoing complaints process and to protect the identity of councillors who may not have breached the Code of Conduct.

Case Number	District/Town/ Parish Council	Allegation/complaint	Outcome
18/17	Yaxley Parish Council	Complaint against a Parish Councillor alleging she breached 3.4 (disrepute) of the Code	Complaint withdrawn by complainant.
18/18	Sawtry Parish Council	Complaint against a Parish Councillor alleging he breached 3.4 (disrepute) of the Code	Referred back to the Parish Council at Stage One to consider. Matter resolved by Parish Council.
18/19	Holywell-cum-Needingworth Parish Council	Complaint against a Parish Councillor alleging he breached 3.4 (disrepute) and 3.8 (unlawfully) of the Code	Referred back to the Parish Council at Stage One to consider. Matter resolved by Parish Council.
18/20	Huntingdonshire District Council	Complaint against a District Councillor alleging he breached 3.1 (provide leadership) and 3.2 (bullying) of the Code	Matter investigated and, in consultation with Independent Person, response provided to complainant closing the complaint.

18/21	Huntingdonshire District Council	Complaint against a District Councillor alleging he breached 3.4 (disrepute) of the Code	Matter investigated and, in consultation with Independent Person, full apology issued previously by District Councillor. Determined that matter would not be in the public interest to be taken forward for investigation.
18/22	Little Paxton Parish Council	Complaint against a Parish Councillor alleging he breached 3.2 (bullying) of the Code	Referred back to the Parish Council at Stage One to consider.
18/23	Great Staughton Parish Council	Complaint against a Parish Councillor alleging he breached 3.4 (disrepute) of the Code	Referred back to the Parish Council at Stage One to consider as complaint content not within the remit of the Code

4. LEGAL IMPLICATIONS

4.1 There are no significant implications to report.

5. REASONS FOR THE RECOMMENDED DECISIONS

5.1 This is an opportunity for Members of the Committee to be appraised of details of completed complaints and any outstanding complaints alleged against the Code of Conduct. This is in accordance with the functions of the Committee and its duty to discharge functions in relation to the promotion and maintenance of high standards of conduct within the Council and amongst Town and Parish Councils within the District.

BACKGROUND PAPERS

None

CONTACT OFFICER

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Elections and Democratic Services Manager & Deputy Monitoring Officer
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Public
Key Decision – No

HUNTINGDONSHIRE DISTRICT COUNCIL

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

Meeting/Date: Corporate Governance Committee
23 January 2019

Report by: Tom Batha, Member Support Assistant

Ward(s) affected: All Wards

Executive Summary:

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

While there is currently one DPI outstanding, there has been a significant turnover of new Town and Parish Councillors following the recent election and those not received relate to new Councillors. Further reminders will be issued to the Clerks where DPIs have not been returned and the details will be published as soon as these are received.

Recommendation(s):

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

1. WHAT IS THIS REPORT ABOUT?

- 1.1 Chapter 7 of the Localism Act 2011 requires the Monitoring Officer to establish and maintain a register of disclosable pecuniary or other interests of Members of the District Council and the District Council also continues to be responsible for maintaining the Register for Parish Councils. The register is open for inspection at the District Council's offices and published on the District Council's website. Where a Parish Council has a website, the District Council is required to provide that Council with the information necessary to enable it to publish their current register on its own website. Information in respect of the DPIs of each Parish Council is presented in Appendix 1.
- 1.2 Each Parish Council also has a duty to adopt a Code of Conduct. All Town and Parish Councils were requested to advise the Monitoring Officer when their Council had adopted a new Code and to confirm whether it was identical to that adopted and promoted by the District Council or alternatively the version produced by the National Association of Local Councils (NALC) or any other.

2. WHY IS THIS REPORT NECESSARY/BACKGROUND

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

3. ANALYSIS/REPORT

- 3.1 All DPI forms that have been received have been published. Any changes made to pecuniary interests have also been published.
- 3.2 Of 71 Town and Parish Councils, 41 have had their full Register published on the District Council's website. 30 Parishes have published their Register with vacancies, with one still to return a DPI for one of their Councillors.
- 3.3 In terms of individual DPIs, 611 out of a total of 650 have been received from Parish Councillors; with 38 vacant and 1 outstanding. The up to date position on each Council is noted in Appendix 1. The Committee will appreciate that it is unlikely that there will ever be a complete return at any one time because of the ever changing nature of Parish Council membership.
- 3.4 All District Councillors' DPI forms are uploaded onto the Council's website.

4. KEY IMPACTS? HOW WILL THEY BE ADDRESSED?

- 4.1 The Corporate Team regularly requests updates from those Parish Councils where DPIs are outstanding. Similarly, incomplete or inaccurate forms are returned to Parish Councils with a request to revise and return. All Parish Councils are asked twice a year to verify details held by the District Council regarding DPIs and the Code of Conduct adopted by each Parish Council.

5. WHAT ACTIONS WILL BE TAKEN

- 5.1 Parish Clerks are regularly reminded by email to submit DPI forms as soon as possible following any changes. Further reminders will be issued to the Clerks where DPIs have not been returned and the details will be published as soon as these are received.

6. CONSULTATION

- 6.1 Not applicable.

7. LEGAL IMPLICATIONS

- 7.1 While there is no legal obligation upon Town and Parish Councils to notify the Monitoring Officer, records indicate that all Town and Parish Councils have adopted a Code of Conduct. 57 of those Parish Councils have adopted a Code based on that adopted by the District Council. 12 Town and Parish Councils have opted for the Code promoted by NALC, and two have adopted their own version of the Code. The up to date position on each Council is noted in Appendix 2.

8. REASONS FOR THE RECOMMENDED DECISIONS

- 8.1 The Committee take a role in maintaining high standards of conduct by Members and monitoring the Code of Conduct. By ensuring that DPIs are published, the Council is supporting local accountability and transparency in decision making which contributes to the objective to develop stronger and more resilient communities to enable people to help themselves.

9. LIST OF APPENDICES INCLUDED

Appendix 1 – Summary of Town and Parish Councils Disclosable Pecuniary Interests (DPI) forms

Appendix 2 – List of Town and Parish Council New Standards Regime and Code of Conduct.

BACKGROUND PAPERS

None.

CONTACT OFFICER

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APPENDIX 1

Number	Town/Parish Council	No of Cllrs	DPI Rec'd	Vacancy	DPI Outstanding
1	Abbots Ripton	6	6		
2	Abbotsley	7	7		
3	Alconbury	11	9	2	
4	Alconbury Weston	7	6	1	
5	Alwalton	5	5		
6	Barham & Woolley	5	5		
7	Bluntisham	11	9	2	
8	Brampton	15	15		
9	Brington & Molesworth	5	4	1	
10	Broughton	7	7		
11	Buckden	15	14	1	
12	Buckworth	5	4	1	
13	Bury	9	8	1	
14	Bythorn & Keyston	5	5		
15	Catworth	7	7		
16	Colne	9	9		
17	Conington	5	4	1	
18	Earith	11	11		
19	Easton	5	5		
20	Ellington	7	7		
21	Elton	9	8	1	
22	Farcet	11	8	2	1
23	Fenstanton	13	12	1	
24	Folksworth & Washingley	9	9		
25	Glatton	5	5		
26	Godmanchester	17	17		
27	Grafham	7	7		
28	Great & Little Gidding	7	5	2	
29	Great Gransden	9	8	1	
30	Great Paxton	9	8	1	
31	Great Staughton	9	9		
32	Hail Weston	7	7		
33	Hemingford Abbots	7	6	1	
34	Hemingford Grey	13	13		
35	Hilton	9	9		
36	Holme	7	7		
37	Holywell cum Needingworth	13	13		
38	Houghton & Wyton	9	8	1	
39	Huntingdon	19	19		
40	Kimbolton & Stonely	11	10	1	
41	Kings Ripton	5	5		
42	Leighton Bromswold	7	6	1	
43	Little Paxton	15	12	3	
44	Offord Cluny & Offord Darcy	11	10	1	
45	Old Hurst	7	7		
46	Old Weston	7	7		
47	Perry	8	7	1	
48	Pidley cum Fenton	7	7		
49	Ramsey	17	17		
50	Sawtry	15	15		
51	Sibson cum Stibbington	7	6	1	
52	Somersham	15	15		
53	Southoe & Midloe	7	7		
54	Spaldwick	7	7		
55	St Ives	17	17		
56	St Neots	21	21		
57	Stilton	11	10	1	
58	Stow Longa	5	5		
59	The Stukeleys	9	7	2	
60	Tilbrook	5	5		
61	Toseland	5	5		
62	Upton & Coppingford	6	5	1	
63	Upwood & The Raveleys	9	8	1	
64	Warboys	15	14	1	
65	Waresley cum Tetworth	5	5		
66	Wistow	7	7		
67	Woodhurst	7	6	1	
68	Woodwalton	5	3	2	
69	Wyton on the Hill	7	6	1	
70	Yaxley	17	17		
71	Yelling	7	7		
Totals		650	611	38	1

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Town and Parish Council New Standards Regime and Code of Conduct

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

Town and Parish Council New Standards Regime and Code of Conduct

Town/Parish Council	HDC Code	NALC Code	Own Code
Old Weston	X		
Perry	X		
Pidley cum Fenton	X		
Ramsey	X		
Sawtry	X		
Sibson cum Stibbington	X		
Somersham	X		
Southoe & Midloe	X		
Spaldwick	X		
St Ives	X		
St Neots	X		
Stilton		X	
Stow Longa	X		
The Stukeleys	X		
Tilbrook	X		
Toseland	X		
Upton & Coppingford	X		
Upwood & The Raveleys	X		
Warboys	X		
Waresley cum Tetworth		X	
Wistow	X		
Woodhurst		X	
Woodwalton		X	
Wyton on the Hill	X		
Yaxley	X		
Yelling	X		
TOTAL	57	12	2

Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title: External Audit Plan 2018/19

Meeting/Date: Corporate Governance Committee – 23rd January 2019

Executive Portfolio: Resources: Councillor J A Gray

Report by: Head of Resources

Ward(s) affected: All Wards

Executive Summary:

Ernst and Young are the appointed external auditors and this will be their fourth year of auditing the Council's accounts.

In preparation for the 2018/19 audit, Ernst and Young are required to inform those charged with governance, how they plan to undertake the audit. The plan is attached as **Appendix 1**, and outlines:

- Overview of the 2018/19 audit strategy.
- Audit risks.
- Value for Money Risks.
- Audit materiality.
- Scope of the audit.
- Audit team.
- Audit timeline.
- Independence.

Recommendation(s):

It is recommended that the Committee reviews the attached External Audit Plan 2018/19 (**Appendix 1**) and:

- Comments on the plan in general.
- With the expected number of external audit updates expected to be received by the Committee between now and the end of the audit, that the Committee comments on the level of comfort that the frequency of reporting will award (para 4.6).

1. PURPOSE

- 1.1 This is the fourth year that Ernst and Young will be the Council's auditor.
- 1.2 Ernst and Young are required to detail how the audit will be carried out and this is detailed in Ernst and Young's Audit Plan at **Appendix 1**. The audit plan includes;
- Overview of the 2018/19 audit strategy.
 - Audit risks.
 - Value for Money Risks.
 - Audit materiality.
 - Scope of the audit.
 - Audit team.
 - Audit timeline.
 - Independence.
- 1.3 The audit plan has been designed to take into account several key inputs;
- Strategic, operational, and financial risks relevant to the financial statements.
 - Developments in financial reporting and auditing standards.
 - The quality of systems and processes.
 - Changes in the business and regulatory environment.
 - The management's view on all of the above.
- 1.4 At the completion of the audit, Ernst and Young will issue an audit report giving their opinion on whether the Council's financial statements give a true and fair view of the Council's financial position as at the 31st March 2019.

2. BACKGROUND

- 2.1 In order for Ernst and Young to get to an opinion on whether the financial statements give a true and fair view, the scope of the work they will complete is:
- Review and report on the Council's financial statements.
 - Review and report on the Council's arrangements for securing economy, efficiency and effectiveness in the use of its resources.
- 2.2 The review will take place under the International Standards on Auditing (UK and Ireland).

3. RISKS

- 3.1 Ernst and Young have assessed the risks that the Council is subject to, through discussion with those charged with governance and council officers. The risks can be broken down into three categories:
- financial statement risks, including fraud and error
 - value for money risks.
- 3.2 The financial statement risks that the Council is subject to include:
- Misstatements due to fraud or error
 - Risk of fraud in revenue and expenditure recognition
 - Valuation of Investment Property

- Valuation of Land and Buildings
- Pension Liability Valuation

3.3 Value for Money risks

When assessing the value for money risks Ernst and Young will determine whether the Council has in place proper arrangements to secure economy, efficiency and effectiveness in the use of its resources. Proper arrangements comprise:

- Take informed decisions.
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

3.4 When considering the arrangements Ernst and Young will also draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that their assessment is made against a framework that should already be in place.

