

**Public
Key Decision – No**

HUNTINGDONSHIRE DISTRICT COUNCIL

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|----------------------------------|---|
| Title/Subject Matter: | Annual Report of the Committee |
| Meeting/Date: | Corporate Governance Committee – 23 July 2020 |
| Executive Portfolio: | Strategic Resources: Councillor J A Gray |
| Report by: | Acting Internal Audit & Risk Manager |
| Wards affected: | All Wards |

Executive Summary:

The Committee presents an annual report to the Council on the work that it has undertaken each year.

The draft annual report in respect of the 2019/20 is attached at Appendix 1. It has been prepared by the Acting Internal Audit Manager. It summarises the work undertaken by the Committee during 2019/20 together with any issues that relate to the year.

If, after considering the draft report, the Committee wish to make any changes, it is proposed that the Chairman be given authority to agree any amendments. The report will be presented to the next Full Council meeting.

The report will be uploaded onto the Council's website once it has been approved.

Recommendations:

It is recommended that the Committee:

1. Review the draft annual report and decide what changes, if any, they wish to make;
2. Authorise that the Chairman of the Committee approve any amendments to the draft report.

CONTACT OFFICER

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Corporate Governance Committee

Chairman's Annual Report to Council

for the year ending 31 March 2020

DRAFT

Introduction by the Chairman of the Corporate Governance Committee

This report summarises both the Committee's activities undertaken during 2019/20 and issues that relate to that financial year. It is intended to:

- reassure the Council and other stakeholders that it is undertaking its responsibilities and obligations properly and in a way that allows it to provide effective oversight; and
- demonstrate to the Districts residents and other stakeholders the importance that the Council places on good governance and the contribution the Committee makes to achieving that aim. The Committee's meetings are open to the public and its reports are available on the Council's webpages and I welcome the public's attendance at our meetings.

This report will be my final, outgoing report as Chairman of the Committee. I originally set out five issues for the Committee to focus upon.

1. Maintain awareness of the progress being made against the issues identified in previous annual governance statements
2. Understand what lessons can be learnt from identified issues for the future
3. Receive assurance that business continuity plans are in place, especially in those service areas that are supporting the Council's commercialisation agenda
4. Review the controls in place to rebut a cyber-security attack
5. A continued increase in the percentage of internal audit actions introduced on time

I am happy that during the course of the year the Committee has considered these and other issues that have arisen, maintaining oversight and a monitoring role to review and challenge, and also to ensure that progress is maintained.

I hope that these priorities will remain a core focus for the Committee going forward and will continue to form part of their ongoing monitoring.

I'd like to thank all the Members who served on the Committee during the 2019/20 municipal year and for the contributions they made to challenging and improving governance arrangements. I also want to thank those Officers who have supported the Committee and those Officers and Members who have supported me in my role as Chairman.

Councillor M. McGuire
Chairman, Corporate Governance Committee (until Jan 20)
July 2020

Introduction

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

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

Functions relating to the conduct of Members are considered by a Standards Sub-Committee (which will report to the main Committee).

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

Effectiveness

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

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

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

Committee training

In previous periods, a skills and training needs assessment form was circulated to all Committee members but was completed by only three Members. This was insufficient to allow training needs to be identified; Members need to understand their ongoing personal obligation to training.

Members of this committee should engage with the training that is available in order that they can equip themselves with the requisite knowledge to be effective on this important governance forum.

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Functions : Approved by Council 29 March 2017**

Matters considered

The table below groups into six categories the significant issues considered by the Committee during 2019/20. A brief summary of the issues considered within each of the categories is included on the following pages.

| | 2019 Jan | Mar | Jun | Jul | Oct | Nov | 2020 Jan |
|--|-------------|-----|-----|-----|-----|-----|-------------|
| 1. Constitution | | | | | | | |
| Changes to Code of Procurement | | ■ | | | | | |
| 2 Governance issues | | | | | | | |
| Local Code of Corporate Governance & annual governance statement (AGS) | ■ | | | | | | |
| Progress on AGS | | | | | | | ■ |
| Governance Board effectiveness reviews | | | | | | | |
| Annual reports: Complaints | | | | | ■ | | |
| : Freedom of Information | ■ | | | | | | ■ |
| 3 External Audit (EA) & financial reporting | | | | | | | |
| Approve 2018/19 annual financial report and AGS | | | | | | ■ | |
| Receive EA annual audit letter & grant certification 2017/18 | | ■ | | | | | |
| Review EA 2018/19 audit plan | ■ | | | | | | |
| Review EA 2019/20 audit plan | | | | | | | |
| 4 Internal Audit | | | | | | | |
| Internal Audit Service Annual Report 2018/19 | | | ■ | | | | |
| Implementation of agreed actions | | | | ■ | | | ■ |
| Approve 2019/20 audit plan | | ■ | | | ■ | | |
| Audit Charter review & approval | | | | | ■ | | |
| 5 Standards | | | | | | | |
| Member code of conduct / register of pecuniary interests / complaint | ■ | ■ | ■ | ■ | ■ | | ■ |
| 6 Fraud | | | | | | | |
| Fraud Investigation Activity 2017/18 | | | ■ | | | | |
| Approved whistleblowing policy & noted concerns received | | | ■ | | | | |
| Risk Based Verification policy | | | ■ | | | | |
| Review of Regulation of Investigatory Powers Act Policy | | | | | | | |

