

## HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CORPORATE GOVERNANCE COMMITTEE held in CIVIC SUITE (LANCASTER/STIRLING ROOMS), PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, CAMBS, PE29 3TN on Wednesday, 20 March 2024.

PRESENT: Councillor N Wells – Chair.

Councillors A Blackwell, E R Butler,  
J A Gray, J E Harvey, P J Hodgson-  
Jones, A R Jennings, P Kadewere and  
I P Taylor.

APOLOGY(IES): Apologies for absence from the meeting were submitted on behalf of Councillors J Clarke, S A Howell and T D Sanderson.

### **51. MINUTES**

The Minutes of the meeting of the Committee held on 24th January 2024 were approved as a correct record and signed by the Chair.

### **52. MEMBERS' INTERESTS**

No declarations were received.

### **53. CORPORATE RISK REGISTER**

With the aid of a report prepared by the Director of Finance & Corporate Resources (a copy of which is appended in the Minute Book) the Committee was reminded that it had requested the latest version of the Corporate Risk Register should be presented at each Committee meeting. A summation of the discussions is outlined as follows.

By way of background, the Director of Finance & Corporate Resources reported that effective risk management is a critical part of the organisation's governance. The Risk Register identifies those areas where HDC should take action to mitigate its exposure and informs the annual plan for Internal Audit. More information on this can be found in the Council's Risk Management Strategy.

As part of a full and wide-ranging discussion on the report the Committee considered the risks to HDC and if these are being managed in line with the Risk Management Strategy. The

Committee agreed that effective risk management is a critical part of governance within HDC and that the Risk Register identifies those areas where HDC should take action to mitigate its exposure and informs the annual plan for Internal Audit.

Arising from a question raised by Councillors Gray; Jennings and Hodgson-Jones the Committee (i) asked to receive a breakdown of where and the reasons for risks having moved from one risk category to another; (ii) noted that Corporate risks are those of significant, cross-cutting strategic importance that require the attention of the Council's most senior managers and elected members. Such risks can be roughly split into two types: those that could principally affect the HDC and the residents of Huntingdonshire and others that relate more to the way HDC runs its organisation internally. Each corporate risk has a rating based on a combined assessment of how likely the risk is to occur, its probability and its potential impact after considering the controls already put in place. Such risks are reviewed and updated regularly through horizon scanning, benchmarking and in response to findings from inspections and audits, government policy changes and engagement with staff and the public; and; (iii) noted that HDC has adopted a wide range of controls to address the risks of cyber-attacks that aim to ensure the resilience of IT systems and prevent any adverse impact from daily attacks e.g. 'filtering', 'blocking' and 'scanning' to prevent breaches of the HDC IT network, council devices and systems.

As a result of observations made by Councillor Blackwell the Committee commented that it would be useful for there to be a glossary of the abbreviations used in reports to be made available to address any contextual ambiguity of such acronyms and to provide the Committee with some lucidity to aid in its discussions.

Following further discussion on the risks faced by HDC it was recognised that to ensure full understanding of the risk landscape and wider contextual factors it was important to be mindful of any potential changes in direct funding from national government together with taxes on commercial properties and residential properties could prove to be significant risks and happen swiftly at any time. Whilst the Spending Review and the quest for sustainability will remain critical concerns for HDC.

The Committee having considered and commented on the report **RESOLVED** to formally note that:

1. progress and performance made on the risks to the organisation is being managed in line with the Risk Management Strategy.

## **54. IMPLEMENTATION OF INTERNAL AUDIT ACTIONS**

With the aid of a report prepared by the Director of Finance and Corporate Resources (a copy of which is appended in the Minute Book) the Committee received an update on the implementation of audit actions. A summation of the discussions is outlined as follows.

By way of background, the Director of Finance & Corporate Resources introduced the report and as a result of discussions on the matters raised it was acknowledged that there are potentially risks behind every purchase and whilst they cannot be avoided, they can be managed by identifying both internal and external risks to the supply chain. Then eliminating those situations that would put HDC at unnecessary or increased risk. Therefore, it is important that HDC has effective risk management to map out those potential risks, the likelihood of their occurrence, and whether or not they can effectively avoid those risks without disturbance to the Council's supply chain.

Following comments from Councillors Gray and Jennings the Committee was in agreement that the activities of the Internal Audit team are pivotal to the organisation's governance and control processes and therefore need to be properly resourced. As the outcomes of the Audit Teams activities will establish, if there is the necessary controls and processes in place these will show where any improvements should be made. Tracking the recommendations and closure of these is key to maintaining good control and evidencing the organisation's commitment to delivering good quality, high value for money services with good control and compliance with the relevant statutory obligations.