4. **AUDIT APPROACH 2018/19**

4.1 The audit will cover the following:

- *Analytics* - Ernst and Young will use computer-based analytics tools to capture whole populations of financial data, the data will then be subject to testing to identify exceptions and anomalies. This type of analysis will give an increased likelihood of identifying errors over random sampling.
- *Internal Audit* - Internal Audit's work in documenting the financial systems and controls, will be used to update Ernst and Young's understanding, and to carry out walk-throughs of those systems.
- *Use of Specialists* - When auditing key judgements, reliance will be placed on specialists, who have expertise not possessed by the core audit team. The specialists will be used to, analyse source data, assess assumptions, and judge whether the findings are reflected in the accounts.
- *Mandatory Audit Procedures* - Ernst and Young will also address the risk of fraud and error, review significant disclosures and corporate controls, report on inconsistencies in the financial statements and address auditor independence.

4.2 In this way the auditors will be able to assess key controls, identify significant risks and carry out substantive testing on transactions and balances.

Materiality

4.3 The level of materiality is defined as the magnitude of an omission or misstatement that individually or in aggregate could be expected to influence users of the accounts.

4.4 The planning materiality level for 2018/19 has been set at £1.8m which represents 2% of the Council's prior year's gross expenditure on net cost of services, plus expenditure on parish council precepts, drainage board levies, interest payable and pension interest cost. Performance materiality set at £0.9m (50% of the planning materiality). In addition misstatements greater than

£92,000 will be reported. It is possible that the level of materiality may change during the audit.

- 4.5 At the end of the audit Ernst and Young will form an audit opinion by reference to all matters that could be significant to users of the accounts, including the effect of misstatements.

Timetable

- 4.6 The timetable below show the key dates for the audit and also the dates at which Corporate Governance Committee (CGC) will receive reports and updates. The full details of the required communications to those charged with governance are shown in Appendix B of the Audit Plan.

Audit Phase	Timetable	CGC Update	Deliverables
High level planning	November/December 2018	23 January 2019	Audit Plan
Risk assessment and scope setting	February/March 2019	23 January 2019	Progress Report
Interim Audit: Testing procedures	February/March 2019	12 June 2019	Progress Report
Year-end audit	June/July 2019	25 July 2019	
Completion of audit	July 2019	25 July 2019	Report to those charged with governance Audit Report Audit Completion Certificate Report to NAO on WGA
Conclusion of reporting	September 2019	2 October 2019	Annual Audit Letter

Auditor Independence

- 4.7 The Ethical Standards require that Ernst and Young communicate with the Council on a timely basis on all significant matters that bear on their independence and objectivity. The aim of this is to ensure full and fair disclosure to those charged with governance.

- 4.8 Ernst and Young have highlighted within the Audit Plan threats to their independence and how they expect to mitigate these. The threats include:

- Self-interest threats – other on-going relationships.
- Self-review threats – fees payable to Ernst and Young are disclosed in the financial statements.
- Management threats – making decisions for the Council.
- Other threats – advocacy or intimidation.

5.0 AUDIT FEES

- 5.1 The total audit scale fee for 2018/19 is £73,492 which is marginally more than 2017/18 (£1,756).

5.2 It is possible the fee may change if additional work is required because misstatements lead to extra testing, any changes to fees will be discussed with the Council in advance. The fee levels are based on the following assumptions:

- Officers meeting agreed timetable of deliverables.
- Accounts and value for money conclusions are unqualified.
- Appropriate quality of documentation is provided by the Council, and.
- The Council has an effective control environment.

5.3 Fees for consideration of correspondence from public and formal objections will be an additional charge.

6. KEY IMPACTS/RISKS

6.1 The risks associated with the actions in this report are financial statement risks and value for money risks, these risks are addressed in section 3.

7. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION

7.1 The plan including key dates and milestones that are necessary in order to complete the audit successfully are included in Section 7 of Ernst and Young's plan at Appendix 1

8. LINK TO CORPORATE PLAN

8.1 Becoming a more efficient and effective Council

9. LEGAL IMPLICATIONS

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

10. RESOURCE IMPLICATIONS

10.1 The 2019/20 budget for External Audit Fees is £71,000.

11. OTHER IMPLICATIONS

11.1 No other implications.

12. REASONS FOR THE RECOMMENDED DECISIONS

12.1 It is recommended that the Committee reviews the attached External Audit Plan 2018/19 (**Appendix 1**) so members can consider the audit process to be followed.

13. LIST OF APPENDICES INCLUDED

13.1 **Appendix 1** – Huntingdonshire District Council Audit Plan 2018/19

BACKGROUND PAPERS

Ernst and Young Audit Plan

CONTACT OFFICERS

Paul Loveday, Finance Manager
01480 388605

Clive Mason, Head of Resources
01480 388157



Huntingdonshire District Council Audit planning report

Year ended 31 March 2019

20 December 2018

20 December 2018



Huntingdonshire District Council
Corporate Governance Committee
Pathfinder House
St Mary's street
Huntingdon
PE29 3TN

Dear Corporate Governance Committee Members

Outline Audit Plan for discussion

We are pleased to attach an Outline Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Corporate Governance Committee with a basis to review our proposed audit approach and scope for the 2018/19 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Council, and outlines our planned audit strategy in response to those risks. We are currently undertaking our audit planning procedures and once completed we will issue a Final Audit Plan confirming our audit approach and strategy.

This report is intended solely for the information and use of the Corporate Governance Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 23 January 2019 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Suresh Patel

For and on behalf of Ernst & Young LLP
United Kingdom

Contents



In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies". It is available from the via the PSAA website (www.PSAA.co.uk). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment (updated April 2018)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Corporate Governance Committee and management of Huntingdonshire District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Corporate Governance Committee, and management of Huntingdonshire District Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Corporate Governance Committee and management of Huntingdonshire District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Overview of our 2018/19 audit strategy



Overview of our 2018/19 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Corporate Governance Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error	Fraud risk	No change in risk	As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.
Incorrect capitalisation of revenue expenditure including Revenue Expenditure Funded from Capital Under Statute (REFCUS)	Fraud risk	No change in risk or focus, but shown separately	Linking to the management override risk above we have considered the capitalisation of revenue expenditure on Property, Plant and Equipment as a separate risk, given the extent of the Council's capital programme and Revenue Expenditure Funded from Capital Under Statute.
Financial management system	Significant risk	New risk	The Council has implemented a new finance system which represents a significant risk to the preparation of the financial statements.
Property, Plant and Equipment asset valuation including investment properties	Inherent risk	No change in Risk or focus	Property, plant and equipment (PPE) represents a significant balance of almost £70.4 million in the Council's accounts and is subject to valuation changes, impairment reviews and depreciation charges. Material judgemental inputs and estimation techniques are required to calculate PPE asset valuations held in the statement of accounts.
Pension Liability Valuation	Inherent risk	No change in risk	The Council's pension fund deficit is a material estimated balance (£72.3m at 31 March 2018) disclosed on the Council's balance sheet. Accounting for this scheme involves significant estimation and judgement, management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

Overview of our 2018/19 audit strategy

In addition to the above fraud and inherent risks, we have identified three areas of audit focus:

1. Valuation of an Investment Property. We reported in our 2017/18 Audit Results Report on an investment property asset which requires extensive repair and renovation. The Council has involved a third part contractor to estimate the value of the work that the property requires. This adds an additional layer of complexity to the valuation approach.
2. Restructuring of the Finance Team. We are aware of proposed changes within the Finance Team. Management are taking action to fill the vacancies arising. However, in the short term there may be a loss of knowledge and experience which may impact on the production of the financial statements.
3. New accounting standards - For 2018/19 the Council needs to consider the new accounting standards relating to financial instruments (IFRS 9) and revenue from contracts (IFRS 15). Furthermore the new standard relating to leases (IFRS 16) applies for 2020/21. The Council needs to assess and evaluate the implications of these new standards on the 2018/19 accounts.

Materiality

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Planning
materiality

£1.8m

We have set materiality at £1.85m, which represents 2% of the prior years gross expenditure on net cost of services, plus expenditure on parish council precepts, drainage board levies, interest payable and pension interest costs.

Performance
materiality

£0.9m

We have set performance materiality at £0.92 m, which represents 50% of materiality. This is consistent with the percentage used last year and reflects prior year issues, including the number of errors identified in the financial statements. Applying 50% increases the level of testing we need to undertake and therefore necessitates an additional audit fee. We include a potential range in Section A.

Audit
differences

£0.09m

We will report all uncorrected misstatements relating to the primary statements (comprehensive income and expenditure statement, balance sheet, movement in reserves statement, cash flow statement, and collection fund) greater than £92,000. We will communicate other identified misstatements to the extent that they merit the attention of the Corporate Governance Committee.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all the circumstances that might ultimately influence our judgement. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the financial statements, including the total effect of any audit misstatements, and our evaluation of materiality at that date.



02

Audit risks



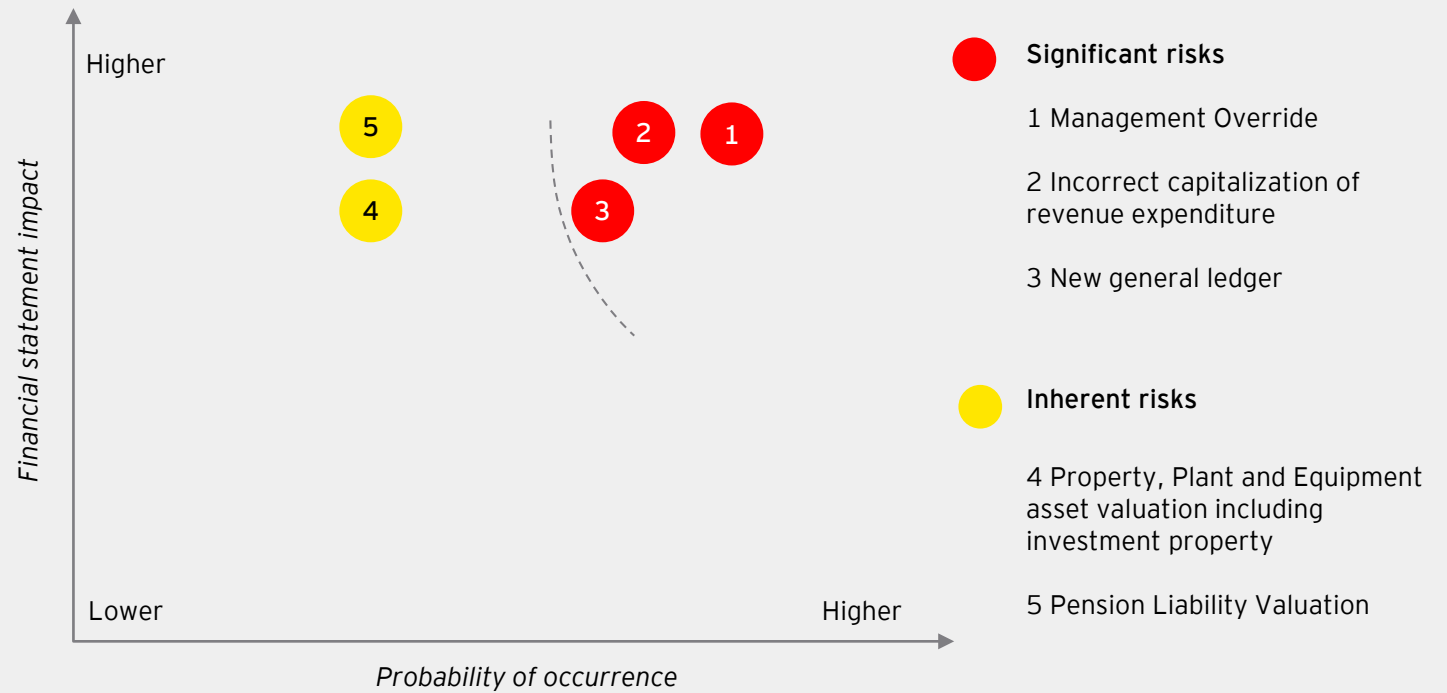
Risk assessment

Risk assessment

We have obtained an understanding of your strategy, reviewed your principal risks as identified in your 2017-18 Annual Financial Report and combined it with our understanding of the sector to identify key risks that impact our audit for 2018-19.

The following 'dashboard' summarises the significant matters that are relevant for planning our year-end audit:

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Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Misstatements due to fraud or error *

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

For the Council, we have identified the potential for the incorrect classification of revenue spend as capital including Revenue Expenditure Funded from Capital Under Statute as particular areas where there is a risk of fraud or error.

Under ISA240 there is also a presumed risk that revenue may be misstated due to improper recognition of revenue. In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. We consider this risk is not material in relation to our audit of Huntingdonshire District Council.

What will we do?

We will undertake our standard procedures to address fraud risk, which include:

- Identifying fraud risks during the planning stages.
- Inquiring of management about risks of fraud and the controls put in place to address those risks.
- Understanding the oversight given by those charged with governance of management's processes over fraud.
- Considering the effectiveness of management's controls designed to address the risk of fraud.
- Performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements.
- Reviewing critical judgements made by management in applying accounting policies.
- Assessing management's assumptions made about the future regarding major sources of uncertainty.

