



Dear Councillor

CORPORATE GOVERNANCE COMMITTEE - WEDNESDAY, 12 JULY 2023

I am now able to enclose for consideration at the above meeting the following reports that were unavailable when the agenda was printed.

**Agenda Item
No.**

- 7. PEER REVIEW: ACTION PLAN**(Pages 3 - 12)
To consider the action plan and to comment on any areas where further detail or clarity is required. (TO FOLLOW)

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HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Peer Review Action Plan

Meeting/Date: Corporate Governance Committee – 12th July 2023

Executive Portfolio: Corporate Resources

Report by: Director of Finance and Corporate Resources

Executive Summary:

A report on the LGA Peer Review of Internal Audit was presented to Committee on 30th May 2023. This included some recommended actions to improve Governance and Compliance with the CIPFA guidance. The committee asked for an action plan to achieve these recommendations; this report is to update the committee on the action plan.

Recommendation(s):

The Committee is asked to consider the action plan and to comment on any areas where further detail or clarity is required.

1. PURPOSE OF THE REPORT

- 1.1 To update the Committee on the action plan to achieve the recommendations of the LGA Peer Review of Internal Audit.

2. WHY IS THIS REPORT NECESSARY/BACKGROUND

- 2.1 The Committee asked for an action plan to be prepared following presentation of the Peer Review outcomes report in May 2023. The proposed action plan is attached at Appendix 1 to this report.

3. KEY IMPACTS / RISKS

- 3.1 The Peer Review recommendations identified areas where governance could be improved. If the Council does not act on these it risks failings in its governance processes.

4. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION

- 4.1 Appendix 1 details the Peer Review recommendations, the proposed actions for implementing these and the target dates for achieving the outcomes.

5. LIST OF APPENDICES INCLUDED

Appendix 1 – Peer Review Internal Audit HDC March 2023

CONTACT OFFICER

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Suggestions - Peer review Internal Audit Huntingdonshire District Council March 2023

Ref	Peer Review Recommendation	Comment	Proposed Action	Due Date
1.	Internal Audit Manager (IAM) to facilitate or feed into a CIPFA Corporate Governance Committee (CGC) self-assessment exercise and help to develop a training programme for members.	An effective CGC needs to have a balance of skills across the key elements of Risk Management, Finance and Audit and, where these skills are identified as missing or skewed, appropriate training is proposed to correct this.	IAM to facilitate a self-assessment exercise for committee members, feedback outcomes at a subsequent meeting with proposed actions for members to decide upon.	Feedback to CGC 29/11/2023 meeting.
2.	The Terms of Reference (ToR) for the Corporate Governance Committee to be regularly/annually reviewed against CIPFA best practice standards and other example of best practice from across the sector to ensure continuous improvement.	To ensure the Council's ToR reflect current legislation and chartered body recommendations, they should be reviewed on an annual basis.	The IAM to review ToR against CIPFA best practices and propose changes to the Deputy Monitoring Officer (DMO) to reflect any updates which are necessary.	Review of ToR to be presented to CGC in Q4 of each financial year, in preparation for the new financial year.
3.	Further questions for consideration by the CGC: <ul style="list-style-type: none"> • Could the MO/DMO be more involved with the Corporate Governance Committee, by presenting the Annual Governance Statement (AGS), Corporate Code of Governance? 	The AGS and Code of Corporate Governance were drafted by the S151 Officer in collaboration with the MO.	No further action required.	Ongoing control.

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	<ul style="list-style-type: none"> There are no declarations of interest recorded for the last 12 months. Are there any that have gone unrecorded? Is advice of the MO being taken on interests by the committee? Could task groups or working groups of the committee be set up to give additional capacity to review areas of risk/financial strain in more detail? 	<p>Declarations of interest are requested at the start of all meetings and recorded in minutes.</p> <p>Would this be beneficial to CGC members?</p>	<p>DMO to ensure new members are briefed on what is a declaration of interest as part of induction process.</p> <p>CGC to consider this.</p>	<p>Ongoing control.</p> <p>TBD</p>
4.	The Corporate Governance Committee to consider receiving a briefing on CIPFA's Internal Audit Untapped Potential report highlighting areas for action.	This was the basis of the Peer Review and has already been made available to members. The Peer Review feedback, and this action plan accomplishes the action	Action complete	N/A
5.	Consider a review of the role of the Corporate Governance Committee within the Constitution, to ensure the role of committee is clear and transparent.	This should be part of the review linked to action 2.	Per action 2	See action 2
6.	<p>Governance review suggestions.</p> <ul style="list-style-type: none"> Internal Audit Manager, the Monitoring Officer and Director of Finance and Corporate Resources to consider regularly meeting to raise and resolve concerns. 	The IAM and S151 already meet on a regular basis, with the DMO being invited as needed.	No further action	Ongoing control.

