

A meeting of the **CORPORATE GOVERNANCE COMMITTEE** will be held in the **CIVIC SUITE (LANCASTER/STIRLING ROOMS), PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, CAMBS, PE29 3TN** on **WEDNESDAY, 25 JANUARY 2023** at **7:00 PM** and you are requested to attend for the transaction of the following business:-

## **AGENDA**

### **APOLOGIES**

#### **1. MINUTES (Pages 5 - 10)**

To approve as a correct record the Minutes of the meeting of the Committee held on 30th November 2022.

**Contact Officer: H Peacey - (01480) 388007**

#### **2. MEMBERS' INTERESTS**

To receive from Members declarations as to disclosable pecuniary, other registerable and non-registerable interests in relation to any Agenda item. See Notes below.

**Contact Officer: Democratic Services - (01480) 388169**

#### **3. UPDATE ON CODE OF CONDUCT AND REGISTER OF DISCLOSABLE PECUNIARY INTERESTS (Pages 11 - 18)**

To consider a report by the Elections and Democratic Services Manager on the Code of Conduct and Register of Disclosable Pecuniary Interests.

**Contact Officer: S Rees - (01480) 388738**

#### **4. IMPLEMENTATION OF INTERNAL AUDIT ACTIONS (Pages 19 - 50)**

To receive a report from the Internal Audit Manager providing an update on the implementation of audit actions.

**Contact Officer: D Moss - (01480) 388475**

**5. APPOINTMENT OF AN INDEPENDENT MEMBER TO THE CORPORATE GOVERNANCE COMMITTEE (Pages 51 - 60)**

To seek the Committee's view on the appointment of an Independent Member to the Corporate Governance Committee.

**Contact Officer: D Moss - (01480) 388475**

**6. CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT (Pages 61 - 62)**

To receive the Corporate Governance Committee Progress Report.

**Contact Officer: H Peacey - (01480) 388007**

17 day of January 2023



Head of Paid Service

**Disclosable Pecuniary Interests and other Registerable and Non-Registerable Interests.**

Further information on [Disclosable Pecuniary Interests and other Registerable and Non-Registerable Interests is available in the Council's Constitution](#)

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**Please contact Habbiba Peacey, Democratic Services Officer, Tel: (01480) 388007 / email: [Habbiba.Peacey@huntingdonshire.gov.uk](mailto:Habbiba.Peacey@huntingdonshire.gov.uk) if you have a general query on any Agenda Item, wish to tender your apologies for absence from the meeting, or would like information on any decision taken by the Committee.**

Specific enquiries with regard to items on the Agenda should be directed towards the Contact Officer.

Members of the public are welcome to attend this meeting as observers except during consideration of confidential or exempt items of business.

Agenda and enclosures can be viewed on the [District Council's website](#).

**Emergency Procedure**

In the event of the fire alarm being sounded and on the instruction of the Meeting Administrator, all attendees are requested to vacate the building via the closest emergency exit.

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## HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CORPORATE GOVERNANCE COMMITTEE held in the CIVIC SUITE (LANCASTER/STIRLING ROOMS), PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, CAMBS, PE29 3TN on Wednesday, 30 November 2022

PRESENT: Councillor N Wells – Chairman.

Councillors A M Blackwell, J Clarke, J A Gray, J E Harvey, P J Hodgson-Jones, T D Sanderson and I P Taylor.

APOLOGIES: Apologies for absence from the meeting were submitted on behalf of Councillors S A Howell, P Kadewere and R J West.

IN ATTENDANCE: Mr M Hodgson (Ernst & Young LLP)

### 25 MINUTES

The Minutes of the meeting of the Committee held on 28th September 2022 were approved as a correct record and signed by the Chair.

### 26 MEMBERS' INTERESTS

No declarations were received.

### 27 CODE OF CONDUCT COMPLAINTS - UPDATE

By means of a report by the Elections & Democratic Services Manager & Deputy Monitoring Officer (a copy of which is appended in the Minute Book) the Committee were provided with a summary and update of completed or ongoing complaints received regarding alleged breaches of the Code of Conduct under the Localism Act 2011 since the start of the year.

Having had their attention drawn to the cases outlined in paragraph 3.1 of the report, the Elections and Democratic Services Manager & Deputy Monitoring Officer reported that a number of cases had been referred back to the Parish Council for investigation and resolution at a local level.