Our response to significant risks (continued)

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Incorrect capitalisation of revenue expenditure including Revenue Expenditure Funded from Capital Under Statute (REFCUS)

What is the risk?

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

For Huntingdonshire District Council we have determined that this risk is most relevant to the ability of management to capitalise expenditure that should be treated as revenue.

What will we do?

Should capital expenditure be material to the financial statements, we will undertake additional procedures to address the specific risk we have identified, which will include:

- ▶ Testing a sample of capital expenditure, including Revenue Expenditure Funded from Capital Under Statute (REFCUS) to verify that revenue costs have not been inappropriately capitalised.
- ▶ Verifying that adjustments between the accounting basis and funding basis have been correctly made in accordance with the Code, and reflected appropriately in the Council's Movement in Reserves Statement.

Financial management system

What is the risk?

The Council has migrated to a new financial management system.

The migration to a new finance system is a significant event that involves extensive planning and arrangements to ensure that the governance of the process maintained, the new system delivers as expected and there is no loss of financial data.

As such, we consider this to represent a significant risk to the audit where this occurs during the financial year.

What will we do?

In order to address this risk we will carry out a range of procedures including:

- ▶ Involving our risk assurances experts in assessing how the migration has been governed and performed;
- ▶ Testing the migration of the data to ensure it remains complete and accurate;
- ▶ Reviewing the mapping of data between the old and new systems; and
- ▶ Gaining an understanding of the new IT environment and the impact this has on the processes associated with significant classes of transactions.

Audit risks

Other risks

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?

Property, Plant And equipment asset valuation including investment properties

The fair value of Property, Plant and Equipment (PPE) (70.4m) and Investment properties (£34.2m) represent significant balances in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

The Council will engage an external expert valuer who will apply a number of complex assumptions to these assets. Annually, assets are assessed to identify whether there is any indication of impairment.

As the Council's asset base is significant, and the outputs from the valuer are subject to estimation, there is a risk fixed assets may be under/overstated. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

What will we do?

We will:

- ▶ Consider the work performed by the Council's valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- ▶ Sample testing key asset information used by the valuer in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- ▶ Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE.
- ▶ We will also consider if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- ▶ Review assets not subject to valuation in 2018/19 to confirm that the remaining asset base is not materially misstated;
- ▶ Consider changes to useful economic lives as a result of the most recent valuation; and
- ▶ Test accounting entries have been correctly processed in the financial statements.

Audit risks

Other risks (continued)

What is the risk/area of focus?

Pension Liability Valuation

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Cambridgeshire County Council.

The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. At 31 March 2018 this totalled £72.3 million.

The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the County Council. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

What will we do?

We will:

- ▶ Liaise with the auditors of Cambridgeshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Huntingdonshire District Council;
- ▶ Assess the work of the Pension Fund actuary (Hymans) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by Public Sector Auditor Appointments for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and
- ▶ Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.

Audit risks

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as risks, but are still important when considering the areas of audit focus.

What is the risk/area of focus?

Valuation of an Investment Property

We reported in our 2017/18 Audit Results Report in 2017/18 on an investment property asset which requires extensive repair and renovation. The value of the property in the 2017/18 financial statements was £5 million (£7 million as at 31 March 2017) representing around 14% of the investment portfolio.

The Council has involved a third part contractor to estimate the value of the work that the property requires. This adds an additional layer of complexity to the valuation approach.

There is a risk fixed assets may be under or overstated.

Restructuring of the Finance Team

We are aware of proposed changes within the Finance Team. Management are taking action to fill the vacancies. However, in the short term there may be a loss of knowledge and experience which may impact on the production of the financial statements.

New accounting standards

The Code requires the Council to comply with the requirements of two new accounting standards for 2018/19 and make preparations for another new standard for 2020/21. These standards are:

- ▶ IFRS 9 - Financial instruments
- ▶ IFRS 15 - Revenue from contracts
- ▶ IFRS 16 - Leases [2020/21]

There is an inherent risk in relation to implementing new accounting standards and carrying out a sufficient assessment and evaluation.

What will we do?

We will:

- Discuss with management the proposals for 2018/19 and consider whether we need to involving our EY Real Estates team (auditor's expert) to review the valuation because of the significant work involved around its impairment.

We will:

- Review management's proposals to restructure the team and consider the impact for the production of the financial statements especially given the pressure on the Finance Team to produce accounts to the deadline of 31 May 2019.

We will:

- We will engage early with the Council on their assessment and evaluation of the impact of each new accounting standard. We will also provide an early view on the Council's proposed accounting and disclosures.
- If we need to undertake additional audit procedures on the Council's assessments we will discuss with the Head of Resources the impact on our audit fee.



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03

Value for Money Risks





Value for Money

Background

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

For 2018/19 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

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In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

We are only required to determine whether there are any risks that we consider significant, which the Code of Audit Practice defines as:

"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public."

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risks there is no requirement to carry out further work. We consider business and operational risks insofar as they relate to proper arrangements at both sector and organisation-specific level. In 2018/19 this will include consideration of the steps taken by the Council to consider the impact of the UK's exit from the EU on its future service provision, medium-term financing and investment values. Although the precise impact cannot yet be modelled, we anticipate that local authorities will be carrying out scenario planning and that EU Exit and its impact will feature on operational risk registers.

Our risk assessment has therefore considered both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders. At this stage we have not identified a significant risk to our value for money conclusion but we will continue to review the resilience of the Council's MTFs and commercial activity as regards investment properties during the course of the audit.

We will continue to revisit this assessment as our audit progresses and update the Audit Committee of any changes.



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04

Audit materiality

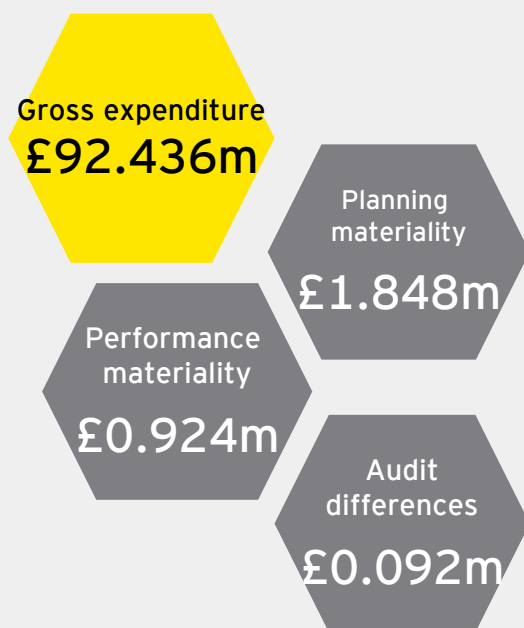


Audit materiality

Materiality

For planning purposes, materiality for 2018/19 has been set at £1.848 million. This represents 2% of the Council's prior year gross expenditure on net cost of services, plus expenditure on parish council precepts, drainage board levies, interest payable and pension interest costs. It will be reassessed throughout the audit process. The main function of the entity is to provide services to the local community and as such the income statement is considered to be the most appropriate basis for determining materiality. We have provided supplemental information about audit materiality in Appendix D.

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We request that the Corporate Governance Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality - the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements. We have set planning materiality at £1.848m for the planning stage of the audit.

Performance materiality - the amount we use to determine the extent of our audit procedures. We have set performance materiality at £0.924m which represents 50% of planning materiality as in 2016/17. When determining the amount to be used as performance materiality we take into account considerations such as the past history of misstatements, our ability to assess the likelihood of misstatements, the effectiveness of the control environment and other factors affecting the entity and its financial reporting. Given the difficulties experienced in the prior year, including the number of errors identified in the financial statements we have determined that performance materiality needs to be set at 50% of planning materiality. This also takes into consideration the circumstances since the prior year audit, such as the changes in the finance team. We typically expect to set performance materiality at 75% of planning materiality. Using 50% an impact on the level of work we are required to perform, and therefore the audit fee.

Audit difference threshold - we propose that misstatements identified below this threshold of £92,000 are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement, balance sheet and collection fund that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Corporate Governance Committee, or are important from a qualitative perspective.

Specific materiality - We have set a materiality of the audit difference threshold of £5,000 for related party transactions and members' allowances. For officers remuneration including exit packages we will apply materiality of £5,000 in line with bandings. This reflects our understanding that an amount less than our materiality would influence the economic decisions of users of the financial statements in relation to these disclosures.



05

Scope of our audit



Our Audit Process and Strategy

Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the Council's financial statements and arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK and Ireland).

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- Addressing the risk of fraud and error;
- Significant disclosures included in the financial statements;
- Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- Auditor independence.

Procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance; and
- Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO.

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

Our Audit Process and Strategy (continued)

Audit Process Overview

Our audit involves:

- ▶ Identifying and understanding the key processes and internal controls; and
- ▶ Substantive tests of detail of transactions and amounts.

For 2018/19 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics:

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We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Corporate Governance Committee.

Internal audit:

We will regularly meet with the Head of Internal Audit (SIAS), and review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where they raise issues that could have an impact on the financial statements.

Scope of our audit

Our Audit Process and Strategy (continued)

Earlier deadline for production of the financial statements

The Council needs to prepare draft accounts by 31 May and publish audited accounts by 31 July. There are risks for both the preparers and the auditors of the financial statements:

- ▶ The Council has a short timetable to prepare the financial statements and supporting working papers. Risks to the Council include slippage in delivering data for our analytics, late working papers, internal quality assurance arrangements, changes to finance team etc.
- ▶ As your auditor, we have a more significant peak in our audit work and a shorter period to complete the audit. Risks for auditors relate to delivery of all audits within same compressed timetable. Slippage at one client could potentially put delivery of others at risk.

To mitigate this risk we will require:

- ▶ good quality draft financial statements and supporting working papers by the agreed deadline;
- ▶ the accounts and working papers to have been subject to senior internal quality review;
- ▶ appropriate Council staff to be available throughout the agreed audit period; and
- ▶ complete and prompt responses to audit questions.

Where additional work is required to complete your audit, due to additional risks being identified, additional work being required as a result of scope changes, or poor audit evidence, we will notify you of the impact on the fee and the timing of the audit. Such circumstances may result in a delay to your audit while we complete other work elsewhere.

To support the Council we will:

- ▶ Work with the Council to engage early to facilitate early substantive testing where appropriate.
- ▶ Facilitate faster close workshops to provide an interactive forum for Local Authority accountants and auditors to share good practice and ideas to enable us all to achieve a successful faster closure of accounts for the 2018/19 financial year.
- ▶ Work with the Council to embed use of the EY Client Portal successfully, this will:
 - ▶ Streamline our audit requests through a reduction of emails and improved means of communication;
 - ▶ Provide on-demand visibility into the status of audit requests and the overall audit status;
 - ▶ Reduce risk of duplicate requests; and
 - ▶ Provide better security of sensitive data.
- ▶ Agree the team and timing of each element of our work with you.
- ▶ Agree the supporting working papers that we require to complete our audit.



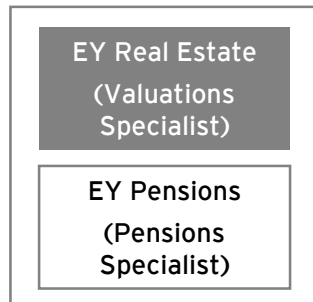
06

Audit team and use of specialists



Audit team

Audit team structure:



Suresh Patel
Lead Audit Partner



Chris Hewitt
Audit Manager



Sadaf Zahid
Senior

Working together with the Council

We are working together with officers to identify continuing improvements in communication and processes for the 2018/19 audit. We will continue to keep our audit approach under review to streamline it where possible.

Audit team changes

We have made two key changes to the audit team, bringing in Suresh Patel and Chris Hewitt as your lead audit partner and audit manager respectively. Both Suresh and Chris have significant public sector audit experience, with a portfolio of Local Authorities and Local Government Pension Funds in an around the East of England. They are members of the Chartered Institute of Public Finance and Accountancy (CIPFA). And Chris is an Associate of the Institute of Chartered Accountants in England and Wales (ACA). Sadaf remains the Senior on your audit.

In addition, to provide relevant skills we have included members of our Information Technology Risk Assessment (ITRA) team as part of your audit team.

Audit team and use of specialists

Use of Specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Property, Plant and Equipment, and Investment Properties	Management specialist - Barker Storey Matthews (external valuer) EY specialist - EY real estates (in relation to investment property and where required)
Pension valuations and disclosures	Management actuarial specialist - Hymans Robertson EY specialists - EY Pensions Advisory, PwC (Consulting Actuary to the PSAA)
Fair value of financial instrument disclosure	Management specialist - for the provision of fair value information in respect of financial instruments (Arlingclose)

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- ▶ Assess the reasonableness of the assumptions and methods used;
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work;
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements; and
- ▶ Where appropriate, engage our own specialist support in any areas where we identify concerns, trigger events and/or estimations that are outside of our assessed acceptable range.



