

## HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CORPORATE GOVERNANCE PANEL held in Civic Suite, Pathfinder House, St Mary's Street, Huntingdon, PE29 3TN on Thursday, 26 September 2013.

PRESENT: Councillor E R Butler – Chairman.  
Councillors M G Baker, K J Churchill,  
G J Harlock, R Harrison, P Kadewere,  
P G Mitchell and R J West.

IN ATTENDANCE: Councillor J A Gray

### **25. MINUTES**

The Minutes of the meeting held on 24<sup>th</sup> July 2013 were approved as a correct record and signed by the Chairman.

### **26. MEMBERS' INTERESTS**

No declarations were received.

### **27. CORPORATE GOVERNANCE PANEL - PROGRESS REPORT**

In monitoring progress/achievement of specific actions previously reported to the Panel, a Member questioned whether a letter had been sent to the Department of Communities & Local Government, the Department of Works & Pensions and the Audit Commission over the cost of auditing benefit claims and the criteria for taking a second sample. In response to which, the Panel were informed that the Department had explained that it was not always necessary to undertake an extra sample so long as the auditors feel any identified error is an isolated one.

At the same time, Members noted that, due to a change in personnel, the annual report on the number of requests received by the Council under the Freedom of Information Act would be submitted to the next meeting of the Panel.

### **28. EFFECTIVENESS OF THE PANEL**

A report by the Internal Audit Manager was submitted (a copy of which is appended in the Minute Book) detailing the outcome of a review undertaken by the Chairman and Vice-Chairman on the effectiveness of the Panel. A copy of the report is appended in the Minute Book.

Members noted that the review had concluded that the Panel was generally acting effectively and fulfilling its terms of reference. The Panel was also made aware of a number of opportunities to further improve the Panel's effectiveness identified during the review

process. In that respect, Members discussed whether the effectiveness of the Panel should be the subject of an independent review. Having been advised that an external assessment would cost between £3,000 and £20,000 and given the financial challenges being faced by the authority, Members agreed that it would be unreasonable to pursue this course of action.

With regard to paragraph 2.4 and the suggestion that all or some of the Panel be invited to informal meetings with Managers to consider particular issues, the Panel felt that this should be confined to the Chairman and Vice-Chairman.

Having considered a revised terms of reference for the Panel together with a proposed action plan, the Panel

#### RESOLVED

- (a) that the results of the outcome of the Chairman and Vice-Chairman's review of the effectiveness of the Panel be noted;
- (b) that Council be recommended to amend the terms of reference of the Cabinet to include the approval of the Risk Management Strategy;
- (c) that Council be recommended to approve the Panel's Terms of Reference appended to the report now submitted;
- (d) that the opportunities identified to further improve the effectiveness of the Panel as set out in the Executive Summary of the report be approved; and
- (e) that future reviews of the Panel's effectiveness be undertaken annually.

## **29. RISK REGISTER**

*(During the discussion on this item (7.05pm) Councillor J A Gray, Executive Councillor for Resources took his seat at the meeting).*

With the aid of a report by the Internal Audit Manager (a copy of which is appended in the Minute Book) the Panel were acquainted with changes made to the Risk Register between the period 6th March to 2nd September 2013.

The Panel discussed specific risks identified within the report and the process by which risks are measured for impact and likelihood. Particular mention was made of the risks associated with MMI's Scheme of Arrangement and a reduction in numbers of new affordable homes being built and its impact on the use of temporary accommodation. A Member questioned why some risks had been identified as being deleted. The Internal Audit Manager explained that in the majority of cases the risk had been superseded or duplicated by another and that an explanation for their deletion would

be included in future reports.

Having thanked Officers for their efforts in compiling the risk register, it was

RESOLVED

that the contents of the report be noted.

### **30. IMPROVING INTERNAL CONTROLS**

Further to Minute No 13/24, a report by the Internal Audit Manager was submitted (a copy of which is appended in the Minute Book) detailing proposed changes to the Code of Procurement and the Code of Financial Management. Members were advised that the documents had been revised as a result of a recent internal audit investigation into procurement practices which highlighted the need to modify or reinforce internal control processes in a number of areas.