In response to a question raised by a Member, it was confirmed that the Parish Councils were set up as their own separate legal entities and that advice, support and training on Code of Conduct matters was available through the National Association of Local Councils (NALC) and Cambridgeshire and Peterborough Association of Local Councils (CPALC) if the individual parishes had signed up to their respective membership scheme.

Whereupon, it was

RESOLVED

that the progress of outstanding complaints and the conclusion of cases resolved since the meeting in July 2022 be noted.

## **28 EXTERNAL AUDIT PLAN 2021/22**

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

With the aid of a report prepared by the Chief Finance Officer (a copy of which is appended in the Minute Book) the Committee received details of the Initial Audit Plan for the year ended 31st March 2022.

The Chief Finance Officer introduced Mr M Hodgson of Ernst & Young LLP who delivered a brief introduction to the Audit Plan which provided an overview of the 2021/22 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.

Mr M Hodgson drew the Committee's attention to key messages contained within the report which included the significant risk which had been identified relating to the accounting for Covid-19 related government grants and the materiality levels which had been set in respect of planning and performance. Audit differences of over £96,000 would be reported to the Committee in due course. Finally, the Committee's attention was drawn to the value for money conclusion, commentary for which would be included within the Auditor's Annual report together with the timings outlined in paragraph 4.6 of the report which outlined the key dates for the audit and when the Committee would be receiving reports and updates.

In response to questions which had been raised it was confirmed that the 2% of gross expenditure on the provision of services included any benefits that the District Council administered of behalf of third parties, confirmation that no new risk areas had been included in this year's audit and the scale of audit fees which were prescribed by Public Sector Audit Appointments Ltd (PSAA). Other matters that were discussed included the availability of Ernst & Young's Transparency Report 2021 and the deliberate omission of public interest entities owing to the fact that EU and Financial Reporting Standards did not require this to be included as part of the District Council's audit.

Whereupon, it was

### **RESOLVED**

- (a) that the content of the Initial Audit Plan 2021/22 as attached as an Appendix to the report now submitted be noted; and
- (b) that with the expected number of external audit updates due to be received by the Committee between now and the end of the audit the Committee has expressed their satisfaction on the level of comfort that the frequency of reporting will award as set out in paragraph 4.6 of the report now submitted.

## **29 CIPFA CODE OF FINANCIAL MANAGEMENT**

Consideration was given to a report by the Director of Finance and Corporate Services (a copy of which is appended in the Minute Book) introducing the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Financial Management.

By way of background, the Director of Finance and Corporate Services reported that the Code was designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The Code focuses on 17 separate measures, subdivided into six themes, looking at how the organisation manages its finances through the reporting and governance processes. If approved, Internal Audit would be conducting a review of the evidence provided to demonstrate compliance with the Code.

In responding to questions, it was confirmed that CIPFA had defined the measures, but the evidence provided had been developed by the Director of Finance and Corporate Services in conjunction with the Council's former Interim S151 Officer, Mr P Simkin. Furthermore, it was reported that the outcome of the Internal Audit review would determine whether the Council had sufficient resources to comply with the Code and if not, a request would be made for additional resources to support this work. Other matters that were discussed included the evidence which had been provided in respect of the credible and transparent financial resilience assessment measure and the action taken by Senior Leadership to ensure service managers were challenged on service areas in cases of low performance. In the event that standards dropped below expected levels, the Committee were assured that such risks would be included within the Council's Corporate Risk Register.

RESOLVED

that the Committee approve the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Financial Management.

## **30 IMPLEMENTATION OF INTERNAL AUDIT ACTIONS**

With the aid of a report prepared by the Internal Audit Manager (a copy of which is appended in the Minute Book) the Committee were updated on the implementation of internal audit actions.

The latest data now revealed 78% of actions being introduced on time (including those with late implementation) and 17 overdue audit actions remained outstanding. It was further reported that 11 actions had not yet been implemented. The target for the completion of audit actions to be implemented by the agreed date remained at 100%. In respect of the 17 overdue audit actions, the Committee were pleased to note that this had reduced from the previous reporting period from 34 which was attributable to increased focus on ensuring managers reviewed outstanding actions whilst evidencing the work undertaken. 56 audit actions had been closed since April 2022, as outlined in Appendix 2 and 37 audit actions had been opened since November 2022.