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Audit timeline





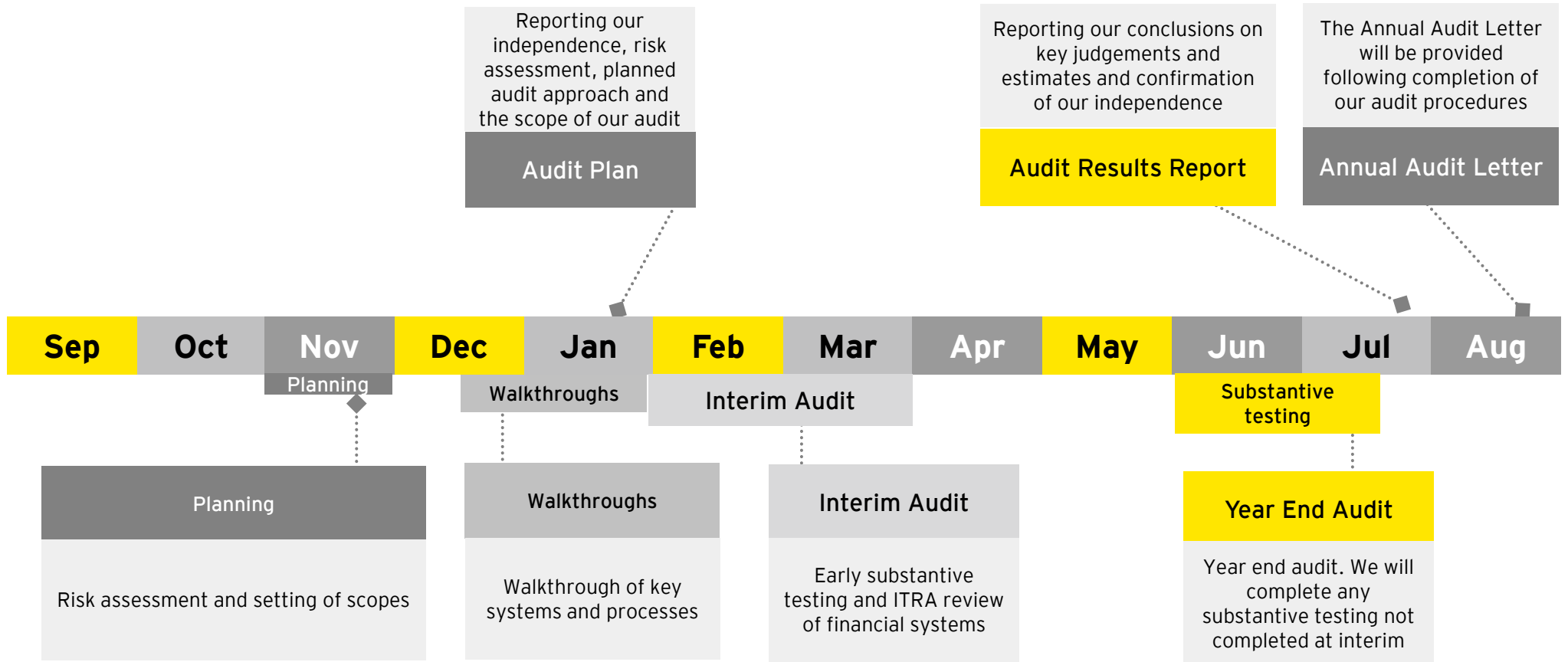
Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2018/19. From time to time matters may arise that require immediate communication with the Corporate Governance Committee and we will discuss them with the Corporate Governance Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.

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Independence



Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in June 2016, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage	Final stage
<p>56 ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between the you, your affiliates and directors and us;</p> <p>▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;</p> <p>▶ The overall assessment of threats and safeguards;</p> <p>▶ Information about the general policies and process within EY to maintain objectivity and independence.</p> <p>▶ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard</p>	<p>▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;</p> <p>▶ Details of non-audit services provided and the fees charged in relation thereto;</p> <p>▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;</p> <p>▶ Written confirmation that all covered persons are independent;</p> <p>▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;</p> <p>▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and</p> <p>▶ An opportunity to discuss auditor independence issues.</p>

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services. We also provide information on any contingent fee arrangements, the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted. We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Suresh Patel, your audit engagement partner and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in the Council. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES or the National Audit Office's Auditor Guidance Note 01 and the services have been approved in accordance with your policy on pre-approval. The ratio of non audit fees to audits fees is not permitted to exceed 70%.

At the time of writing, the current ratio of non-audit fees to audit fees is approximately 1:6. No additional safeguards are required.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements. There are no self review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Council. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Relationships, services and related threats and safeguards

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

Other communications

EY Transparency Report 2018

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 1 July 2018 and can be found here:

<https://www.ey.com/uk/en/about-us/ey-uk-transparency-report-2018>



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Appendices



Appendix A

Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. PSAA has published a scale fee for all relevant bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the NAO Code. The fee for 2018/19 reflects the year 1 of the new 5 year contract awarded by PSAA.

<i>All fees exclude VAT</i>	Planned fee 2018/19	Scale fee 2018/19	Final Fee 2017/18
	£'s	£'s	£'s
Code work at scale fee	40,992	40,992	53,236
Impact of 50% performance materiality	10,000-12,500	n/a	12,455*
Additional significant risk - investment property	-	n/a	4,415*
 Additional audit overruns and delays	-	n/a	2,922*
Early close of accounts	-	n/a	3,202*
New general ledger	12,500-20,000	n/a	n/a
Total audit fees	63,492-73,492	40,992	76,230
Non-Audit Work - Housing Benefit certification	12,400	n/a	To be confirmed
Total non-Audit Work	12,400	n/a	To be confirmed

* To be approved by PSAA

In addition, the agreed fee presented is based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council; and
- ▶ The Council has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance. Any variations to the audit fee need to be approved by PSAA. Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.



Appendix B

Required communications with the Corporate Governance Committee

We have detailed the communications that we must provide to the Corporate Governance Committee.







Our Reporting to you

Required communications	 What is reported?	 When and where
Terms of engagement	Confirmation by the Corporate Governance Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
61 Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team	Audit planning report - January 2019
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit results report - July 2019
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	Audit results report - July 2019




Appendix B

Required communications with the Corporate Governance Committee (continued)

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Corrected misstatements that are significant ▶ Material misstatements corrected by management 	Audit results report - July 2019
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the Corporate Governance Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ A discussion of any other matters related to fraud 	Audit results report - July 2019
Related parties	<ul style="list-style-type: none"> ▶ Significant matters arising during the audit in connection with the entity's related parties including, when applicable: <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	Audit results report - July 2019
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence 	<p>Audit Planning Report - January 2019</p> <p>Audit Results Report - July 2019</p>

Appendix B

Required communications with the Corporate Governance Committee (continued)

		 Our Reporting to you
Required communications	 What is reported?	 When and where
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	Audit results report - July 2019
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ Enquiry of the Corporate Governance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Corporate Governance Committee may be aware of 	Audit results report - - July 2019
Internal controls	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit 	Audit results report - - July 2019
Representations	Written representations we are requesting from management and/or those charged with governance	Audit results report - - July 2019
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report - July 2019
Auditors report	<ul style="list-style-type: none"> ▶ Key audit matters that we will include in our auditor's report ▶ Any circumstances identified that affect the form and content of our auditor's report 	Audit results report - July 2019
Fee Reporting	<ul style="list-style-type: none"> ▶ Breakdown of fee information when the audit plan is agreed ▶ Breakdown of fee information at the completion of the audit ▶ Any non-audit work 	Audit Planning Report -January 2019 Audit Results Report - July 2019

Additional audit information

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting.
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Council to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, including the board's statement that the annual report is fair, balanced and understandable, the Corporate Governance Committee reporting appropriately addresses matters communicated by us to the Corporate Governance Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- ▶ Maintaining auditor independence.

Additional audit information (continued)

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines:

- ▶ The locations at which we conduct audit procedures to support the opinion given on the financial statements; and
- ▶ The level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

EY | Assurance | Tax | Transactions | Advisory

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ED None

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**Public
Key Decision - No**

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Progress on issues arising from the 2017/18 Annual Governance Statement
Meeting/Date:	Corporate Governance Committee – 23 January 2019
Executive Portfolio:	Councillor J A Gray – Executive Councillor for Resources
Report by:	Internal Audit & Risk Manager on behalf of the Senior Leadership Team.
Ward(s) affected:	All Wards

Executive Summary:

Traditionally the Annual Governance Statement (AGS) contains issues for which the Council itself is wholly responsible. In a climate of increasing partnership and public service reform, both the Executive Leader and Managing Director felt that this approach did not address the risks that are of greatest potential impact to the authority and the achievement of its objectives.

The 2017/18 AGS reflected a more strategic outlook by considering matters that could severely impair the Council's financial position and, therefore, its ability to function or identify new opportunities. Consequently the AGS contained five themes that will be required to be addressed across both 2017/18 and the forthcoming financial years.

1. Housing affordability
2. Morbidity/Growing number of years of ill health
3. Wider economic environment
4. Skills level and wider educational attainment
5. Partner agency operational pressures

Progress across the five themes has been mixed. A significant amount of work has been spent on housing affordability and addressing the causes of homelessness.

It is anticipated that the five themes will be repeated in the 2018/19 AGS although they may be adapted to reflect current and forthcoming pressures.

Details of the action taken against each theme is set out in the attached report.

Recommendation:

It is recommended that the Committee note and take into account the progress that has been made in introducing the key improvement areas arising from the 2017/18 AGS when undertaking their 2018/19 governance review.

1. WHAT IS THIS REPORT ABOUT/PURPOSE?

- 1.1 This report informs the Committee of the progress that has been to date in introducing the five key improvement areas that were contained in the 2017/18 Annual Governance Statement (AGS).

2. WHY IS THIS REPORT NECESSARY

- 2.1 The Committee need to be assured that sufficient action has been taken to deal with the five theme areas.

1. Housing affordability - *Leading to homelessness and constraining growth.*
2. Morbidity/Growing number of years of ill health - *Impacting on people's ability to be self-reliant and generating additional cost through support needs.*
3. Wider economic environment – *impact of Commercial Investment Strategy/Business rates receipts and level of need from residents.*
4. Skills level and wider educational attainment - *as a means by which residents are able to attract profitable work and in attracting employers to the area.*
5. Partner agency operational pressures - *financial challenges of partners impacting on demand for our services or reducing existing support.*

- 2.2 An extract from the 2017/18 AGS that sets out in detail the five themes and issues to be considered is included at Appendix 1.

3. ANALYSIS

- 3.1 When the five theme areas were first discussed by the Committee in March 2018, the Managing Director explained that central to the identification of the governance issues were the financial pressures likely to be exerted onto the Medium Term Financial Strategy (MTFS). Subsequent events that have taken place elsewhere ((notably the financial difficulties at Northamptonshire County Council (which are leading to its dissolution) and East Suffolk Council (which is now focussing on delivering statutory services only)), local financial challenges of the County Council and local Clinical Commissioning Group (CCG) together with national initiatives such as the fair funding review suggest that addressing the MTFS pressures was the correct approach to take. These challenges and the veracity of them was presented to Members by Aileen Murphie, Director for Local Government Value for Money at the National Audit Office, in September 2018.

- 3.2 Agreeing to address outward looking themes was a challenge for Senior Managers as the AGS had previously only required them to be concerned with dealing with (inward facing) issues that they could directly address and control. Each theme is wide ranging and will be delivered only if a strategic and collaborative approach is taken. In this first year, the importance of building relationships and influence with partner colleagues cannot be underestimated. It is anticipated that the five themes will remain (albeit with slight amendments) for a number of years with outcomes building year on year.

- 3.3 The current position against each of the themes is summarised below.

1. Housing affordability

Leading to homelessness and constraining growth.

- a) The Council's Housing Strategy is to be reviewed and updated in 2019/20 so that it reflects the legislative requirements of the Homelessness Reduction Act 2017 that came into force during 2018. It is anticipated that the Strategy will encompass all four of the action points (see appendix 1) listed in the 2017/18 AGS.
- b) Outcomes from the 2017/18 Housing Strategy action plan were discussed by the O&S Panel (Performance & Growth) in September 2018. Highlights include the 363 successful homelessness preventions during 2017/18 and the completion of 123 affordable homes.
- c) An homelessness early prevention pilot has been underway since April 2018. The pilot aims to identify at an early stage those who are in rented accommodation but may be at risk of homelessness due to their inability to find work and/or poor financial circumstances. A substantial amount of work has been undertaken to develop a number of pathways (e.g. referrals to Citizens Advice for debt management advice or EDGE for assistance with applying for jobs) to support and assist residents. Five residents have been proactively supported into work after contacting the Council on wholly unrelated matters and whilst only a handful of residents have been assisted to date, indications are that the pathways are proving beneficial.
- d) The Council has also been considering how it can use Discretionary Housing Payments (DHP) to assist those who may be at risk of homelessness. There has been some innovation in the use of DHPs. For example, someone living in social housing and in rent arrears due to having their housing benefit payments reduced due to living in a property that has a spare bedroom (and classed as being under-occupied) have had their rent arrears paid and been moved to a smaller property. This both frees up a property whilst reducing the possibility of future financial problems for the tenant.
- e) A pathway has also been established with Criminal Justice partners that allows for the early notification of the release of offenders so that potential employment opportunities and other appropriate support can be identified. Similar pathways are being developed to identify young people leaving care and those being discharged from hospital who have drug, alcohol or mental health issues. Whilst the Council does not deliver services initially to these groups of people, it can provide support to the partner agencies as and when necessary with the aim of reducing the call upon the housing budget.
- f) The Council is beginning to focus services around the need of the community. It is working in a multi-agency group alongside local residents in the Huntingdon North ward to identify those who are vulnerable and may become homeless. The group is supporting a number of community groups (e.g. grub-hub) with the intention that residents can develop and take responsibility for these initiatives themselves.
- g) The Council has provided support to the Greater Staughton Community Land Trust (CLT) who are planning to build 12 affordable houses in Great Staughton to which local people who have a connection to the Great Staughton parish area will be given priority. The Cambridgeshire and

Peterborough Combined Authority (CA) is supporting and providing financial backing to CLTs. Other CLTs may be developed to which the Council would also provide support.

