

## 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 Wednesday, 29 January 2014.

PRESENT: Councillor E R Butler – Chairman.

Councillors M G Baker, K J Churchill,  
G J Harlock, P Kadewere, P G Mitchell and  
R J West.

APOLOGY: An apology for absence from the meeting was submitted on behalf of Councillor R Harrison.

### **45. MINUTES**

The Minutes of the meeting of the Panel held on 27<sup>th</sup> November 2013 were approved as a correct record and signed by the Chairman.

### **46. MEMBERS' INTERESTS**

No declarations were received.

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

The Panel received a report by the Head of Legal and Democratic Services (a copy of which is appended in the Minute Book) which contained details of actions taken in response to recent discussions and decisions. Members noted that the Deputy Leader would be meeting with the Managing Director to discuss the role of Council and Scrutiny, following which a meeting would be arranged between himself and Councillor M Baker to discuss a possible review of the Council's Procedure Rules.

### **48. REVIEW OF FRAUD INVESTIGATION ACTIVITY**

The Panel received a report by the Corporate Fraud Manager was submitted (a copy of which is appended in the Minute Book) summarising the work undertaken by the Corporate Fraud Team during 2012/13, including the type and number of investigations undertaken, the value of fraud identified and the cost of undertaking the work.

Members were reminded of the Department for Work and Pensions' (DWP) intention to launch a Single Fraud Investigation Service (SFIS) by 2015, which would take over all welfare fraud investigations. A member questioned whether the Council would benefit financially from the recovery of any money by the SFIS. The Corporate Fraud Manager explained that the exact model to be adopted by the SFIS

was unknown. However, the Team had received subsidy and grants from the DWP for the work undertaken during 2012/13 around benefit fraud and received further income from awards of costs and financial penalties. As a result of its success, the Team had been approached by a number of neighbouring authorities to create a shared service for fraud prevention and, the viability of such a service was being reviewed.

Having indicated their wish to receive details of the work of the team in the future on prevention and deterrent and in congratulating the Team for its work in uncovering fraudulent activity, the Panel

RESOLVED

that the work undertaken by the Fraud Team against its targets for performance in 2012/13 be noted.

#### **49. REVIEW OF FRAUD PROSECUTION POLICY**

Consideration was given to a report of the Corporate Fraud Manager (a copy of which is appended in the Minute Book) seeking approval of changes made to the Fraud Prosecution Policy and procedure which had been prompted by changes in legislation.

Particular attention was drawn to a new provision allowing local authorities to apply civil penalties where benefit claimants fail to report changes in circumstances, which result in overpayments of benefit, but no fraud has occurred. Having been advised that the District Council had decided not to apply such penalties, as they would be both expensive to recover and impact excessively on people who may already be in financial difficulties, Members questioned how officers would distinguish between such cases and those involving fraud.

Whereupon, it was

RESOLVED

- (a) that the content of the new Fraud Prosecution Policy appended to the report now submitted be approved; and
- (b) that the Head of Customer Services, after consultation with the relevant Executive Councillor and the Head of Legal and Democratic Services, be authorised to make any minor changes to the Policy that may be considered necessary in the future.

#### **50. WHISTLEBLOWING CONCERNS RECEIVED**

Consideration was given to a report by the Internal Audit Manager (a copy of which is appended in the Minute Book) summarising the allegations received under the Council's whistleblowing policy during the period 1<sup>st</sup> November 2012 and 31<sup>st</sup> December 2013.

Having been advised that the number of allegations received had fallen by 50% on the previous year Members questioned the reasons for the reduction. The Panel was advised that the loss of the District-

Wide publication to residents may have impacted on the numbers.

Whereupon, it was

RESOLVED

that the content of the report now submitted be noted.

#### **51. NATIONAL FRAUD INITIATIVE**

With the aid of a report by the Internal Audit Manager (a copy of which is appended in the Minute Book) the Panel were apprised of the 2012 National Fraud Initiative, together with the work undertaken by the Council on the potentially fraudulent matches in data which had been provided by the Audit Commission. Members were informed that the exercise was conducted by the Council every two years.

Having requested clarification on the numbers investigated, the Panel

RESOLVED

that the work undertaken by the Council in respect of the 2012 National Fraud Initiative exercise be noted.

#### **52. INTERNAL AUDIT OPINIONS**

The Panel received a report by the Internal Audit Manager (a copy of which is appended in the Minute Book) explaining the terminology associated with the annual internal audit opinion and internal audit reports.

Having been advised that opinion levels and supporting definitions are regularly reviewed and managers are required to achieve at least an "adequate" level of assurance across their systems and processes, the Panel

RESOLVED

that the contents of the report and the process followed for preparing both the annual and individual internal audit report assurance opinions be noted.

#### **53. INTERNAL AUDIT INTERIM PROGRESS REPORT**

The Panel received and noted a report by the Internal Audit & Risk Manager (a copy of which is appended in the Minute Book) on the work of the Internal Audit Service during the period 1<sup>st</sup> April to 31<sup>st</sup> December 2013, together with associated performance issues.

Members were informed that the continuous audit approach to key financial systems had proved successful and would continue. The Internal Audit & Risk Manager explained that a substantial amount of unplanned time had been spent and would continue on issues relating to the One Leisure St Ives redevelopment. He also reported that the current computer audit contract with Deloitte's had been extended until 31<sup>st</sup> January 2015 to allow for the future governance and internal

audit arrangements arising from the potential out-sourcing of IMD to be clarified and agreed. With regard to the latter, a request was made by Councillor P Mitchell for the Panel to have sight of the draft business case for sharing the district council's information technology through a partnership delegation agreement.

Having had their attention drawn to the implementation of agreed audit actions, Members expressed their disappointment that only 72% of actions had been introduced on time. In the discussions that ensued, the view was expressed that the target of 100% was unachievable. Having queried the reasons why the service delivery targets were not being met, the Internal Audit and Risk Manager explained that responsibility for these actions was outside of his direct control and lay with service managers. Owing to the Panel's concerns, the Audit Manager reported that he would be reviewing the targets in September. At the same time, a request was made by Councillor K Churchill for future reports to include comparisons from previous years.

In response to Members concerns that 16% of managers had failed to respond to the six monthly establishment reports, the Accountancy Manager suggested that this be addressed by incorporating this report into the monthly budget monitoring process.

RESOLVED

that the content of the report be noted.

**54. EXTERNAL AUDITORS: ISA 260 REPORT - 2012/13 IMPLEMENTATION OF RECOMMENDATIONS**

Further to Minute No 13/36 and by way of a report by the Assistant Director (Finance and Resources) the Panel were updated on the Implementation of the External Auditors recommendations to strengthen the budgetary control and financial planning process.

RESOLVED

that the content of the report be noted.

**55. 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 March 2014 to January 2015.

Having regard to a knowledge and skills framework produced by the Chartered Institute of Public Finance and Accountancy on the function and operation of audit committees in local authorities, the Panel

RESOLVED

that the CIPFA Audit Committee Guidance appended to the report now submitted be approved as the basis for a formal training programme.

Chairman