Questions that were raised and responded to at the meeting included the use of purchase cards and the potential fraud which might arise from using this method

of payment, the planned review of the Code of Corporate Governance and the report audit opinion listed in Appendix 2 of the report together with their respective definitions. In terms of the latter, subsequent questions were raised about the actions taken to mitigate the audit opinion. Assurances were delivered to the Committee that the actions taken were designed to reduce the level of risk to an acceptable level. The Committee were informed that the IT related risks were reviewed by the Council's IT auditor. The Committee were informed that these actions had now been closed. Finally, the Committee discussed the matter of purchase orders, where it was reported that a number of actions had been implemented which included the delivery of training and access to better documentation around procedures.

Having commended the Internal Audit Manager and her team for the extensive work which had been completed to close down and implement a number of outstanding audit actions since the previous meeting, it was

RESOLVED

that the content of the report now submitted be noted.

### **31 INTERNAL AUDIT SERVICE: PROGRESS REPORT**

With the aid of a report by the Internal Audit Manager (a copy of which is appended in the Minute Book) the Committee were informed of the work completed/undertaken by the Internal Audit Service during the period April 2022 to end October 2022.

The Committee's attention was drawn to Appendix 1 of the report which provided an introduction to the Interim Progress Report for 2022/23, an update on the service's resources and team, progress against the Audit Plan, details on the Audit Reports issues, audit opinion and summary of findings, work in progress from the Audit Plan and Forward Plan, audit actions data for the period April to November 2022, verifications and follow ups, third party or other assurance, IT audit provision, performance indicators and issues/blockers and horizon scanning/service pressures for the Internal Audit Service. The Internal Audit Manager also drew the Committee's attention to Appendix 2 of the report which outlined the revised Internal Audit Plan for the remainder of 2022/23.

In response to a question which had been raised concerning the status which had been reported for the Market Towns Programme, the Committee were informed that an external consultant had been appointed to undertake this work on behalf of the Council and to be mindful that the information reported was taken from a particular point in time. The Corporate Director (People) undertook to request the Corporate Director (Place) to provide the Committee with a further update on the matter.

RESOLVED

that the content of the report now submitted be received and noted.

## **32 CORPORATE RISK REGISTER**

A report by the Corporate Director (People) was submitted (a copy of which is appended in the Minute Book) updating Members on the contents of the Council's Corporate Risk Register.

In introducing the report, the Corporate Director (People) reported that the report had been prompted following the discussions of the Committee at the last meeting on the Annual Governance Statement. Members were informed that the Register was regularly reviewed by the Council's Senior Leadership Team.

Following a suggestion made by a Member, the Corporate Director (People) agreed to include a matrix of where each of the risks sat in future reports. Specific risks that were discussed included risk numbers 304, 309, 312 and 300. A response to each question raised was provided by the Corporate Director (People).

RESOLVED

that the content of the report now submitted be received and noted.

## **33 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. In doing so, the Democratic Services Officer advised that there had been no uses of the Code of Procurement Waiver Procedure since the previous meeting.

Chairman

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**Public**  
**Key Decision - No**

## HUNTINGDONSHIRE DISTRICT COUNCIL

**Title/Subject Matter:** Update on Code of Conduct and Register of Disclosable Pecuniary Interests

**Meeting/Date:** Corporate Governance Committee – 25th January 2023

**Executive Portfolio:** Councillor M Hassall, Executive Councillor for Corporate and Shared Services

**Report by:** Elections and Democratic Services Manager

**Ward(s) affected:** All Wards

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### **Executive Summary:**

The Monitoring Officer has a duty to establish and maintain a register of Disclosable Pecuniary Interests (DPIs). This report provides the Committee with details of the current level of returns by Town and Parish Councillors and by District Councillors. It also contains a breakdown of the adoption by Town and Parish Councils of Codes of Conduct.

### **Recommendation:**

The Committee is

### **RECOMMENDED**

to consider and comment on the report.

## **1. PURPOSE OF THE REPORT**

- 1.1 Chapter 7 of the Localism Act 2011 requires the Monitoring Officer to establish and maintain a register of disclosable pecuniary or other interests of Members of the District Council. In addition, the District Council is responsible for maintaining the Register for Town and Parish Councils. The register is open for inspection at the District Council's offices and published on the District Council's website. Where a Town or Parish Council has a website, the District Council is required to provide that Council with the information necessary to enable it to publish their current register on its own website. Information in respect of the DPIs of each Town and Parish Council is presented in Appendix 1.
- 1.2 Each Town and Parish Council also has a duty to adopt a Code of Conduct. All Town and Parish Councils were requested to advise the Monitoring Officer when their Council had adopted a new Code and to confirm whether it was identical to that adopted and promoted by the District Council or alternatively the version produced by the National Association of Local Councils (NALC) or any other.