- h) Details of a number of surplus land sites have been provided to a developer with the intention of identifying both land values and to identify the potential number of affordable homes that could be built across these sites.

2. Morbidity/Growing number of years of ill health
Impacting on people's ability to be self-reliant and generating additional cost through support needs.

- a) Business case prepared for increasing the use of Hinchingsbrooke Country Park (HCP) and which will also allow it to become free from subsidy. An outline case for Paxton Pits has also been prepared. Both documents are to be considered by O&S Panel (Customers and Partnerships) and Cabinet in January 2019. Feasibility studies planned for 2019/20 for larger strategic green sites in Huntingdon and St Neots. These projects seek to secure and enhance open free space as a key route for activity for all residents as evidenced by over 500 people attending a recent free park run at HCP.
- b) Through the Active Lifestyles team, a range of exercise initiatives and classes have been introduced for older people and those requiring additional support to exercise. In 2017/18 the team organised and delivered more than 3,700 physical activity or sport sessions attracting more than 45,000 attendances (19,700 older people and 20,400 long term health conditions). One notable success in 2017/18 was the introduction of a 'Care Home offer' leading to 124 exercise sessions delivered in partnership with local Residential and Care Home Providers. The team contributed to a public health led county wide strategic group tackling falls among older adults and were actively involved in a pilot scheme in St Ives. Continuing the theme of continuous improvement 2018/19 has seen the introduction of additional specific classes for people with long term health conditions (including Cancer patients, and Postural Stability which is a more specific, highly tailored falls prevention service). In January 2019 Active Lifestyles are launching the ESCAPE¹ pain management rehabilitation programme aiming to help people with osteoarthritis and chronic joint pain, self-manage their condition.
- c) With support from both the Design Council and Local Government Association that Council has been tackling significant levels of obesity in Ramsey through the Live Well initiative. This has been a challenging project and the benefits derived to date have not been as expected. The Transformation Board are due to consider in the New Year whether to continue with the project, re-focus or cease to work in this area.
- d) Section 106 agreements continue to be negotiated with developers towards the provision of recreational spaces and their future up-keep. Developers appear to be requiring that the Council show that there is a demonstrable demand for play provision in schemes before committing to

¹ ESCAPE Pain stands for Enabling Self-management and Coping with Arthritic Pain through Exercise. ESCAPE Pain is endorsed and supported by NICE, British Society of Rheumatology, Royal Society of Rheumatology, Royal Society of Public Health, Charters Society of Physiotherapy, Arthritis Research UK, Arthritis Research UK, and the Academic Health Science Network.

S106 agreements.

- e) External funding for the Countywide 'Let's Get Moving' initiative extended until June 2020. Let's Get Moving Cambridgeshire aims to improve the health of the Cambridgeshire population, specifically by increasing levels of physical activity. This is done by promoting existing opportunities, developing new opportunities, and supporting individuals that require support to achieve their goals.
- f) Urban & Civic, at the Council's behest, successfully applied to become a member of the NHS Healthy Towns Network. In developing the new communities at Alconbury Weald and Wintringham St Neots, Urban & Civic will incorporate healthy living initiatives for the benefit of future residents.

3. Wider economic environment

Impact of Commercial Investment Strategy/Business rates receipts and level of need from residents.

- a) A Local Industry Strategy is being prepared by the CA with which the Council is collaborating. The strategy will consider how the Council can assist in developing both the local economic environment and a skilled workforce to work within it.
- b) A 'Better Business for All' pilot is underway which has been developed via funding from the Ministry of Housing, Communities and Local Government (MHCLG). The pilot is a means by which the Council can engage with the local businesses and deliver the support they need to grow.
- c) Property acquisitions have been made within the District under the Commercial Investment Strategy.
- d) Discussions are on-going with the CA regarding the distribution of business rates arising from properties in the Alconbury Weald Enterprise Zone.
- e) A feasibility study is underway to consider whether businesses in St Neots should be given the opportunity to vote for their own Business Improvement District (BID).
- f) Working with a number of partners the Council is involved in the St Neots Smart Town initiative. Whilst the initiative is at an early stage, the intention is that by using data and emerging technologies to address transport and connectivity challenges it will help provide information that will influence the behaviours of residents and businesses.
- g) The Council is represented on the 'Connecting Cambridgeshire' (CoCam) Board which is in the process of investing approx. £25m in improving the digital infrastructure (superfast broadband, full fibre, public access wi-fi and 5G mobile coverage) across Cambridgeshire and which is a key factor for economic investment decisions by businesses. The key performance indicator targets set by CoCam are all currently being achieved.

4. Skills level and wider educational attainment - as a means by which residents are able to attract profitable work and in attracting employers to the area.

- a) A review of the Council's apprenticeship programme has been completed. From 2019/20 the Council intends to stop recruiting to its current apprenticeship posts but use the apprenticeship levy to fund the training of its current employees. This is likely to see an overall increase in apprenticeship numbers.
- b) Safeguarding training for taxi drivers has been provided.
- c) Over 60 One Leisure employees have obtained or are being trained to become qualified lifeguards. Lifeguarding posts are an entry level position for many staff and obtaining the qualification is the first steps towards a career in the leisure industry.
- d) Discussions are underway with the Probation Service about how the Council may assist with the rehabilitation of offenders by offering them both temporary and/or permanent work opportunities so they can afford private sector rents and not become homeless.
- e) The Council was represented at the third annual EDGE school careers fair at Wood Green in December 2018 and also supported its organisation.
- f) Limited benefits have been obtained to date from suppliers delivering a social value benefit (i.e. creating opportunities for the long-term unemployed or other disadvantaged groups, apprenticeships or other environmental or community benefits) to the District when being awarded contracts of a significant value (£180k or more). A separate report is to be submitted to O&S Panel (Customers & Partnerships) exploring the opportunities for improving social value delivery within the District.

5. Partner agency operational pressures - financial challenges of partners impacting on demand for our services or reducing existing support.

- a) There was engagement with Cambridgeshire County Council about their proposed 2019/20 budget and the likely impact service cuts would have upon the District. The County Council understand that the Council is willing to work collaboratively both with themselves and other agencies to consider alternative ways of working.
- b) The County Council were planning to remove £1m from their £7.5m Supporting People budget in 2019/20. Following representations from the Council and others the County agreed not to cut the service but work with the District authorities to consider alternative ways of providing housing related services.
- c) Operations intend to divest themselves of weed-spraying on some County Council owned areas in 2019/20. Responsibility for this task will revert to the County Council. Likewise it is the intention to start charging a number of our partners to empty litter bins, a service that has not been charged for previously.
- d) The NHS is changing the way in which it defines whether or not it is

responsible for the collection of 'sharps'. With increases in the number of type 1 diabetics and the self-administration of certain types of prescription drugs, 'sharps' that used to be collected by the NHS are now becoming the responsibility of Operations to collect and dispose of. Increasing people's health and well-being (and reducing diabetes), should see a reduce in 'sharp' collections.

- e) In conjunction with other agencies, the Council is involved in looking to reduce the costs of responding to incidents of crime in the Huntingdon North ward which is estimated to cost the agencies £8m/annum to deal with.
- f) The Assistant Director (Transformation) works from County Hall one day per month, alongside the County Council's transformation team. This provides an opportunity to influence each other's work plans as well as exploring joint working initiatives.
- g) Representatives from both the Police and Public Health sector have spoken at the Managers Forum, outlining the financial and operational pressures they are facing.
- h) From April 2017 the County Council's Public Health Team (PHT) withdrew its financial support for the Exercise Referral Scheme (ERS). The PHT had contributed to the costs of the ERS for a number of years allowing it to be provided free of charge to the client. The Public Health grant was circa £27,000 per annum effectively funding one full time Physical Activity Officer working across the District directly with clients. Attempts to secure replacement funding from the NHS were unsuccessful. The ERS has continued but with clients being charged to access. The ERS could be free and expanded but is currently restricted by the number of qualified staff employed.

3.2 Both Overview and Scrutiny Panels (O&S) received a presentation from the two Corporate Directors in June 2018 that outlined the five themes in the AGS and opportunities for including elements of these in their future work programme. Both Panels agreed in October to include two themes in their work programme – Leisure and Health for O&S (Customers and Partnerships) and Housing and Skills for O&S (Performance and Growth). Scoping documents for the reviews have been prepared.

3.3 All Council Managers as part of the Management Development programme have been assigned to one of 12 Cohort groups to undertake training around the five 'icare' themes. As part of the learning outcome, each cohort has spent six months working on a project around one of the five AGS themes and is required to give a presentation to the Corporate Leadership Team with the intention being that one or more of the ideas within the presentations is developed further or referred to O&S for further consideration.

4. KEY IMPACTS.

- 4.1 If sufficient and timely action is not taken, this may lead to:
- adverse comments being reported by the external auditor in the Value for Money opinion;
 - poor governance procedures remaining in place which may affect the delivery of the Council's objectives and its long term financial stability.

- 4.2 In delivering a number of the Corporate Plan actions and the AGS themes the Council needs to be mindful of the parallel and complimentary role of the CA and Business Board. It is recognised that there will be occasions when the Council needs to either work in partnership/collaboration with the CA/Business Board, or independently of it (whilst remaining aware of the CA initiatives) when it is felt that it deliver the best outcomes for the District.

5. WHAT ACTIONS WILL BE TAKEN?

- 5.1 Action has already been taken as set out above. Further updates on the progress that has been taken to address the five themes will be reported to the Committee in July 2019 when the 2018/19 AGS is considered.

6. LINK TO THE CORPORATE PLAN

- 6.1 The five AGS themes have clear and direct links to the 2018/22 Corporate Plan vision and aspirations that have been set for both People and Place.

People

- Support people to improve their health and well-being.
- Develop a flexible and skilled local workforce.
- Develop stronger and more resilient communities to enable people to help themselves.

Place

- Create, protect and enhance our safe and clean built and green environment.
- Accelerate business growth and investment.
- Support development of infrastructure to enable growth.
- Improve the supply of new and affordable housing, jobs and community facilities to meet current and future needs.

- 6.2 Good corporate governance structures underpin everything that the Council does. Effective delivery of the Corporate Plan requires sound procedures and processes to be in place. These seek to ensure that decision making complies with laws, regulations and proper governance practices.

7 REASONS FOR THE RECOMMENDED DECISIONS

- 7.1 The Committee require assurance that the areas for improvement identified during the 2017/18 annual governance review process are being addressed.

APPENDIX 1

Extract from 2017/18 AGS.

BACKGROUND PAPERS

Annual Governance Statement 2017/18

CONTACT OFFICER

David Harwood, Internal Audit & Risk Manager
Telephone: 01480 388115

2017/18 Annual Governance Statement - Themes

Housing Affordability*Leading to homelessness and constraining growth.*

This issue is one which impacts on the Council's ability to deliver the Corporate Plan primarily through the escalating financial consequences of homelessness. Furthermore it also has a bearing on the mobility of the local labour market, on inward investment and business growth opportunities. For the Council as an employer it also hampers our ability to recruit and retain suitably experienced and qualified staff.

Actions:

- Develop a more detailed understanding of the underlying causes of homelessness.
- Trialling new ways of working to spot opportunities for early intervention for those individuals whose circumstances mean that they are vulnerable to homelessness.
- Developing new delivery options to secure affordable homes within the District, where necessary using Council assets to provide alternatives to the market delivery homes.
- Work with the Combined Authority to develop local Community Land Trusts to bring forward genuinely affordable and local solutions.

Morbidity/Growing number of years of ill health*Impacting on people's ability to be self-reliant and generating additional cost through support needs.*

Increasing pressures are being felt by many parts of the public service system, primarily through the growing demand on support costs, a rise in complex individual cases which cuts across many service providers, through such things as disabled facilities grants and personal care costs. This is not something that any single agency has ownership of, but requires joint working to deliver effective solutions focussing on wellbeing and life choices as well as housing, open spaces, transport infrastructure and the design of place.

Actions:

- Use our leisure services to encourage healthier lifestyles through engaging people of all ages in activities to improve health.
- Pilot new ways of working within localities with local communities and other agencies to deliver tailored solutions to issues within defined communities.
- Create plans to encourage cycling and walking, and ensure that designs of new housing areas encourage active lifestyles.