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Reviewing the Constitution

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

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

The Council is the sole shareholder of HDC Ventures Ltd. The day-to-day operation of the company is the responsibility of its Directors. To provide a link between the Directors and the Council, the Council has appointed a Shareholder Representative. The Constitution required amending to reflect this change and terms of reference for the Shareholder Representative were considered by the Committee. Amendments were proposed in two areas, both of which were approved by Council.

Governance of the Council

Approving the Local Code of Corporate Governance.

At the June 2018 meeting the Committee approved the Local Code of Corporate Governance. The Local Code sets out the processes and procedures which taken together support the Council's governance processes.

Approving the Annual Governance Statement on behalf of the Council.

The Committee approved the—2018/19 Annual Governance Statement (AGS). The format of the AGS changed in 2017/18, moving from inward looking, focussing on improvements to governance arrangements, to a focus on significant governance themes that affect the communities of Huntingdonshire and the way that the Council operates to support and provide services to them. .

Five significant themes included in the AGS:

1. The themes identified for inclusion in the AGS were: Housing Affordability;
2. Morbidity / growing number of years of ill health;
3. Wider economic environment;
4. Skill levels and educational attainment, and
5. Partner agency operational issues.

These five themes remain the focus of attention and are covered in the Annual Governance Statement. It is expected that the committee will continue to view these as the strategic themes which guide decision-making.

The Committee received a detailed update on the progress that had been made against each theme at

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its January 2020 meeting.

Complaints

The Committee receives an annual report on the outcome of any complaints referred to the Local Government Ombudsman as well as complaints that had been dealt with under the Council's own procedures. Members should request further information. Reports include any key lessons learnt from complaint resolutions as well as a summary of complaint themes.

External Audit matters

Approving the 2018/19 annual financial report.

The 2018/19 financial report was externally audited and approved prior to the statutory deadline of 31 July 2019. The external auditors issued both an unqualified value for money and financial statement opinion.

Housing Benefit grant certification

Our external auditors have confirmed that there is no auditors report on the Housing Benefit grant certification process. Previously, we have requested this work separately and it is no longer part of the main audit.

Internal audit

Adequate assurance opinion.

The Committee noted that the 2018/19 adequate assurance opinion was unchanged from 2017/18.

The annual opinion of the Internal Audit & Risk Manager as at 31 March 2019 was that the Council's internal control environment and systems of internal control provide adequate assurance over key business processes and financial systems.

There have been two substantial assurance, 16 adequate assurance and 10 limited assurance internal audit reports issued in 2017/18.

Approving the internal audit work plan and Internal Audit Charter.

The internal audit plan has historically been approved prior to the start of the financial year. The Internal Audit & Risk Manager discussed proposals with the Committee and it was agreed that two half-yearly Plans would be produced for 2019/20. Due to

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the COVID Pandemic situation which had a major effect from March 2020, Audit planning has had to adopt a more flexible and risk-based approach. This will become evident in subsequent reports . J, this isnt needed as it is reporting on 2019/20 backwards reporting only.

Whilst not consulted directly, the Committee were informed that as a result of the Resources restructure, additional resource was to be allocated to the internal audit service as responsibility for insurance and risk management services was to be transferred away from internal audit and so make further time available for internal audit delivery.

Standards

Ensuring good standards are maintained throughout the District.

The Committee has received four reports during the year on various standards matters:

- The adoption of Codes of Conduct by Town and Parish Councils
- The receipt and publication of register of interests forms on behalf of District, Town and Parish Councillors
- Updates on complaint cases regarding alleged breaches of the Code of Conduct by Members within the Council and Town and Parish Councils.

When discussing the reports Members requested that feedback could be provided to Town and Parish Councils together with suggestion for possible future training areas.

Countering fraud

Corporate Fraud Teams (CFT)

The Committee remain strong supporters of the CFT and were pleased to see that in 2019/20 they had identified £671,000 fraud across the council which involved recovering a number of social housing properties through collaborative and joint working with local Social Landlords in the district and also carried out prosecutions. As a result of fraudulent SPD(what are these?) cases a record number of CT penalties were issued raising an additional £10k income . A future 12 month saving of £102,000 has been calculated based on the amount of SPD

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cases that have been investigated and corrected as a result .