## **2. WHY IS THIS REPORT NECESSARY/BACKGROUND**

- 2.1 The Committee is responsible for maintaining high standards of conduct by Members of the District and Town and Parish Councils, for monitoring the operation of the Code of Conduct and for considering the outcome of investigations in the event of breaches of the Code. The District Council has a duty to maintain and publish the Registers of Pecuniary Interests of the District and Town and Parish Councils. Those Members who fail to comply with the 2011 Act are guilty of an offence and liable to a maximum fine of £5,000 and disqualification for up to five years.
- 2.2 This report describes the current position in relation to both matters.

## **3. ANALYSIS**

- 3.1 All DPI forms that have been received have been published. Any changes made have also been published.
- 3.2 Of 71 Town and Parish Councils, 26 have had their full Register published on the District Council's website, 45 Parishes have published their Register with vacancies and 6 Parish Councils currently have a form outstanding.
- 3.3 In terms of individual DPIs, 562 out of a total of 652 have been received from Parish Councillors; with 83 vacant and 7 outstanding. The up-to-date position on each Council is noted in Appendix 1. It is unlikely that there will ever be a complete return at any one time because of the ever-changing Parish Council membership.
- 3.4 All District Councillors' DPI forms are uploaded onto the Council's website.

#### **4. KEY IMPACTS / RISKS**

- 4.1 The Corporate Team regularly requests updates from those Parish Councils where DPIs are outstanding. Similarly, incomplete or inaccurate forms are returned to Parish Councils with a request to revise and return. All Parish Councils are asked twice a year to verify details held by the District Council regarding DPIs and the Code of Conduct adopted by each Parish Council.

#### **5. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION**

- 5.1 Parish Clerks are regularly reminded by email to submit DPI forms as soon as possible following any changes.

#### **6. LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES AND/OR CORPORATE OBJECTIVES**

- 6.1 The Council's strategic priorities include collaboration with partners to enhance community resilience. By ensuring that DPIs are published, the Council is supporting local accountability and transparency in decision making which contributes to the objective to develop stronger and more resilient communities to enable people to help themselves.

#### **7. LEGAL IMPLICATIONS**

- 7.1 There is no legal obligation upon a Town or Parish Council to notify the Monitoring Officer that it has adopted a Code of Conduct. Records indicate, however, that all Town and Parish Councils have adopted a Code. 18 of those Parish Councils have adopted one based on that adopted by the District Council. 46 Town and Parish Councils have adopted the Local Government Association Model Code, 5 Councils have opted for the Code promoted by NALC, and two have adopted their own version of the Code. The up to date position on each Council is noted in Appendix 2.

#### **8. REASONS FOR THE RECOMMENDED DECISIONS**

- 8.1 The Committee take a role in maintaining high standards of conduct by elected Members and monitoring the Code of Conduct.

#### **9. LIST OF APPENDICES INCLUDED**

Appendix 1 - Town and Parish Councils Disclosable Pecuniary Interests (DPI) forms.

Appendix 2 - Town and Parish Council New Standards Regime and Code of Conduct.

#### **10. BACKGROUND PAPERS**

None.

## **CONTACT OFFICER**

Name/Job Title: Simon Rees – Member Development and Support Officer  
Tel No: 01480 388738  
Email: [Simon.Rees@huntingdonshire.gov.uk](mailto:Simon.Rees@huntingdonshire.gov.uk)