Wider economic environment*Impact of Commercial Investment Strategy/Business rates receipts and level of need from residents.*

The Council's financial robustness is closely linked with the private sector, which also supports the delivery of one of its key Corporate Plan strategic priorities – delivering sustainable growth across the District. The Council is making tactical investments in the property market and is able to assist the private sector in many ways, but external factors such as market volatility will have a greater impact, which may in turn directly impact on the Council's financial plans and forecasts for new homes bonus, council tax and business rates incomes.

Actions:

- Use the Council's Commercial Investment Strategy to support the local economy.
- Maintain and enhance the Council's existing commercial estate to provide value accommodation for local businesses.
- Work with local Business Improvement District (BID) teams and the Local Enterprise Partnership (LEP) to further stimulate economic growth within the District to ensure a pipeline of new and high value jobs in the major growth sectors.
- Refocus our economic development activity to support new and emerging sectors in our economy, to create the environment within which new business can thrive.

Skills level and educational attainment

As a means by which residents are able to attract profitable work and in attracting employers to the area.

It is important that all young people are able to fulfil their potential and become active citizens with meaningful and valuable work. Furthermore the workforce within the area needs to be supported to continue to gain value employment and meet the demands for new skills in the labour market. In turn this will also contribute to the area's reputation for attracting inward investment and so grow and thrive. Finally, skilled and flexible workforces who possess digital skills will allow the Council to transform its current delivery models and offer new methods of service delivery.

Actions:

- Fully develop and deliver a digital vision for Huntingdonshire, ensuring that we support the establishment of the basic infrastructure of superfast broadband and 5G mobile coverage through our own estates and the planning system.
- Support apprenticeships, directly as an employer, but also through our supply chain and through promotion with local businesses.
- Continue to engage with schools through local careers fairs and EDGE, but also through fostering direct links between employers and educational institutions.
- Develop a brand for Huntingdonshire to establish a reputation which will draw in investment and create an environment in which industries of the future can thrive.

Partner agency operational pressures

Financial challenges of partners impacting on demand for our services or reducing existing support.

There is evidence to suggest that as parts of the public sector reduce their input into communities, that the demand transfers to other agencies. In Huntingdonshire whilst partners work well together there continues to be the challenge of controlling additional demand and the corresponding budget pressures that it brings. Elsewhere financial pressures in one sector, have had significant financial and capacity impacts on the authority.

Actions:

- Share budget planning activity with other public agencies to guard against unintended consequences of financial decisions.
- Continue to engage with near neighbours, particularly the County Council and health services to understand how best we can compliment each other's activity.

Public
Key Decision – No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title:	Internal Audit Plan Quarter 4 - 2018/19
Meeting/Date:	Corporate Governance Committee – 23 January 2019
Executive Portfolio:	Councillor J A Gray – Executive Councillor for Resources
Report by:	Internal Audit & Risk Manager
Wards affected:	All wards

Executive Summary:

Committee agreed on a trial basis that for 2018/19 the internal audit plan should be prepared on a quarterly rather than annual basis, This report asks the Committee to consider and then approve the quarter four internal audit plan.

The plan includes reviews of the following areas:

- LEAN transformation process
- Setting of Land Charge fees and statutory licence charges
- Complaints handling
- Commercialisation
- Legal debt recovery procedures
- Hired staff
- Payroll
- Housing Benefits
- Taxi licensing
- Payment card system security
- Council Anywhere preparations
- Information security
- IT policy management
- Financial management system implementation and access controls

In addition, time has also been allowed to identify the key controls within the new financial management system (Technology 1) ahead of undertaking quarterly assurance reviews.

The report also provides a summary of the work that has been completed in the year to date and explains why previously approved audits have not progressed as planned.

Preparing and requesting the Committee to approve the audit plan on a quarterly basis was an innovative idea and one that was intended to make internal audit a service business partner, focusing on current and future risks rather than the traditional approach of considering how risks have been managed in the past. The change to the audit planning process has not achieved this and been largely unsuccessful. A disproportionate amount of time has been spent by the audit team arranging and meeting Heads of Service and their managers to obtain information and/or intelligence that would then directly influence the audit plan. Only a small

number of potential audit reviews have been suggested by Managers, which when pursued, were found to be being reviewed by others. This has led to audit resources being committed to reviews that were not subsequently progressed and this has had an impact on the overall number of audits that have been able to be delivered.

With the significant transformational proposals that are underway or planned, it is appropriate that the internal audit plan addresses the most significant risks that the Council faces. It is not appropriate for the audit plan to be approved at the start of the year and not change. It is proposed that for 2019/20 the internal audit plan be prepared and approved by the Committee on a six monthly, rather than quarterly basis.

Recommendations

It is recommended that:

1. The Corporate Governance Committee approve the Internal Audit plan for quarter four, 2018/19, and
2. The Internal Audit plan for 2019/20 be prepared on a six monthly basis. .

1. PURPOSE OF THE REPORT

- 1.1 To allow the Committee to consider and approve the Internal Audit (IA) audit plan for quarter four (Q4) 2018/19.

2. BACKGROUND

- 2.1 The Accounts and Audit Regulations 2015 require that the Council ‘...must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account Public Sector Internal Audit Standards (PSIAS) or guidance’. The Council have adopted the PSIAS through the Committees Terms of Reference.
- 2.2 The Council requires the Internal Audit & Risk Manager (IARM) to “establish risk-based plans to determine the priorities of internal audit activity, consistent with the organisations goals”. The risk based-plan must also:
- take into account the requirement to produce an annual internal audit opinion;
 - incorporate a strategic high-level statement of how the internal audit service will be delivered and developed and how it links to the Council’s objectives and priorities;
 - explain how internal audit’s resource requirements have been assessed; and
 - include the approach to using other sources of assurance and any work required to place reliance upon those other sources.

Furthermore, the IARM must review and adjust the plan as necessary, in responses to changes in risks, operations, programs, systems, and controls.

3. ANALYSIS

- 3.1 It is estimated that 52 days (excluding the days to be delivered by BDO, the internal audit computer audit supplier) will be available for delivering the Q4 audit plan. These days have been provisionally allocated across the following areas.

Internal Audit & Assurance Plan 2018-2019 – Q4

<i>Audit area</i>	<i>Commentary</i>
Tech 1 - New FMS	This review was commenced in Q3 and will be completed in Q4. Technology 1 became ‘live’ on 9 July. Work has already been undertaken in Q3 to identify the key controls across all the T1 modules and this will continue into Q4 together alongside reviews of the controls effectiveness. A meeting has been held with 3C partner Councils to see if the workload could be shared but this was not possible due to work scheduling issues.
LEAN review	This audit was due to be completed in Q3 but was postponed due to staff in the Service area being unavailable. The LEAN review process has been revised and reviews are now conducted over a two week period. This audit will consider if agreed outcomes are being delivered, embedded and leading to process change.
Setting of Land Charge fees and statutory licence charges	The fees and charges for statutory services should be set so that they recover the full cost of the service. This is usually the total cost of all resources used in providing the service including direct and indirect costs. Separate reviews of both Land Charges and other statutory licence costs will consider the processes in place for identifying and charges and setting fees.

Audit area	Commentary
Complaints handling	The 2016/17 and 2017/18 Annual Governance Statement (AGS) referred to the need to improve the complaints handling procedures. In preparation for the 2018/19 AGS a review will be undertaken of the progress made to improve procedures.
Commercialisation	The commercialisation agenda is expected to deliver a significant income stream to the Council. A review of the governance procedures that have been introduced to manage commercialisation activities as well as the progress that has been made with delivery of the CCTV business plan is to be completed.
Legal debt recovery procedures	<p>A review was completed in Q2 of the debt collection procedures followed by 3C Legal for the collection of the Council's general debts referred to them by the Resources income team. An interim report found that:</p> <ol style="list-style-type: none"> 1. There has been little recent work undertaken by 3C Legal to recover debt referred. 2. 3C Legal do not hold a complete record of the debts that have been referred. 3. No performance management information or monitoring of the current position is taking place. <p>Further work is planned for Q4 to review the progress that has been made across the three areas above.</p>
Hired staff	Work was undertaken in Q1 to examine the measures that managers had put in place to achieve the reduced 2018/19 hired staff of £182k from the £1.5m 2017/18 spend. This review will examine spend to date and what impact, if any, the achievement of the budget has had on the delivery of services.
Payroll	The payroll system is a key financial system. Controls are reviewed on a rolling basis to ensure that all areas are covered across a 5 year period. This review is to examine the controls associated with the authorisation and calculation of statutory and voluntary deductions, changes to employees standing data and system updates arising from Inland Revenue legislative changes.
Housing Benefits	The housing benefit system is a key financial system. Controls are reviewed on a rolling basis to ensure that all areas are covered across a 5 year period. This review is to examine the controls associated with the risk-based verification framework and sample checking the supporting evidence for new claims.
Taxi Licensing	A review of the processes followed by the Licensing Service to determine if a license holder is deemed a 'fit and proper' person.

Audit area	Commentary
	Internal audit reviews to be undertaken by BDO.
Card Industry Data Security Standard (PCI-DSS) Project Management	This area was last reviewed in May 2014. As a Merchant responsible for accepting credit and debit card payments, the Council is required to comply with the requirements of PCI-DSS. This audit will consider if compliance is being achieved.
Council Anywhere	The introduction of Council Anywhere will facilitate remote and agile working for members of staff across the Council. The audit will provide assurance that the delivery of the Council Anywhere meets the needs of the Council and has been appropriately secured.
Information Security Healthcheck	In 2016/17 and 2017/18, Internal Audit undertook reviews of the Cyber Security and Network Security controls implemented by the Shared ICT Service. An attack against the Council has the potential to disrupt operations and cause lasting financial and reputational damage. The purpose of this audit is provide assurance that the Shared ICT Service has addressed the findings raised in the previous Internal Audit reports and that there are effective information security controls in place.
Protocol Policy Management System	This review was due to commence in Q2 but was postponed due to the software supplier updating the security policies to capture changes in legislation and standards over the past year. The audit will review the IT policy management software system including procedures for amending its content, the appropriateness of content and managing the roll-out to staff and their take-up of it.
T1 (FMS) Post-Implementation and Access Controls	The purpose this audit is to provide assurance that the implementation of the new financial management system-T1 - has met the needs of the Council and that there are appropriate post-implementation arrangements in place. Furthermore, the audit will also assess the access controls that have been applied to secure the T1 application.

3.2 In addition to reviewing the areas listed above, time may also be required to provide for the following:

- help, advice and assistance to managers;
- follow-up reviews of agreed audit actions introduced;
- attendance at quotation openings,
- managing whistleblowing allegations; and
- the quality assessment of audit work undertaken and file review.

3.3 Progress made as at the 8 January against the audits previously agreed for 2018/19 is set-out below.

Audit area	Current position
Homelessness prevention pilot	
This review considered the robustness of the homelessness pilot scheme that was introduced to combat homelessness by intervening with those identified as at risk at a much earlier stage and then offering	The report has been issued to the Corporate Director (Services).

Audit area

access to support such as advice on employment & training or debt management. Homelessness has been recognised in the 2017/18 AGS as a significant issue.

Freedom of Information

This review considered the administration processes associated with receiving and responding to freedom of information requests. The audit will consider the thoroughness of responses provided and the opportunities for making more information available on the Council's website so reducing the need to respond individually to requests.

Small works contracts

This review examined the contract management processes supporting the small works contracts and its use.

Mobile phone contract

This review considered the management of the mobile phone project across the 3C partner authorities. The review examined the procurement process, project management and the establishment of procedures to support compliance with mobile phone policies going forward.

Main financial systems : Qtly reviews

Council Tax / NNDR
Housing Benefit creditors.

BACS payment fraud

In June 2018 a Council supplier was targeted by a fraudster who, after taking control of the suppliers email account, successfully deceived the Council into changing the suppliers bank account.

Current position

The draft report has been issued. The main issues that have emerged are:

1. Staff guidance for Fol champions is not as comprehensive as it could be.
2. Fol training is not mandatory for staff.
3. The Corporate Retention and Records Management Policy needs to be updated to reflect GDPR.

This audit has been completed and closed. The main findings are that:

1. The contract is due to expire in March 2019 and needs to be re-let.
2. Clear responsibilities should be assigned to a member of staff for contract monitoring and to support services who use the contract.

The audit has been completed and closed. The main findings are that:

1. Arrangements for reviewing phone billing should be formalised.
2. The mobile phone policy be reviewed and updated to reflect current working practices.

The September 2018 reviews have been completed in respect of the key controls associated with the financial systems listed opposite. Whilst there were some minor issues identified, nothing that warrants reporting to the Committee.

The Council made a payment of £81k to the fraudulent bank account. It has been recovered in full and no losses incurred. Internal audit reviewed the processes followed to verify the bank account change request and new procedures have been introduced. The Police were informed of the loss. They have investigated the matter but are unable to trace the bank account holder and have closed their file.