Members were advised that in addition to the changes, a number of initiatives would be introduced including the training of Managers on procurement practices, the Code of Procurement and the e-marketplace and the development of a new overarching procurement strategy. In response to questions raised by the Panel it was confirmed that the final procurement strategy would be submitted to a future meeting, details of which would be confirmed in the Panel's Progress Report.

The Panel also noted that the Employees' Code of Conduct would be replaced by an Employee Handbook. The handbook would deal with issues relating to the Code of Conduct and contain a Code of Ethics, incorporating current key values and behaviours and the seven principles of public life. In response to a question raised by a Member, it was confirmed that the handbook would also include issues relating to the procurement and register of interests as well as general staffing protocols.

Having discussed the circumstances and procedure for dealing with arithmetical errors and post tender negotiations, the Panel

RESOLVED

- (a) that Council be recommended to endorse the revised Code of Procurement set out in Appendix 1 to the report now submitted;
- (b) that Council be recommended to endorse the revised Code of Financial Management detailed in Appendix 2 of the report now submitted;
- (c) that Council be recommended to apply to become a signatory to the Prompt Payment Code as endorsed by the Department for Business Innovation & Skills; and
- (d) that the actions agreed with regard to the employees' handbook be noted.

**31. APPROVAL FOR PUBLICATION OF THE 2012/13 ANNUAL GOVERNANCE STATEMENT AND ANNUAL FINANCIAL REPORT**

*(Mr C Everest and Ms H Clark, PricewaterhouseCoopers LLP were in attendance for consideration of this item).*

Following a detailed presentation, the Panel received a report by the Assistant Director (Finance and Resources) (a copy of which is appended in the Minute Book) seeking approval for the publication of the Council's Annual Governance Statement and the Annual Financial Report for 2012/13.

Members were reminded of the process required to be undertaken prior to the documents' publication. As part of which, Mr C Everest delivered the external auditors' ISA 260 report which outlined their findings arising from the audit of the 2012/13 accounts. Members were encouraged to note that there were no significant issues to bring to the attention of the Panel. Ms H Clark then proceeded to deliver an explanation of the audit approach undertaken and updated the Panel on matters which had progressed since the publication of the report.

The external auditors then proceeded to respond to a number of questions raised by the Panel relating to net pension liabilities, succession planning, project management, the use of reserves and the perceived advantages of introducing zero based budgeting.

In considering the contents of the Annual Governance Statement, Members' attention was drawn to some significant areas for improvement, including developing the themes and aims contained in the Leadership Direction, budgetary control, partnership engagement, annual reporting, project management, compliance with the Code of Procurement and noted the appropriate action to be taken.

The Panel complimented Officers on their efforts in finalising the documents in advance of the statutory deadline for publication of 30<sup>th</sup> September 2013. At the same time, Members congratulated the Internal Audit Manager on the quality and high standard of the Annual Governance Statement.

Having expressed their satisfaction with the content of the external auditors' Letter of Representation, the Panel

**RESOLVED**

- (a) that the content of the external auditor's ISA 260 report be noted;
- (b) that the Governance Statement for 2012/13 be approved and the Executive Leader and Managing Director authorised to sign the Statement on behalf of the Council;
- (c) that the Letter of Representation appended as an Annex to the auditors' report now submitted be approved and the Assistant Director (Finance and Resources)

authorised to sign it on behalf of the Council; and

- (d) that the revised Annual Financial Report, as amended to reflect the final external audit review, be approved and the Chairman of the Panel authorised to sign the accounts on behalf of the Council.

## **32. WORK AND TRAINING PROGRAMME**

By way of a report by the Internal Audit Manager (a copy of which is appended in the Minute Book) Members received and noted a work programme for the Panel for the period 2013/14. In doing so, the Panel requested that a presentation be made, prior to the start of the next meeting, on the District Council's approach to tackling fraud with particular emphasis on the National Fraud Initiative.

Chairman