

## HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CORPORATE GOVERNANCE COMMITTEE held in the Countryside Centre, Hinchingsbrooke Country Park, Brampton Road, Huntingdon, Cambs, PE29 6DB on Thursday, 22 July 2021

PRESENT: Councillor G J Bull – Chairman.

Councillors Dr P L R Gaskin, D A Giles, K P Gulson,  
P Kadewere, H V Masson, L W McGuire, J P Morris,  
R J West and Mrs S R Wilson.

APOLOGIES: Apologies for absence from the meeting were submitted on behalf of Councillors E R Butler and J C Cooper-Marsh.

### 14 MINUTES

*(At 7:01pm Councillor J P Morris took his seat at the meeting).*

The Minutes of the meeting of the Committee held on 9th June 2021 were approved as a correct record and signed by the Chairman.

*(At 7:02pm Councillor P Kadewere took his seat at the meeting).*

### 15 MEMBERS' INTERESTS

No declarations were received.

### 16 EXTERNAL AUDIT PLAN 2020/21

*(Mr M Hodgson, Audit Partner, Ernst & Young LLP was in attendance for consideration of this item).*

The Committee received a report by the Chief Finance Officer (a copy of which is appended in the Minute Book) to which was attached the Council's External Audit Plan 2020/21, which had been produced by the Council's External Auditors, Ernst & Young LLP.

The Chief Finance Officer delivered a brief introduction to the report where it was noted that the Audit Plan provided an overview of the 2020/21 strategy, outlined audit risks and value for money risks, provided information on audit materiality and the scope of the audit and included detail on the audit team, audit timeline and independence.

Referring to the report, Mr M Hodgson drew the Committee's attention to key messages contained within the report which included planning materiality, performance materiality and audit differences. In terms of the former, it was reported that this had been set at £2,112 million representing 2% of the previous year's gross expenditure on the provision of services. Attention was then drawn to the audit risks and the areas of focus and an explanation was delivered on

each new or increased risk. Value for money was then discussed, where it was noted that risk assessments had been undertaken on the Council's arrangements to enable commentary to be provided under the three reporting criteria. He then concluded by drawing Members' attention to the provisional audit timeline and the scale of the audit fees.

In response to questions which had been raised, Mr Hodgson confirmed that detailed information on the phasing plan produced for the audit had previously been shared with all Section 151 Officers and that a buffering period of one week had been built into the existing plan either side of the audit. If the Council's planned audit had not been completed within the agreed timeframe then auditing would cease and investigations put into a queue alongside other authorities who may be in a similar position. In response to subsequent questions, it was confirmed that the District Council's audit was due in the penultimate phase and that it was not envisaged that there would be a long period to wait if the audit was not completed on time. In the event of delays with the audit, the Chief Finance Officer confirmed there would be a process to follow in the event of delays with the publication of the accounts, which would be similar to the process adopted with the previous year's accounts.

Other matters that were discussed included whether the external auditor's value for money assessment would be produced in time for the Committee's next meeting on 14th September 2021 and the potential reporting of significant weaknesses in the Council's arrangements for delivering value for money. In terms of the latter, the Committee were reminded of the role of Senior Leadership Team in providing assurances to Members in the handling of its financial and business affairs including its response to the COVID-19 pandemic.

Whereupon, it was

RESOLVED

- (a) that the content of the External Audit Plan 2020/21 as attached as an Appendix to the report now submitted be noted; and
- (b) that the timetable for reports and updates to the Committee as set out in paragraph 4.6 of the report now submitted be noted.

## **17 INTERNAL AUDIT SERVICE: ANNUAL REPORT 2020/21**

In compliance with the Public Sector Internal Audit Standards, the Committee gave consideration to the Internal Audit Service Annual Report 2020/21 (a copy of which is appended in the Minute Book).