Review of Regulation of Investigatory Powers Act Policy (RIPA)

The Committee approves updates to the RIPA policy. There has been no legislative changes that have needed approval but the CFT Manager continues to make sure all relevant staff and officers receive the necessary training and refresher courses in line with IPCO guidance.

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

- Considering and then approving to Cabinet, changes to the Housing Benefits risk based verification policy.
- Reviewing the Council's compliance and performance in respect of responses to enquiries received under both the Freedom of Information and Environmental Impact Regulations.
- Considering whistleblowing allegations received and changes to the whistleblowing policy and procedure.
- Considering the progress made by managers to introduce agreed internal audit actions on time.

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Committee membership & attendance

| | | 2019 June | July | Oct | Nov | 2020 Jan |
|---|--------------------|--------------|------|-----|-----|-------------|
| Chairman | Cllr M McGuire | ■ | ■ | ■ | -- | ■ |
| Vice-Chairman | Cllr P L R Gaskin | ■ | ■ | ■ | ■ | ■ |
| | Cllr A Roberts | | | | | |
| | Cllr G J Bull | | | | | |
| | Cllr S M Burton | ■ | -- | ■ | -- | ■ |
| | Cllr E R Butler | ■ | ■ | ■ | -- | ■ |
| | Cllr S J Conboy | | | ■ | | |
| | Cllr D A Giles | -- | ■ | -- | -- | ■ |
| | Cllr P Kadewere | -- | ■ | ■ | ■ | -- |
| | Cllr D N Keane | ■ | ■ | ■ | ■ | ■ |
| | Cllr H V Masson | ■ | -- | ■ | ■ | ■ |
| | Cllr J P Morris | -- | -- | -- | -- | -- |
| | Cllr D R Underwood | -- | | | | |
| | Cllr D J Wells | -- | -- | -- | ■ | |
| | Cllr R J West | | | | | |
| | Cllr J White | -- | -- | -- | | |
| | Cllr S J Wilson | | | | ■ | -- |
| Key: ■ attended -- absent Not a Cttee Member | | | | | | |

The following appointments were made to the Committee by the Council.

- 15 May 2019 Councillors E R Butler, P Kadewere, D A Giles, Dr P L R Gaskin, H V Masson, L W McGuire, J P Morris, D R Underwood, J E White, D N Keane, S M Burton and D J Wells.
- 24 July 2019 Councillor S J Conboy in place of former Councillor D Underwood.
- 9 October 2019 Councillor Mrs S Wilson in place of Councillor S J Conboy.
- 4 December 2019 Councillors G J Bull and R J West in place of Councillors D N Keane and D J Wells.
- 26 February 2020 Councillor A Roberts be appointed to the Corporate Governance Committee.

**Corporate Governance Committee
Functions : Approved by Council 29 March 2017**

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

These responsibilities include:

Constitution Considering proposals to change the Council's Constitutional arrangements and making appropriate recommendations to the Council.

Governance Regularly reviewing the Council's Code of Corporate Governance and recommending any changes to the Council and approving the annual governance statement and reviewing the achievement of any outstanding improvements.

Ensuring there are effective arrangements for the management of risk across the Council.

To consider the arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

Through the Chairman, the Committee will provide the Council with an Annual Report, timed to support finalisation of the financial statements and the Governance Statement, on how it has discharged its responsibilities.

Internal and External Audit Fulfilling the Board responsibilities of the Public Sector Internal Audit Standards and ensuring effective internal audit is undertaken in accordance with those Standards.

Receiving and considering external audit reports including the adequacy of management response to issues identified.

Final Accounts Approving the accounting policies, statement of accounts and considering any matters arising from the external audit.

Countering Fraud Reviewing and monitoring the policy and procedure and arrangements for investigating disclosures under the Public Interests Disclosure Act 1999.

Monitoring the Anti-Fraud and Corruption Strategy and receive annual updates on countering fraud.

Standards The promotion and maintenance of high standards of conduct within the Council.

To advise the Council on the adoption or revision of its Codes of Conduct for Members.

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The promotion and maintenance of high standards of conduct within the town and parish councils within Huntingdonshire.

To advise the Council on the adoption or revision of a Protocol for Member/Officer relations.

To advise the Council on the adoption of a Code of Conduct for Planning and monitoring operation of the Code.

Complaints Consideration of reports by the Local Government Ombudsman including compensatory payments.

Electoral matters Consider the periodic electoral review and review District and Parish electoral arrangements including boundaries and other electoral matters.

Determination of Community Governance Reviews.

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

Standards (Hearings) Sub-Committee Functions relating to standards of conduct of members under any relevant provision of, or regulations made under, the Localism Act 2011.

3 Members of the Corporate Governance Committee plus Independent Person.