

## HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CORPORATE GOVERNANCE PANEL held in Meeting Room 1A, Ground Floor, Pathfinder House, St Mary's Street, Huntingdon, PE29 3TN on Wednesday, 14 May 2014.

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

APOLOGIES: Apologies for absence from the meeting were submitted on behalf of Councillors K J Churchill, R Harrison and P G Mitchell.

### **68. MINUTES**

The Minutes of the meeting of the Panel held on 26<sup>th</sup> March 2014 were approved as a correct record and signed by the Chairman.

### **69. MEMBERS' INTERESTS**

No declarations were received.

### **70. CORPORATE GOVERNANCE - 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.

### **71. REVIEW OF THE CONSTITUTION**

Further to Minute No 13/60 and by way of reports by the Head of Legal and Democratic Services (copies of which is appended in the Minute Book) the Panel considered:

- the recommendations of the Working Group, established by the Panel, on proposed changes to the operation of the Council meeting including the headline debate, green paper feature, ten minute address by Councillors, frequency of meetings, Annual State of the District Address, oral questions, Council Programme Meeting and Reports of the Cabinet, Panels and Committees;
- the outcome of a review of the procurement thresholds referred to in the Code of Procurement; and
- the conclusions reached by the Chairmen and Vice Chairmen of the Overview & Scrutiny Panels on the future operation of overview and scrutiny.

In discussing a suggestion that provision be made for Members to address the Council for up to 10 minutes on a subject of their choice, the Panel felt that it was not necessary to introduce such an

arrangement as there was already sufficient mechanisms to address the Council.

The Panel also discussed a proposed initiative which would give increased opportunities to hold the Cabinet to account. In supporting the proposal, Members felt that 10 minute presentations for up to two Executive Councillors per Council meeting should be introduced followed by a 20 minute period for questions to all Members of the Cabinet.

With regard to the future of Overview and Scrutiny Panels, Members were concerned over the lack of any information as to the remit of the proposed four panels and concluded that the matter should be reconsidered once the scope of the proposed panels was known.

In terms of the future role and Chairmanship of the Council Programme Meeting, the Panel concurred with the Working Group that this meeting should continue to be chaired by the Chairman of the Council and that the meeting itself should consider its future role and terms of reference.

Attention was drawn to proposed new arrangement for presenting the reports of Committees and Panels to the Council. Members felt that reports of all Committees and Panels should continue to be presented to Council but that presentation changes be made to make the Council meeting more efficient.

Given that the changes identified require amendments to be made to the Council's Constitution and in noting that any recommendations would need to be submitted to the Annual Council meeting on 4<sup>th</sup> June 2014 for implementation with effect from commencement of the new Council year, the Panel

#### RECOMMEND

- (a) that the opportunity for single issue debates at Council meetings be continued but only where a specific need arose and that the length of such debates be strictly restricted for up to 60 minutes duration only;
- (b) that topics for debate continue to be identified by the Council Programme Group;
- (c) that it no longer be necessary to reserve one Council meeting per annum at which the Opposition Groups and Independent Members would be entitled to select the topic for debate;
- (d) that Green Paper items be retained on the Council Agenda as required and 10 minutes set aside for this purpose;
- (e) that the November Council meeting be deleted from the meetings calendar;
- (f) that the Council's Procedure Rule 20.2 be suspended to allow the word "Autumn" in paragraph 12.1 of the

Council Procedure Rules deleted and replaced by the word “Summer”, with immediate effect;

- (g) that the Council’s Procedure Rule 20.2 be suspended and the following changes with regard to Oral Questions by Councillors introduced, with immediate effect:-
  - (h) ten minute presentations for up to two Executive Councillors per Council meeting with the opportunity for questions to follow;
  - (ii) a 20 minute period for questions to Members of the Cabinet;
  - (iii) where the subject matter demands a comprehensive detailed answer, the question be submitted by noon at least 8 clear days in advance of the meeting; and
  - (iv) the separate 30 minute period for oral questions be discontinued;
- (h) that the Council Programme Meeting continue to be chaired by the Chairman of the Council;
- (i) that arrangements for a new seating layout at Council meetings be supported;
- (j) that where Reports of the Cabinet, Panels and Committee contain recommendations these be presented to Council by their respective Chairmen from their place in the body of the meeting;
- (k) that other Reports to Council be presented, purely for information, by the Chairman of the Council, who shall invite questions to the relevant Chairmen in a general sense and these reports be enclosed as an information pack to the rear of the Council book; and
- (l) that in paragraph 5.6 of the Code of Procurement the table relating to the value of procurement requirements be amended as follows:

<b>Up to £5,000</b>	At least 1 written estimate or offer (e-marketplace, email, web or paper) shall be sought and recorded.
<b>£5,000 up to £15,000</b>	At least 3 written estimates or offer (e-marketplace, email or <b>headed paperwork</b> ) shall be sought and recorded.

<p>£15,000 to £50,000</p>	<p>At least 3 formal quotations or offers shall be invited, unless the Manager has complied in full with paragraph 6.1e of this Code. The Manager will consider whether the nature of the procurement is such that a full competitive tendering would be likely to be beneficial to the Council by reducing cost (by more than the cost of tendering) or risk.</p>
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## **72. REVIEW OF FRAUD INVESTIGATION ACTIVITY**

The Panel received a report by the Corporate Fraud Manager (a copy of which is appended in the Minute Book) summarising the work undertaken by the Corporate Fraud Team during 2013/14 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) in March 2015, which would take over all welfare fraud investigations. A member questioned whether the Council would be looking to retain any of the fraud functions. The Corporate Fraud Manager explained that the Housing Benefit Fraud Function would transfer to the SFIS on 1<sup>st</sup> March 2015 and that issues surrounding the future of the team and the link with the DWP were being investigated.

Having been advised that the Team had won an award from the National Fraud Authority in the innovation category of its Fighting Fraud Awards 2013 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 2013/14 be noted.

## **73. REVIEW OF THE INTERNAL AUDIT SERVICE**

*(Mr Richard Gaughran, Internal Audit Manager with the Welland Internal Audit Consortium, was in attendance for consideration of this item)*

Consideration was given to a report by the Internal Audit Manager (a copy of which is appended in the Minute Book) detailing the outcome of a review of the effectiveness of the Internal Audit Service as required by the Accounts and Audit Regulations 2011.

Members were advised that the self-assessment review had been conducted by the Mr Richard Gaughran against "proper practice" provisions of the Public Sector Internal Audit Standards (PSIAS) and

the Local Government Application Note produced by CIPFA.

Members noted that the review had concluded that internal audit was effective in delivering credible assurance to stakeholders, improved management of risks, improved corporate governance arrangements and support in the achievement of corporate objectives.

In discussing the opportunities to further enhance the effectiveness of the service identified by Mr Gaughran, attention was drawn to a suggestion that the Panel should hold to account Officers who fail to implement, fully on a timely basis, agreed audit recommendations. In that respect, Members have expressed their disappointment that this remains an issue for the authority and agreed that there was a need to question Officers. However, having referred to previous assurances that a culture of compliance was being promoted throughout the authority and any failures were reported to the Chief Officers' Management Team, Members felt that the Managing Director should also be made aware of their concerns. Whereupon, it was

#### RESOLVED

- (a) that the outcome of the review process into the effectiveness of the Internal Audit Service and the findings of the report prepared by Mr Gaughran's which shows that the Internal Audit is delivering an effective internal audit service to the Council be noted;
- (b) that where agreed audit actions have not been implemented on time, the Panel be authorised to require the relevant Assistant Director to attend a meeting of the Panel to explain the reasons for their non-introduction;
- (c) that the Internal Audit & Risk Manager be requested to liaise with the Chairman of the Panel regarding changes to the internal audit plan; and
- (d) that the Managing Director be invited to the next meeting of the Panel to respond to Member's concerns.

#### **74. INTERNAL AUDIT SERVICE: ANNUAL REPORT**

By way of a report by the Internal Audit Manager (a copy of which is appended in the Minute Book) the Panel was advised of the requirement under the Public Sector Internal Audit Standards to provide an annual opinion on the overall adequacy and effectiveness of the Council's internal control and governance processes.