The Internal Audit Manager drew Members' attention to the Audit Opinion for 2020/21 which gives "adequate assurance" of the control environment. It was further reported that a limitation of scope was also in place in respect of risk management, which had been excluded from the audit opinion. The Internal Audit Manager then went on to report that over the reporting period, her team had been redeployed to assist the Council in its response to the COVID-19 pandemic, the impact of which had meant that only a limited number of resource days were available to complete internal audit work. 15 audits had been completed identifying a total of 46 actions for improvement of which 9 were

classified as “red” or “high risk” actions. Attention was then drawn to the 5 new areas arising from the audits which related to cyber security, cloud services, project management, risk management and contract management. A number of follow up reviews have been planned into the current financial year and efforts would be made to get back on track with this work going forward. Finally, the Committee’s attention was drawn to the outstanding issues arising from the self-assessment undertaken back in May 2018 to evaluate the service’s conformance with Public Sector Internal Audit Standards. Another assessment would be undertaken once the team was fully resourced and had the capacity available to undertake this work.

In respect of project management, Members were concerned given the Council’s recent investments in this area. The Internal Audit Manager advised that this primarily related to projects before the new project management system had been in place. Other matters that were discussed included the need to get back on top of training which appeared as a common theme across audit reports, debt management which was reported quarterly to the Overview and Scrutiny Panel (Performance and Growth) and Cabinet and the role and remit of the recently established Risk and Controls Group. In respect of the latter, the Assistant Director (Corporate Services) and the Chairman undertook to discuss the matter outside of the meeting with a view to establishing reporting links between the Group and the Committee.

Whereupon, it was

RESOLVED

- (a) that the content of the report now submitted be noted; and
- (b) that the Internal Audit Manager’s Opinion be taken into account when considering the Annual Governance Statement for 2020/21.

**18 DRAFT 2020/21 ANNUAL FINANCIAL REPORT AND APPROVAL FOR PUBLICATION OF THE ANNUAL GOVERNANCE STATEMENT**

With the aid of reports prepared by the Chief Finance Officer (copies of which are appended in the Minute Book) the Committee gave consideration to the process for finalising and publishing the Council’s Annual Financial Report for 2020/21 and the statutory requirement to produce an Annual Governance Statement which was required as part of the process to approve the final accounts.

The Chief Finance Officer confirmed the position with regards to the unaudited accounts and reported that owing to the current situation with the COVID-19 pandemic, the normal statutory deadline had moved from 31st July 2021 to 30th September 2021.

Attention was drawn to the key financial highlights, where it was noted that the Council had achieved an underspend of £0.064m against a budget of £17,687m and that the General Fund Reserves had been maintained at £2,175m. Furthermore, the Committee were encouraged to note that £45,111m had been delivered to local businesses via Business Support Grants. The Chief Finance Officer then went on to explain the increased pensions deficit of £95,273m and the position with the valuation of the Council’s Land & Buildings and Investment

Properties which had yet to be completed by October 2021. In terms of the latter, it was reported that a new valuer had recently been appointed on a year's contract with the Council.

Having regard to the Annual Governance Statement, Members' attention was drawn to the main themes for 2020/21 which were noted as follows:

- Housing affordability
- Morbidity/growing number of years of ill health
- Wider economic environment
- Skill levels and educational attainment
- Partner agency operational pressures; and
- Environmental pressures.

Having commended the Chief Finance Officer and her team for the production of comprehensive reports and following a brief discussion on the impact of COVID-19 upon the collection of business rates and how they were presented within the unaudited accounts, the Committee

#### RESOLVED

- (a) that the Unaudited Annual Financial Report be approved;
- (b) that the Notice of Publication be approved; and
- (c) that the Annual Governance Statement be approved and that the Executive Leader and Managing Director be authorised to sign the Statement on behalf of the Council.

## **19 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.

The Assistant Director (Corporate Services) reported that the Code of Procurement Waiver Procedure had only been used once since its inception in April 2021, which had been reported at previous meetings.

Prior to closing the meeting, the Chairman, who would not be present at the next Committee meeting on 14th September 2021, conveyed his thanks on behalf of the Committee to the Chief Finance Officer for all her hard work during her time at the District Council. The Chief Finance Officer would be leaving the District Council on 30th September 2021 and all Members expressed their best wishes to her for the future.

The Democratic Services Officer advised the Committee that the venue for the next meeting on 14th September 2021 would be the Burgess Hall, One Leisure, St Ives.

Chairman