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	<ul style="list-style-type: none"> Carrying out a governance review (stock take) as part of establishing the new management team. Joint training for members and officers on good governance. 	We assume this relates to CLT recruitment, which is ongoing, and will be assessed once recruitment is complete. The self-assessment exercise for members in Action 1 should be extended to CLT as well, with similar follow up training.	Undertake self-assessment exercise for CLT once recruitment is complete, link in with member training for Action 1 where possible or organise additional training if the specific need has already been covered.	To be completed within three months of all CLT members being recruited and employment commencing.
7.	Senior management and internal audit to work together to consider whether internal audit is best placed to undertake additional tasks outside of its core purpose such as Annual Governance Statement, Code of Corporate Governance review.	It is important the IAM has the opportunity to feed into the AGS and Code of Corporate Governance, but this has been drafted by the S151 Officer recently and will continue as such.	No further action	Completed
8.	Consideration be made to keeping the Internal Audit Manager informed of the outcomes of Management Team meetings or invited where relevant to observe discussions relating to key transformation projects to enhance strategic approach to auditing.	The IAM is already able to discuss ongoing projects/programmes with the relevant managers, and the risks arising.	Service management team meetings will be asked to update the IAM with any changes to service risks discussed. The IAM will engage with the PMO regarding current projects/programmes.	With immediate effect
9.	The Internal Audit Manager to discuss key strategic risks from the register with each service area and	The IAM has full access to all risks on the Council's 4Risk system and should use these	Future IA plans to be linked to the Council's risk registers.	With immediate effect

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	devise an assurance plan covering the management of key risks.	to develop the action plan going forward.		
10.	Conducting a risk maturity assessment would be a good way to provide advice and increase the chances that the risk register can be relied on for planning purposes as maturity increases.	Once the Council's Risk Management Strategy has been approved and distributed, this will be the next stage of developing its risk management robustness.	A risk maturity exercise to be undertaken.	Within six months of the revised Risk Strategy being approved.
11.	Internal Audit considers areas in the assurance plan where a 'position statement' style approach could be used to provide advisory support for new or developing areas.	IA is already developing this methodology and using it in specific areas across the Council.	No further action required.	With immediate effect.
12.	A calculation of auditor's chargeable time (i.e., available audit days minus annual leave, management commitments, training days and ad-hoc/investigatory work) to be undertaken. In addition, a skills and knowledge assessment of the audit team to be undertaken once an assurance plan for 2023/24 has been devised. If a shortfall is identified, this to be reported to senior management and CGC for resolution.	The methodology for calculating the number of audit days available has been developed as part of the planning for 2023/24. The skills and knowledge assessment can be undertaken once the current recruitment exercise for IA has been completed.	The calculation of available days to continue to be used as a measure of IA capacity. Undertake skills and knowledge assessment of IA team.	With immediate effect Within three months of current recruitment exercise completing.
13.	The internal assessment to reference available evidence to	The Council has a statutory duty to undertake an External	IAM to undertake internal assessment of IA and to	To be completed by 31 st March

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	support conformance for each standard in preparation for a full External Quality Assessment.	Quality Assessment every five years. The internal assessment, and collection of evidence is the initial stage of this, to identify area of non-compliance.	develop a plan for achieving areas of non-compliance.	2024.
14.	<p>A detailed QAIP to be developed shared and discussed with senior management and the CGC. QAIP to include;</p> <ul style="list-style-type: none"> • Areas of all perceived partial conformance with PSIAS and LGAN with actions to develop into conformance with a timeframe and responsible officer allocated for each. • Team training requirements; covering areas of emerging risk such as climate, artificial intelligence, cyber security, culture, data analytics. <p>Performance metrics measured by the team with stretching targets to demonstrate a commitment to continuous improvement. These should be agreed with the CGC</p>	This is a follow on from action 13 and is the detailed plan for achieving compliance.	IAM to develop internal assessments outcomes into a QAIP, including training needs and performance metrics.	To be completed by 30 th June 2024.

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	and Senior Management and reported at least annually.			
15.	Internal Audit to continue to look for opportunities to carry out data analytics and invests in skills in this area for the future. In the meantime, the team can suggest data maturity enhancements in each area audited if full population testing cannot be carried out.	<p>These are key tools to complement the work of the IA team and their deployment is key to maintaining the effectiveness of the team.</p> <p>However, this is an action that should follow the development and implementation of the QAIP.</p>	Following completion of the QAIP, the IAM to consider how these skills can be developed and implemented within the team.	To be completed by 31 st December 2024.
16.	<p>Internal Audit to consider its approach to supporting the Assurance Board forward plan and Terms of Reference review in addition to supporting the CGC in areas such as;</p> <ul style="list-style-type: none"> • Statutory Compliance Framework • Health and Safety assurance • Best Interest Reports Lessons Learnt • Governance Stocktake; • Covid Review • Counter Fraud and Whistleblowing Strategy, Actions, Resources, Review of risks, 	<p>The IAM sits on the Assurance Board and is able to request items to be covered at the board.</p> <p>A forward planner for items to be discussed is being formulated and the opinion of the IAM should be sought as part of this.</p>	No further action required.	Completed.

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	Strategic/Complex Partnerships/Collaborations review.			
17.	The Director of Finance and Corporate Resources and Internal Audit Manager to work together to formally appoint the outsourced IT audit provider so that assurance can be provided to support the opinion.	<p>A tender was run, and a contract offered to the successful bidder. However, the provider declined the offer due to internal pressures on their side.</p> <p>The provider that was runner up to the tender has been approached.</p>	To appoint the provider that was runner up, or to re-run the tender process.	Update to be provided to CGC at 12 th July 2023 meeting.

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