The Internal Audit Manager outlined his view that the Council's internal control environment and systems of internal control as at 31<sup>st</sup> March 2014 provided limited assurance over key business processes and adequate assurance over financial systems. In that respect, Members have expressed their disappointment that little progress had been made in project management and establishment control and that nine "limited" and one "little" assurance audit reports have been issued. In response to which, the Internal Audit Manager reported that the financial system controls were in place and that Chief

Officers' Management Team had started to review audit reports and intend to address the low level of audit actions being introduced on time, by calling to account service managers who are not achieving the target set. In seeking assurances that progress was being made in this area, the Panel agreed that their concerns could be addressed by the Managing Director at their next meeting. Whereupon, it was

RESOLVED

that the content of the report be noted and the opinion of the Internal Audit Manager taken into account when considering the Annual Governance Statement.

**75. PROGRESS ON ISSUES ARISING FROM THE 2012/13 ANNUAL GOVERNANCE STATEMENT**

With the aid of a report by the Internal Audit & Risk Manager (a copy of which is appended in the Minute Book) the Panel were apprised of progress made to date in respect of six areas identified in the 2012/13 Annual Governance Statement as requiring improvement.

RESOLVED

that progress made to date with regard to introducing the key improvement areas arising from the 2012/13 Annual Governance Statement be noted.

**76. GRANT CERTIFICATION 2012/13**

The Panel received and noted a report by the Accountancy Manager (a copy of which is appended in the Minute Book) detailing the certification of specific grants received by the Council in 2012/13. Whilst there were no significant issues arising from the report, the Panel expressed strong concerns over the rules issued by the Department of Works and Pensions for the auditing of benefit claims and the resultant cost to the authority of the auditors undertaking further sampling when any error is found in the first sample. Members were reminded that previous correspondence to the Department of Communities and Local Government and Department of Works and Pensions on this issue had failed to persuade them to adjust the rules. In reiterating that the auditing rules for sampling were much too rigid, the Panel

RESOLVED

- (a) that the grant specification report for 2012/13 be received and noted; and
- (b) that the Accountancy Manager be requested to write to the Local Government Association to express the Panel's concerns over the cost to the authority of auditing benefit claims and requesting that the criteria for taking a second sample be adjusted to only require this if the errors in the previous round of sampling are material.

## **77. EMPLOYEE HANDBOOK**

Further to Minute No 13/63 and with the assistance of a report by the Internal Audit Manager (a copy of which is appended in the Minute Book) the Cabinet has given further consideration to the content of the Employee Handbook.

Members were reminded that the handbook had been considered by full Council at their meeting on 30<sup>th</sup> April 2014, where it was agreed to refer the document back to the Panel and Employment Panel for further review and comment. Having considered a number of changes being proposed for the document and the process to be followed to finalise the changes, the Panel

RESOLVED

- (a) that the changes to the handbook as outlined in the appendix to the report now submitted be noted; and
- (b) that following the receipt of comments from the Employment Panel on the 25<sup>th</sup> June 2014 the final version of the handbook be reviewed by the Chairman and Vice-Chairman of the Corporate Governance Panel prior to the documents resubmission for adoption to full Council on 30<sup>th</sup> July 2014.

## **78. MONITORING THE EFFECTIVENESS OF THE CONTROL ENVIRONMENT: VALUE FOR MONEY**

Consideration was given to a report by the Internal Audit Manager (a copy of which is appended in the Minute Book) summarising the Council's approach to ensuring that value for money (VfM) is being obtained.

Members were advised that value for money can be evidenced in a number of ways including external audit value for money conclusion, medium term financial planning, budgetary control and monitoring. Particular attention was drawn to how VfM is reported to the Panel. Although the Council does not have a specific framework/strategy that outlines how this will be achieved, Members were reminded that a formal VfM conclusion is reported to the Panel each year by the External Auditors. Having considered how the involvement of the Panel in measuring VfM could be improved, Members

RESOLVED

that the Chief Financial Officer be requested to provide an annual report to the Panel to evidence the arrangements in place to support the achievement of VfM.

## **79. WORK AND TRAINING PROGRAMME**

The Panel considered a report by the Internal Audit & Risk Manager (a copy of which is appended in the Minute Book) regarding suggestions for training for Members based on the anticipated work programme for the Panel for 2014/15. In so doing, it was agreed that a formal training day for Panel Members be arranged and that Audit

Committee Members from other Cambridgeshire Authorities be invited to attend.

Chairman