Audit area**IT Disaster recovery**

The purpose of this audit is to provide assurance that the IT disaster recovery arrangements are sufficient to recover critical IT services in accordance with the expectations of the Council.

Current position

The fieldwork for this audit has been completed and a draft report is in the process of being prepared.

Planned audits that did not proceed.**3C IT procurement**

This audit intended to review the opportunities for improving the efficiency of IT procurement through the adoption of one Code of Procurement across the 3Cs.

The 3C Management Board requested that this audit not proceed. They wished to consider the wider approach to procurement across the 3Cs and if needed, introduce change before an audit review.

Energy Costs

This audit intended to review the process for the procurement of energy and water. Annual expenditure in this area is of the region of £850k.

This review did not go-ahead. The Head of Operations has appointed a specialist consultant to review energy use.

General Data Protection Regulation - GDPR

This audit intended to review the delivery by Services of their GDPR action plans for achieving compliance as well as 'business as usual' processes for managing personal data.

This review did not go-ahead. The Head of 3CITSS has appointed a specialist consultant to review the progress Services have made in delivering their agreed action plans.

Corporate enforcement

The Cabinet approved a revised corporate enforcement policy in February 2018. This review was to have considered how it has been implemented and also examine the efficiency opportunities to be gained by introducing one corporate enforcement team across the Council.

This review did not go-ahead as internal audit resources were redirected towards a special investigation which is still underway.

Annual Governance Statement (AGS) : Themes

Time had been set aside to undertake reviews around the five theme areas contained in the 2017-18 AGS.

This review did not go-ahead due to the use of internal audit resources being redirected towards a special investigation. A review of the progress made across the AGS themes has been undertaken and the results of that work reported to the Committee elsewhere on the agenda.

Internal Audit & Assurance Plan 2017-2018 – Outstanding reports

- 3.4 All but one audit review completed in 2017-2018 have been closed. The exception is the audit of Commercial Estates. The draft report has been issued and a response received. The Head of Resources does not wish to introduce the agreed audit actions until the Commercial Estates restructure has been completed. In these circumstances the delay is considered reasonable as the restructure is likely to impact upon how the actions will be delivered.

Internal Audit performance measures

- 3.5 The performance measures for IA as contained in the IA Service Plan 2018/19 are set out below.

Customer satisfaction

Target: 85% or more of customers rating service quality as good or better via customer survey forms.

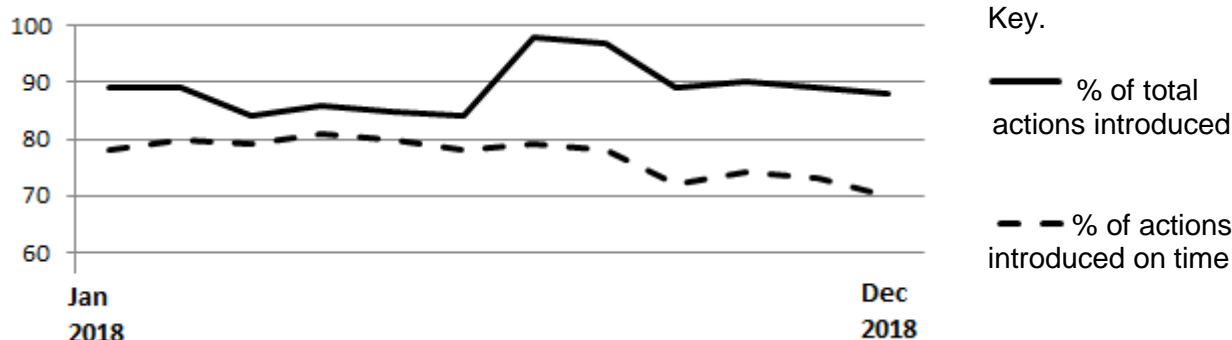
Outcome: 12 months to December 2018 – 100% (from 5 responses).

Implementation of agreed internal audit actions

Target: The Corporate Leadership Team has set a target of 100% of agreed actions to be implemented on time, based on a rolling 12 month timeframe.

Outcome: 12 months to December 2018 : 70% on time (99 actions due in the period)
: 88% on time and late

The chart below details performance for the year ending December 2018.



4. LINK TO THE CORPORATE PLAN

- 4.1 The Internal Audit Service through the audit plan contributes to all the strategic themes and outcomes. Specifically it supports Corporate Management Team and Heads of Service by undertaking reviews that provide assurance that:

- significant risks identified in the risk register are managed effectively;
- laws and regulations are being met,
- business and financial processes and systems are managed effectively; and
- assets are safeguarded.

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

5. RESOURCE IMPLICATIONS

- 5.1 There are no resource implications over and above those set out in the 2018/19 budget.

6. REASONS FOR THE RECOMMENDED DECISIONS

- 6.1 The Committee's terms of reference require it to approve the IA plan.

BACKGROUND PAPERS

The Public Sector Internal Audit Standards

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HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Annual report on HDC compliance with the Freedom of Information (FOIA) & Environmental Information Regulations (EIR) Acts
Meeting/Date:	23rd January 2019
Executive Portfolio:	Executive Councillor for Digital and Customer
Report by:	Information Governance Manager & Data Protection Officer
Ward(s) affected	All Ward(s)

EXECUTIVE SUMMARY:

The Information Governance (IG) service falls under the 3C ICT shared service with Huntingdonshire District Council and South Cambridgeshire District Council. The IG service produces and implements the Information Governance framework regarding Access to information, Information Management and Data Protection and information security, in accordance with legislation. The small team is headed up by the Information Governance Manager who is also the Data Protection Officer; this is a new independent statutory (whistleblowing role) mandatory for local authority.

This is an annual report on the Council's compliance with the Freedom of Information Act 2000 and Environmental Information Regulations 2004. This report also includes for the first time the Councils performance with regard to protecting personal data and covers the period Dec 2017 to Dec 2018.

The number of requests received by the Council in 2018 (789) increased from the previous year,(718) following a long period of growth.

A shared request management system was integrated in July 2017. This new process places more ownership on the Services whereby key responders and champions are designated and responsible for ensuring their Service responds within the timeframe. The Information Governance Officer coordinates all formal requests and allocates specialist support from the

Information Governance team where officers require this. We are about to initiate an upgrade, improving the functionality to make it easier for teams to self-serve and rewriting all of the request templates and guidance documents. Disclosure log publication of FOI requests will begin in February.

This new process has been successful. After a sustained period functioning below target pre 2016, the Council now consistently achieves above 90% and even 100% compliance. See appendix A.

There was a noticeable dropping off in October and November; this was a direct result of staff resource issues. December saw a return to upward incline

Recommendation(s):

Corporate Governance Committee is asked to comment on this report.

1. PURPOSE

1.1 The purpose of this report is to:

- Report on the requests for information received by the Council under FOIA & EIR and highlight any issues encountered and actions to be taken to improve performance.

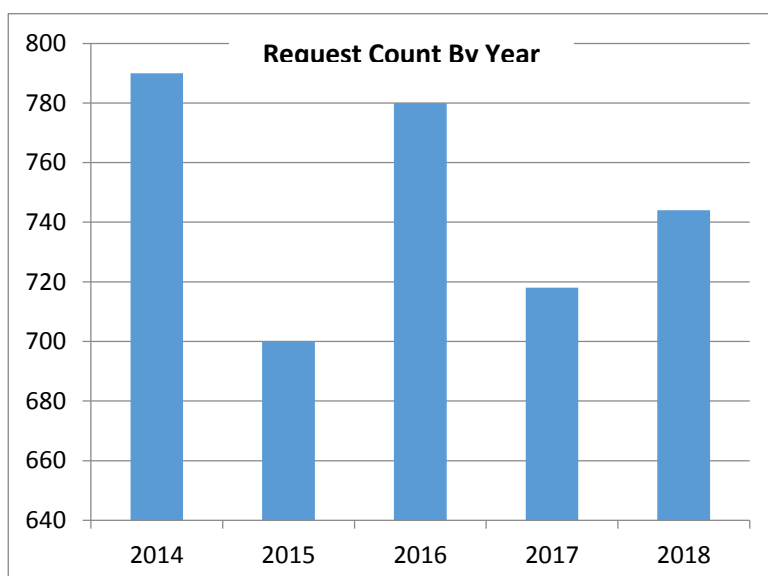
2. BACKGROUND

2.1 The public has the right of access to information held by the Council under the Freedom of Information Act. The Freedom of Information Act (FOI) works alongside the Environmental Information Regulations (EIR). Service areas are responsible for responding to requests, and 3C ICT Information Governance Team manage the process, provide support and ensure compliance. The Council works to a target of 90% response compliance within 20 days (statutory requirement) as advised by the Information Commissioner.

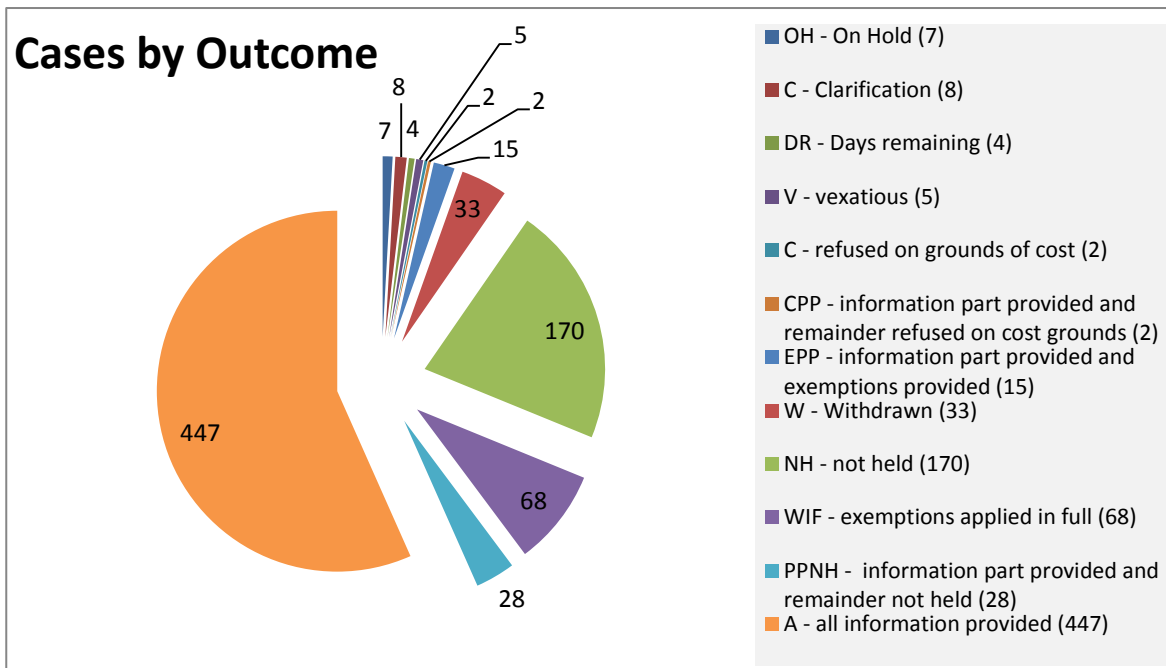
2.2 The Council receives many requests for information in all service areas. Most are dealt with as part of the day-to-day business, but where a request is out of the ordinary, specifically invokes the legislation, or is likely to engage an exemption, it is formally logged and processed. This report relates to those formally processed requests.

3. REQUESTS FOR INFORMATION

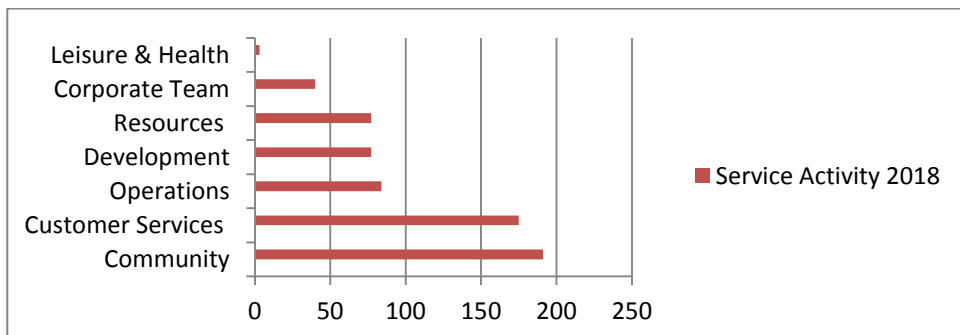
3.1 Total requests received in the report period is 789.



3.2 The majority of requests are concluded by all of the information provided. A greater proportion of the information of regular interest is now proactively published and updated on a monthly basis. The IG team will continue efforts to support Services to increase this transparency offering via an Open Data Strategy, planned for implementation this year whereby we will work with our partners at Cambridgeshire County Council and to standardise and regularly publish comparable data from the three partners including data required to be published under the Transparency Code directive, providing a valuable district data set.



3.3 Customer Services and Community receive the highest demand. Business rates information is now proactively published so that although logged they are handled within minutes by pointing the requester to the website, reducing the burden on the Revenues and Benefits Service. Information relating to the environment is consistently in demand we are working with the team to identify whether data sets can be proactively published.



