

Public
Key Decision – No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Annual Report of the Committee

Meeting/Date: Corporate Governance Committee – 9th June 2021
Council – 21st July 2021

Executive Portfolio: Strategic Resources: Councillor J A Gray

Report by: Deborah Moss, Internal Audit 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 2020/21 is attached at Appendix 1. It has been prepared by the Internal Audit Manager. It summarises the work undertaken by the Committee during 2020/21 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 31st March 2021**

Introduction by the Chairman of the Corporate Governance Committee

This report summarises both the Committee's activities during 2020/21 and issues that arose in that financial year. It is intended to:

- reassure the Council and other stakeholders that it is undertaking its responsibilities properly and in a way that allows it to exercise effective oversight; and
- demonstrate to the Districts residents and other stakeholders the importance that the Council places on good governance, openness and probity in public life. The report sets out the contribution the Committee makes to achieving those aims. The Committee's meetings are open to the public and its report are available on the Council's website.

This report is my first as Chairman of the Committee and I have followed my predecessor in focussing upon the following key issues.

1. To continue to make progress in resolving issues raised in previous annual governance statements.
2. Identify lessons to be learned and applied from those issues.
3. Receive assurance that business continuity plans are in place.
4. Continually review and enhance the controls necessary to deal with cyberattacks.
5. Continue to increase the percentage of internal audit actions completed on time.

To this list I have added a sixth key issue. The Committee must be assured that probity and accountability are being maintained during this time of pandemic when the majority of offices are closed, remote working is in place and face to face meetings are not being held yet services continue to be delivered.

During the course of the year the Committee has considered these and other issues, maintaining oversight and continuing to review and challenge to satisfy itself that the Council is operating to the highest standards. I pay tribute to the members, and particularly, the officers of the Council who have worked so conscientiously during these difficult circumstances.

I would also thank the members of this Committee who have worked so diligently and made such a contribution to maintaining and improving governance arrangements. I am grateful to all those officers who have supported the Committee. Finally I would like to pay particular thanks to those members and officers who have supported me in my role as Chairman.

Councillor Graham Bull
Chairman, Corporate Governance Committee
May 2021

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 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

A skills and training needs assessment form has not been completed by Committee members for some years and training needs have not been identified. Members need to understand their ongoing personal obligation to training and should engage with training in order that they can equip themselves with the requisite knowledge to be effective on this important governance forum.

Members were invited to an on-line training session on Fraud and RIPA (Regulation of Investigatory Powers) in November 2020. Two members of CGC attended this training.

Corporate Governance Committee
Functions: Approved by Council 29 March 2017

Matters considered

The table below groups into six categories the significant issues considered by the Committee during 2020/21. A brief summary of the issues considered within each of the categories is included on the following pages.

Please note that owing to the COVID-19/coronavirus pandemic, the Committee cancelled its scheduled meetings in March and June 2020. Annual Committee appointments were made on 17 June 2020 at the Annual Council Meeting which had been delayed from May 2020.

		2020		2021	
		Jul	Sept	Jan	Mar
1	Constitution				
	Code of Financial Management	■			
2	Governance issues				
	Approval for Publication of the Annual Governance Statement	■			
	Annual Complaints Report 2019/20				■
	Progress on Annual Governance Statement 2019/20 – Significant Issues				■
3	External Audit (EA) & Financial Reporting				
	Draft 2019/20 Annual Financial Report	■			
	External Audit Plan 2019/20	■			
	Approval for Publication of the 2019/20 Annual Governance Statement and the Annual Financial Report			■	
4	Internal Audit				
	IA Service: Annual Report 2019/20	■			
	Internal Audit Plan 2020/21	■			
	Internal Audit Plan 2021/22 & Internal Audit Charter				■
5	Standards				
	Code of Conduct Complaints - Update		■	■	
	Update on Code of Conduct and Register of Disclosable Pecuniary Interests		■	■	
6	Fraud				
	Review of Fraud Investigation Activity 2019/20		■		

Corporate Governance Committee
Functions: Approved by Council 29 March 2017

Reviewing the Constitution

Code of Financial Management

The Committee is responsible for proposing to Council changes to the Council's Constitution. The Code forms part of the Constitution. Minor changes were proposed and endorsed for submission to the Council in October 2020.

Governance of the Council

Approving the Annual Governance Statement on behalf of the Council

The Committee approved the 2019/20 Annual Governance Statement (AGS). The format of the AGS changed to one aligned with accepted best-practice agreed with external audit.