## Town and Parish Councils' Disclosable Pecuniary Interests (DPI) forms

No	Town/Parish Council	No of Cllrs	DPIs Received	Vacancies	DPIs Outstanding
1	Abbots Ripton	6	6	0	0
2	Abbotsley	7	7	0	0
3	Alconbury	11	6	5	0
4	Alconbury Weston	7	6	1	0
5	Alwalton	5	4	1	0
6	Barham & Woolley	5	5	0	0
7	Bluntisham	11	9	2	0
8	Brampton	15	13	2	0
9	Brington & Molesworth	5	5	0	0
10	Broughton	7	7	0	0
11	Buckden & Diddington	15	11	4	0
12	Buckworth	5	4	1	0
13	Bury	9	6	3	0
14	Bythorn & Keyston	5	5	0	0
15	Catworth	7	5	2	0
16	Colne	9	8	1	0
17	Conington	5	5	0	0
18	Earith	11	11	0	0
19	Easton	5	5	0	0
20	Ellington	7	7	0	0
21	Elton	9	9	0	0
22	Farcet	11	5	5	1
23	Fenstanton	13	13	0	0
24	Folksworth & Washingley	9	9	0	0
25	Glatton	5	4	0	1
26	Godmanchester	17	15	2	0
27	Grafham	7	5	2	0
28	Great & Little Gidding	7	3	2	2
29	Great Gransden	9	8	1	0
30	Great Paxton	9	6	3	0
31	Great Staughton	9	8	1	0
32	Hail Weston	7	5	2	0
33	Hemingford Abbots	7	5	2	0
34	Hemingford Grey	13	9	4	0
35	Hilton	9	9	0	0
36	Holme	9	9	0	0
37	Holywell cum Needingworth	13	13	0	0
38	Houghton & Wyton	9	7	2	0
39	Huntingdon	19	16	3	0
40	Kimbolton & Stonely	11	11	0	0
41	Kings Ripton	5	4	1	0
42	Leighton Bromswold	7	6	1	0
43	Little Paxton	15	13	2	0
44	Offord Cluny & Offord Darcy	11	7	4	0

## Appendix 1

45	Old Hurst	7	6	1	0
46	Old Weston	7	7	0	0
47	Perry	9	5	4	0
48	Pidley cum Fenton	7	7	0	0
49	Ramsey	17	13	3	1
50	Sawtry	15	11	3	1
51	Sibson cum Stibbington	7	7	0	0
52	Somersham	15	14	1	0
53	Southoe & Midloe	7	6	1	0
54	Spaldwick	7	7	0	0
55	St Ives	17	14	3	0
56	St Neots	21	21	0	0
57	Stilton	11	9	2	0
58	Stow Longa	5	5	0	0
59	The Stukeleys	9	7	1	1
60	Tilbrook	5	5	0	0
61	Toseland	5	5	0	0
62	Upton & Coppingford	5	4	1	0
63	Upwood & The Raveleys	9	7	2	0
64	Warboys	15	15	0	0
65	Waresley cum Tetworth	5	4	1	0
66	Wistow	7	7	0	0
67	Woodhurst	7	4	3	0
68	Woodwalton	5	5	0	0
69	Wyton on the Hill	7	6	1	0
70	Yaxley	17	15	2	0
71	Yelling	7	6	1	0
	<b>Totals</b>	652	562	83	7

## Town and Parish Council New Standards Regime and Code of Conduct

No	Town/Parish Council	HDC Code	NALC Code	LGA Model Code	Own Code
1	Abbots Ripton			X	
2	Abbotsley			X	
3	Alconbury	X			
4	Alconbury Weston		X		
5	Alwalton			X	
6	Barham & Woolley	X			
7	Bluntisham			X	
8	Brampton			X	
9	Brington & Molesworth			X	
10	Broughton			X	
11	Buckden			X	
12	Buckworth	X			
13	Bury			X	
14	Bythorn & Keyston	X			
15	Catworth			X	
16	Colne				X
17	Conington			X	
18	Earith			X	
19	Easton	X			
20	Ellington			X	
21	Elton			X	
22	Farcet			X	
23	Fenstanton			X	
24	Folksworth & Washingley		X		
25	Glatton			X	
26	Godmanchester			X	
27	Grafham	X			
28	Great & Little Gidding	X			
29	Great Gransden				X
30	Great Paxton			X	
31	Great Staughton			X	
32	Hail Weston			X	
33	Hemingford Abbots			X	
34	Hemingford Grey			X	
35	Hilton			X	
36	Holme			X	
37	Holywell cum Needingworth			X	
38	Houghton & Wyton			X	
39	Huntingdon	X			
40	Kimbolton & Stonely	X			
41	Kings Ripton	X			
42	Leighton Bromswold	X			
43	Little Paxton			X	
44	Offord Cluny & Offord Darcy			X	