- 3.4 The source of requests is becoming more difficult to assess, since many are sent from anonymous webmail addresses, therefore this is not reported.
- 3.5 Requestors have the right to an ‘internal review’ of their case if they are not satisfied with the outcome or how the request was handled, before taking further action to the Information Commissioner’s Office. During the report period 9 internal reviews were undertaken (reduction from the last report),

4 DATA PROTECTION

The Council collects and holds a wide range of personal information about our tenants, residents and the users of our services. This information helps us to provide services and assist our customers.

- 4.1 The Data Protection Act (DPA) provides a framework to ensure that personal information is handled appropriately, fairly and securely. Note the legislation went through an overhaul in May 2018 when the General Data Protection Legislation (GDPR) came into force and was enacted in to UK law by the Data Protection Act 2018. The Council must process personal data in accordance with the Data Protection Principles, as follows:
- 4.2 Information must be processed fairly and lawfully. This means that the individual providing personal information to Council services must clearly understand why their data is needed, who it will be shared with, giving them a clear indication of how their personal data will be used.
- 4.3 Personal information is collected for specified, explicit and legitimate purposes, and ensuring that the information collected is not processed in a manner incompatible with those purposes.
- 4.4 Using personal information only for the purposes specified by the authority to the Information Commissioner Office (ICO)
- 4.5 Processing is adequate, relevant and limited to what is necessary.
- 4.6 Ensuring that personal information collected is accurate, kept up to date, and inaccurate, information is erased or rectified without delay.
- 4.7 kept in a form which permits identification of data subjects for no longer than is necessary.
- 4.8 Ensuring that personal data is kept securely. The Council is required to take appropriate technical and other measures to prevent unauthorised or unlawful

access to personal information, or accidental loss, destruction or damage of personal information.

- 4.9 Ensuring that personal information about individuals is not shared with other people or organisations, except in the circumstances described by the Act. These exceptions to the Act include when information could assist in the prevention and detection of a crime, the apprehension or prosecution of offenders and matters of taxation and where disclosure is required by law or in connection with legal proceedings.
- 4.10 Providing individuals with access to information held by the Council about them, through responding to Subject Access Requests and by upholding their enhanced rights. The Council must now be much clearer about what we do with individual's personal data through our Privacy Notices. Other rights include the right to rectification, erasure, to restrict processing, data portability, and to object to processing.
- 4.11 The Council is now required to prove accountability - it does this by recording its processing activity (The Council maintains an Information Asset Register) and is required to have processing agreements or sharing agreements in place with all third party processors of personal data.
- 4.12 If the Council is in breach of the above data protection principles, it can have a significant impact on the individual(s) affected. In particular, the loss or unauthorised sharing of personal information can have serious impacts, ranging from harassment to identity theft. In such circumstances, public bodies such as the City Council can be liable for significant fines.
- 4.13 The Information Commissioners Office (ICO) receives reports of breaches of the Data Protection Act and makes decisions in each case. The ICO under the new law has the power to impose fines of up to £17million (previously the maximum was £500,000) for breaches of data protection obligations, as well as issuing enforcement notices and requiring organisations to sign undertakings to improve their practices.

5.0 BREACHES OF PERSONAL DATA

- 5.1 Their guidance on notification of data breaches under the new law is that where a breach incident is likely to result in risk to the rights and freedoms of individuals, the Council must inform the ICO within 72 hrs and if its likely to result in high risk to rights and freedoms of individuals, the Council has a lawful duty to inform the individuals without undue delay. The Council has a new incident policy to reflect this.
- 5.2 The Council considers the following factors as laid out in the (ICO) guidance when considering what should be reported.

Potential detriment and adverse affect to the data subject is the overriding consideration. This includes emotional distress, and includes information about the private aspects of a person’s life becoming known to others. The extent of detriment depends on the volume of the data and its sensitivity. Where there is little risk that individuals would suffer significant detriment there is no need to report.

5.3 The Councils Performance - Breaches of Personal Data

The Council maintains a register of incidents relating to incidents or near misses regarding personal data so that we can identify risks and act to mitigate the likelihood of reoccurrence and continually improve In 2018 the following incidents were recorded.

Document sent in error to wrong recipient	4	1 reported to ICO. No notice of Investigation has been received.
Email sent to wrong recipient or unnecessary disclosure of others personal email address	2	Not reportable to ICO
ICT Hardware Stolen	1	Not reportable to ICO
Personal data unnecessarily published on the web site	2	Not reportable to ICO
Personal data wrongly disclosed	1	Reported to ICO – No notice of investigation has been received

6.0 Rights Request Handling & Complaints

6.1 The Information Governance Team also coordinate request relating to individuals rights such as right to request access to the personal data the Council hold), right to erasure, right to rectification as well as third party requests for personal data such as from the Police or to prevent or detect fraud .

Personal Data of third parties	13
Subject Access Request	13
Rights request	3

6.2 Complaints Received

Internal Review FOI	7
Subject Access Request Complaint	7
Official Complaint made via the ICO Includes FOI & SAR	7

Whilst these have been investigated by the regulator (ICO) these have resulted in no action or they have found in the Councils favour.

7.0 ORGANISATIONAL DATA PROTECTION MEASURES

7.1 Increased awareness of data protection further to this year's work across the authority in preparation for the changes to legislation (GDPR), has resulted in more enquiries especially around information sharing and safe disposal of information and retention practices. This is a positive outcome for the council, as staff are more aware of data protection and vigilant to areas of risk.

7.2 An Information Governance Board meets quarterly to review issues and drive improvements in the Council's approach to information security matters. Membership includes managers representing services that handle a high volume of personal data, The Group Is chaired by the Senior Information Risk Owner

7.3 An Information Governance Accountability Framework has been proposed by the Data protection officer as a means to imbed data protection ethos across all levels of the Council. It reinforces the requirement to embed a robust accountability structure (see appendix B) and regular engagement with those parties is scheduled. This involves the nomination of Information Asset Owners. The Data Protection Officer and Senior Information Risk Owner meet on a monthly basis.

7.4 The IG team have prepared a policy portal which contains up to date data security suite of policies, these alongside other IG framework policies will be accessible in a one stop shop on the Information Governance 3C intranet. Numerous Information governance policy and guidance have been updated or created to reflect the enhanced accountability measures under the new Data Protection Legislation.

7.5 Staff training and awareness of data protection continues to be key to data protection compliance. We have prepared a Data protection essentials policy All staff including new entrants will be required to demonstrate they have read and understood this.

7.6 In addition to new staff, all existing staff with access to Council IT accounts are required to complete the Cyber Security and Data Protection e-learning module by Feb 2018. The team are monitoring to ensure this is achieved. FOI e-learning training will also be rolled out in the next few months

7.7 GDPR awareness training seminars were run for staff and Members. Specific training requirements are identified in the Training Needs Assessment and rolled out in an annual programme.

8.0 LOOKING FORWARD

8.01 The implementation of the GDPR into UK law of has been the focus of the Information Governance team. Preparation for the Council to comply with the tighter legislation has included many work streams and focused on the following key legislative changes

8.02 Service level reports with 10 actions were produced as a method to record tasks and monitor the progress to make the necessary compliance changes, to enable scheduled conclusion of tasks. A GDPR consultant has assisted with this work The Council is in a satisfactory position in terms of compliance. The IG team have produced a 2018/19 forward plan which underwent review by SMT and the Information Governance Board The plan schedule's the final phase to instigate the compliance objectives and contains 53 tasks including the proposal of a number of projects to improve data quality and records management to better equip the council to manage data both in the short and long term.

9.0 KEY IMPACTS/RISKS

9.1 The key impact of non-compliance with FOIA/EIR and the Data Protection Act along with GDPR is public scrutiny from the regulator. Poor service or inadequate information management will lead to loss of trust from our customers. Inability to act in accordance with the Act and the Governments accountability and transparency directive will lead to reputational damage. Furthermore the right of access is bound with the Human Rights Act in respect of the right to privacy. Unlawful disclosure of personal information may lead to publicly enforced audit, warning, reprimand, corrective order and fine by the regulator.

10 WHAT ACTIONS WILL BE TAKEN

10.1 The Information Governance Accountability Framework will be implemented:

10.2 Service specific FOI training on the exemptions. Clear guidance resource

and response templates produced including improved records management methods.

Compliance with GDPR will be monitored and work will continue.

10.3 An FOI disclosure log published via the Councils web site.

10.4 An Open Data strategy to manage the process; the quality and frequency of publication of the Councils key assets and compliance with the Transparency Code directive. To enable data to be given the widest publication but enabling correlation with partner data across the district.

11.0 LINK TO THE LEADERSHIP DIRECTION

11.1 Supports the objective to become a customer focused organisation under the strategic priority of becoming a more efficient and effective Council.

12.0. CONSULTATION

12.1 None

13.0 LEGAL IMPLICATIONS

13.1 HDC must comply with the law concerning FOIA/EIR and Data Protection Act

14.0 RESOURCE IMPLICATIONS

14.1 There are no direct resource implications arising from this report.

15.0 OTHER IMPLICATIONS

15.1 None

16.0 REASONS FOR THE RECOMMENDED DECISIONS

16.1 This paper updates Members on how requests under FOIA/EIR have been dealt with by HDC. The author suggested a broader scope to the report to in future include compliance with requests handled under the Data Protection Act/ The General Data Protection Regulations. These relate to requests for the personal data of individuals. As well as an overview of the Councils 'Open' data. Neither have previously been included in this annual report, but have been included here.

16.2 Members of the Corporate Governance Committee are asked to comment on the contents of this report.

17.0 LIST OF APPENDICES INCLUDED

17.1 Appendix A - Percentage of Requests Handled Within the Statutory Time frame

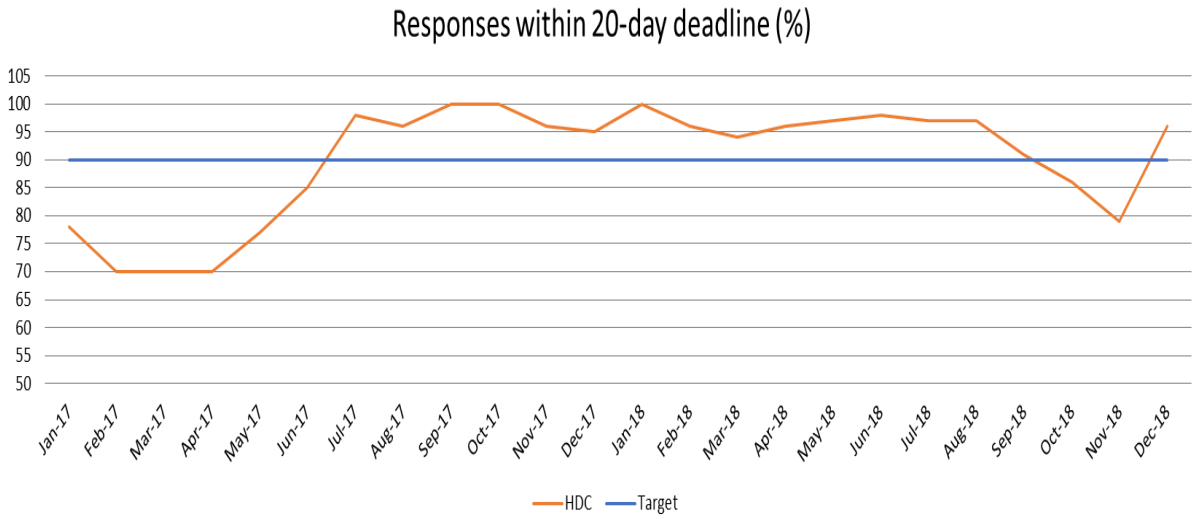
18.0 BACKGROUND PAPERS

18.1 None

CONTACT OFFICER

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Appendix A - Percentage of Requests Handled Within the Statutory Timeframe



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CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

Committee	Decisions	Date for Action	Action Taken	Officer Responsible	Delete from future list
12/07/2017	<p><u>Biennial Review of Thresholds – Disposals and Acquisitions Policy</u></p> <p>Policy endorsed. Further review to take place in 24 months.</p>	25/07/2019	Review to be undertaken in 2019	Head of Resources	No
10/10/2018	<p><u>Annual Complaints Report 2018</u></p> <p>Consideration of content of future reports be given to include any key lessons learnt from complaint resolutions as well as a summary of complaint themes.</p>	02/10/2019	These will be added to the next annual report for the period April 2018 and March 2019.	Corporate Team Manager	No
10/10/2018	<p><u>Governance Boards – Effectiveness Review</u></p> <p>Update report required.</p> <p>i. The Corporate Governance Committee notes that the Finance and Procurement Governance Board has not devoted sufficient time to the governance of the Commercial Investment Strategy and therefore requires an update to be reported to the Committee in six months; and</p>	12/06/2019	Review of Boards to be undertaken; including strategic direction of governance boards.	Head of Resources	No

CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

Committee	Decisions	Date for Action	Action Taken	Officer Responsible	Delete from future list
	ii. that any exception reports by the Head of Resources be presented to the Corporate Governance Committee.				