The Committee acknowledged that procurement within HDC needs to be properly resourced as effective procurement has never been more important with increased economic pressures on the Council and its suppliers to look beyond the financial cost of a contract to consider how the services HDC commissions and procures can improve the quality of life for local people and create a better Huntingdonshire for future generations. Whilst reflecting the Council's commitment to equality, diversity and inclusion through how HDC deliver, resources and transforms all of its services in a way that is inspiring, collaborative, accountable, respectful and enterprising.

Members also wanted to make sure that the Council builds into the HDC grant applications, the cost of providing that procurement and secondly improves resilience through (i) clear governance, (ii) audit trail, (iii) effective contract management and (iv) transparency. Accordingly, the Committee therefore agreed that it needs to formally express its concerns to the Chief Executive and the Cabinet that investment in the

procurement process is essential to ensure that it functions effectively. The Committee was advised that Councillor S W Ferguson the Executive Councillor for Customer Services was meeting with the Council's Chief Executive and would be stressing that such investment takes place as a priority. In addition, the Committee Chair Councillor N Wells indicated that he would also be raising this matter with the Chief Executive.

Following comments from Councillor Hodgson-Jones the Committee asked why this issue was not on the corporate risk register as procurement has an impact, not just financial but where HDC gets the incorrect price for goods and services or purchases the inappropriate goods and services. This means the process of procuring these goods and services needs to be undertaken again and also has an impact on the reputation of HDC. Therefore, if there are audit actions on procurement that simply are not progressing as expected then the Committee should be looking at including this on the register of potential risks relating to procurement. Accordingly, the Director of Finance & Corporate Resources agreed to undertake to discuss this with the Senior Leadership Team.

The Committee also noted under the Outstanding Audit Action No. 1680 Fuel Usage and Payments (a copy of which is appended in the Minute Book) the reference to the requirement for a spare 50,000 litre tank at the Councils Eastfield House for the storing of Hydrogenated Vegetable Oil (HVO) as part of the trial to reduce the need for hydrocarbon fuel (i.e. diesel) the outcome of this trial will determine if there will be an ongoing need for a spare 50,000 litre tank.

Members also requested an update in regard to Outstanding Audit Action No. 1658 Shadow IT/Service-Procured Systems (a copy of which is appended in the Minute Book) about revising the Council's Code of Procurement including both new thresholds and terminology.

The Committee was informed that in regard to Outstanding Audit Action No. 1613 Small Works Contract (a copy of which is appended in the Minute Book) responsibility for this action has been reviewed and will be formalized once the contract has been let and the intention being that the new contract will be awarded in April 2024.

The Committee was notified that with regard to Outstanding Audit Action No. 1652 Corporate Enforcement Policy (a copy of which is appended in the Minute Book) an action has been included within the Community service plan to be rewritten and to then have approved as a new Corporate Enforcement Policy. It was noted that this policy is intended to inform the public of the Council's enforcement policy and operational guidance relating to the enforcement of environmental crime that covers a

diverse range of issues such as noise, litter, waste and refuse, dogs and pests.

Finally noted that the HDC Internal Audit Manager was on a leave of absence and arrangements had therefore been made to ensure continued independent evaluation of risk management, control and governance processes.

The Committee having considered and commented on the report **RESOLVED** to formally recommend to the Cabinet that as a priority.

- A. The HDC Audit Team needs to be properly resourced.
- B. Procurement should be included within the HDC Corporate Risk Register.

## **55. CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT**

The Committee received and noted a report (a copy of which is appended in the Minute Book) on progress of actions in response to any decisions taken at previous meetings. As a result of discussions on the report:

The Chair provided an update on the Appointment of Independent Members to Corporate Governance Committee including the level of remuneration, term of office, the length of their appointment and start date.

Members requested for details on the progress of actions in response to any decisions taken at previous meetings. With regard to the Internal Audit Progress Report the Committee agreed that it was very important to have a thorough discussion with Ernst & Young at the next meeting given the number of ongoing issues concerning the progress of this report.

Members noted that with regard Local Government Association Governance Peer Challenge a report will be presented to a Sub-Group of the Corporate Governance Committee and then to Council subsequently the Committee would oversee the progress against all the recommendations.

Chair