Significant governance issues

10 significant governance issues were identified for inclusion in the AGS. The Committee received a detailed update on the progress made against each significant issue at its March and June 2021 meetings.

Complaints

The Committee received an annual report on the outcome of any complaints referred to the Local Government & Social Care Ombudsman as well as complaints that had been dealt with under the Council's own procedures, Details of compliments received were also reported. Members are able to request further information. Reports included any key lessons learnt from complaint resolutions as well as a summary of complaint themes.

External Audit matters

Approving the 2019/20 Annual Financial Report

The 2019/20 financial accounts was externally audited and approved by committee in January 2021. Updates were also made to the AGS at this time. No material amendments were made to the accounts since presented to committee in January and the accounts were published in April 2021.

External Audit Plan 2019/20

The Committee has noted the External Audit Plan 2019/20 and raised the issue of the scale of audit fees. The latter is subject to national discussions at Public Sector Audit Appointments.

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

Internal Audit

Receiving the annual audit opinion

The annual opinion of the Internal Audit Manager as at 31 March 2020 was that the Council's internal control environment and systems of internal control provided adequate assurance over key business processes and financial systems.

The Committee noted that the 2019/20 adequate assurance opinion was unchanged from 2018/19. It acknowledged the decrease in resources available throughout the year which limited the audit coverage and application of the Plan.

There have been 2 substantial assurance, 5 adequate assurance, 3 limited assurance internal audit reports issued in 2019/20 and a further 2 reviews where no opinion was given. In addition, the 7 key financial systems were reviewed quarterly but end of year reports not completed due to COVID.

Approving the internal audit work plan and Internal Audit Charter

Due to 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. A flexible Audit Plan 2020/21 (to take account of diminished resources) was agreed, with a minimum commitment to complete control reviews on the key financial areas to provide assurance on these areas.

The Audit Plan 2021/22 was discussed and approved in March 2021.

The Internal Audit Charter was refreshed with only minor updates and approved by Committee in March 2021.

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.

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

Countering Fraud

**Corporate Fraud Team
(CFT)**

The CFT's main priorities changed significantly this year with the onset of the Coronavirus pandemic. Following the announcement of financial assistance to businesses by the government the Team were seconded to assist in this work like so many other teams and services. The main aim to support our local communities and businesses. The government over the last 14 months has brought out around 15 different schemes each with their own eligibility and criteria which has made the delivery of these grants a mammoth and complex procedure for all involved. With each grant there has been guidance requiring checks to be carried out either pre or post payment to address the concern of potential fraud and check businesses were still actively trading and that payments were going to the correct bank account which was verified by using a bank verification tool by the National Fraud Initiative.

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:

- Reviewing the Council's compliance and performance in respect of responses to enquiries received under both the Freedom of Information and Environmental Impact Regulations.
- Receiving and noting an update on the actions identified as part of the Data Protection gap analysis review undertaken by 3C ICT.
- 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.
- Consideration of single tenders/quotes approved by Heads of Service/Assistant Directors
- Endorsement of new Procurement Waiver Procedure and oversight of its usage

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

Committee membership & attendance

		2020 June	July	Sept	2021 Jan	Mar
Chairman	Cllr G J Bull	■	■	■	■	■
Vice-Chairman	Cllr P L R Gaskin	■	■	■	■	■
	Cllr S M Burton	■	■	■	--	
	Cllr E R Butler	■	■	■	■	■
	Cllr J C Cooper-Marsh					■
	Cllr D A Giles	■	--	■	■	■
	Cllr K P Gulson	■	■	■	■	■
	Cllr P Kadewere	■	■	■	■	■
	Cllr H V Masson	■	■	■	■	■
	Cllr L W McGuire	■	■	■	■	--
	Cllr J P Morris	■	■	--	■	■
	Cllr R J West	■	■	■	■	■
	Cllr Mrs S R Wilson	■	■	■	■	--
Key:		■ attended	-- absent		Not a Cttee Member	

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

17 June 2020 Councillors G J Bull, S M Burton, E R Butler,
Dr P L R Gaskin, D A Giles, K P Gulson, P Kadewere,
H V Masson, L W McGuire, J P Morris, R J West and
Mrs S R Wilson.

24 February
2020 Councillor J C Cooper-Marsh in place of Councillor S
Burton.

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. |

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

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.