## Appendix 2

45	Old Hurst			X	
46	Old Weston			X	
47	Perry	X			
48	Pidley cum Fenton			X	
49	Ramsey	X			
50	Sawtry			X	
51	Sibson cum Stibbington	X			
52	Somersham			X	
53	Southoe & Midloe			X	
54	Spaldwick			X	
55	St Ives			X	
56	St Neots			X	
57	Stilton			X	
58	Stow Longa	X			
59	The Stukeleys			X	
60	Tilbrook			X	
61	Toseland			X	
62	Upton & Coppingford	X			
63	Upwood & The Raveleys			X	
64	Warboys	X			
65	Waresley cum Tetworth		X		
66	Wistow			X	
67	Woodhurst		X		
68	Woodwalton		X		
69	Wyton on the Hill	X			
70	Yaxley			X	
71	Yelling			X	
<b>Totals</b>		18	5	46	2

**Public**  
**Key Decision - No**

## HUNTINGDONSHIRE DISTRICT COUNCIL

**Title/Subject Matter:** Implementation of Internal Audit Actions

**Meeting/Date:** Corporate Governance Committee – 25 January 2023

**Executive Portfolio:** Executive Councillor for Corporate & Shared Services, Councillor Martin Hassall

**Report by:** D Moss, Internal Audit Manager

**Ward(s) affected:** All Wards

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### **Executive Summary:**

Key performance indicator: 100% of audit actions to be implemented by the agreed date. KPI not achieved, but significant progress has been made in closing out some of the older actions.

Performance in the last 12 months\* to 5<sup>th</sup> January 2023:

**28 actions implemented** - 27% within target, increasing to 57% when including beyond target implementation

**21 actions still to be implemented** – 22%

*(\* actions due before the last 12 months period are not included)*

**26 overdue audit actions** remained outstanding at 5<sup>th</sup> January 2023

This is down from 34 in the last report, which can be attributed to an increased focus on ensuring managers review their outstanding actions and evidence any work undertaken.

3 actions implemented and closed since last report in November 22

56 audit actions closed since April 2022 – number is the same as last time as some actions were re-opened following follow up / verification

48 open audit actions at January 2023

### **Recommendation:**

It is recommended that the Committee consider the report and comment on the progress achieved and state any action they wish to be taken.

## **1. PURPOSE OF THE REPORT**

1.1 To update members on the implementation of audit actions.

## **2. WHY IS THIS REPORT NECESSARY?**

2.1 To give visibility to members of the progress being made in closing out audit actions, or alternative measures being taken to mitigate risk impacts.

## **3. BACKGROUND**

3.1 Following each audit review, audit conclusions, associated actions and implementation dates are agreed between the audit client and the audit team. Recommended actions following an audit are discussed, and the audit report is a record of what has been agreed by way of actions and their target dates.

3.2 The target for the implementation of 'agreed internal audit actions to be introduced on time' is set at 100% in line with best practice that suggests that all recommendations are implemented by the agreed deadline. The deadline date is set/agreed with the client service; actions should be completed by their target date or reasons presented where this is not possible e.g., system changes take longer than expected or other service demands which carry a greater risk take priority.

3.3 For the 12 months ending 5th January 2023 49 audit actions were due to be implemented (deadline date in this period). The following shows the performance against due dates:

- 27% (13 actions) were "implemented within target"; this increases to
- 57% (28 actions) when late implementation is also included
- 43% (21 actions) are yet to be implemented.

## **4. NON-IMPLEMENTATION OF AUDIT ACTIONS**

4.1 Operational circumstances sometimes mean non-implementation or missed deadlines for an audit action. Increased efforts have been made to ensure Service Managers are aware of outstanding actions, update whether progress has been made or operational factors have impacted on their implementation. Overdue actions are also reported to Committee for governance oversight.

4.2 Extensions to deadlines are no longer given. Instead, Action Owners can insert their own 'progress update', which will give a better indication of work being taken to implement the action and to notify any reasons for delay. The next step is to review reporting and escalation processes for this information; if there are barriers to implementation, assistance or resource is required to ensure the action is completed or if the organisation is content to accept the risk for longer and what mitigating actions are required.

- 4.3 As at the 5<sup>th</sup> January 2023, 26 audit actions had not been implemented within target. This includes all overdue actions (not just those due in the last 12 months) to give a more accurate reflection. This is a reduction of 50% from the previous report provided.

A summary is provided at Appendix 1 below.

Of these 26 overdue actions:

- - 4 (*last report 4*) actions 2 years+
- ↑ 6 (*last report 4*) actions are 1 year+
- ↑ 4 (*last report 3*) actions are between 6 months & 1 year overdue
- ↑ 12 (*last report 6*) actions are less than 6 months overdue

*\* Time is measured from the 'original target implementation date' to the 05<sup>th</sup> January 2023.*

- 4.4 In preparation for this report, owners of overdue audit actions have been asked to provide an update as to the status/progress of their action(s). The detail in Appendix 1 provides this 'last update' from the action owner. This gives Members further information as to the progress being made and potentially a new expected completion date. This provides meaningful information outstanding action progress, delays or hold-ups.
- 4.5 At Committee's request an additional detail of the reported audit opinion has been added to the summary of overdue actions table. The audit opinion is given in the audit report at close of an audit and relates to how well the system risks are managed by internal controls. It does not mean that all audit actions within the report have the same priority rating, since each action is given a priority based on risk mitigation significance and urgency.
- 4.7 Officers with actions assigned to them have direct access to the system to enable them to manage those actions. Reminders are sent from the 4Action system in advance of the target date and managers are expected to act on these.
- 4.8 At the request of Committee, an additional Appendix is included, listing all the implemented audit actions that have been closed by the Services since April 2022 (Appendix 2). Three actions have been closed since the last report, but additionally three actions have also been reopened by Audit as they were not deemed fully implemented at our follow up review.

## **5. KEY IMPACTS**

- 5.1 It is important that the Council maintains a sound internal control environment. Actions that the Internal Audit Service propose to address risk and control weaknesses are discussed with appropriate members of the Service and, if appropriate, Directors, and agreement is reached as to any corrective/mitigating action that needs to be taken. Internal audit actions are not imposed on management or Services.
- 5.2 Actions that are proposed by Internal Audit but not agreed by the Service are included in the Internal Audit report, together with response/ details as to why the Service does not agree to implement. Senior Management

would be asked to decide on whether the action needs to be taken or risk accepted (with reference to risk appetite).

- 5.3 An action that is not implemented means that the weakness or risk originally identified in the audit report, and which the action was designed to address, will remain as a risk albeit other controls within the organisation may mitigate the impact.

## **6. LINK TO THE CORPORATE PLAN**

- 6.1 The Internal Audit Service provides independent, objective assurance to the Council by evaluating the effectiveness of risk management, control, and governance processes. It identifies areas for improvement across these three areas such that Managers can deliver the Corporate Plan objectives as efficiently, effectively and economically as possible.

## **7. RESOURCE IMPLICATIONS**

- 7.1 There are no direct resource implications arising from this report.

## **8. REASONS FOR THE RECOMMENDED DECISIONS**

- 8.1 The report is presented to Committee to give comfort that progress is being made in completing audit actions.

## **9. LIST OF APPENDICES INCLUDED**

Appendix 1 – Overdue Audit Actions at 5<sup>th</sup> January 2023

Appendix 2 – Closed /implemented Audit Actions closed since April 2022

## **BACKGROUND PAPERS**

Audit actions contained within the 4Action system

## **CONTACT OFFICER**

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Appendix 1 Overdue Audit Actions @ 05/01/23

Review Area	Priority Level	Report's Audit Opinion	Agreed Action	Implementation deadline	Last Update	Update provided by Service	Months Late
Data Protection and Information Management 15.16	Amber	Limited	The Senior Information Risk Officer (SIRO) shall decide how long information and emails etc shall be kept within Anite, and the process for purging or archiving.  <b>Action to be closed and reopened as a new replacement action.</b>	31/07/2018	08/11/2022	Having reviewed technical opportunities, they do not meet the needs we have. We are investing in technical support to guide managers in developing treatment plans for their information holdings, and to develop plans and business cases to support this activity into the future. This will be undertaken during the year 22/23. <b>Action to be closed and reopened as a new replacement action.</b>	53
PCI DSS 18.19 / 3	Amber	Adequate	A training needs assessment should be performed for all members of staff that have responsibility for PCI DSS compliance activities so as to determine their training needs.  <b>Action to be closed and reopened as a new replacement action.</b>	01/04/2020	07/11/2022	HDC's approach has been to mitigate our noncompliance by taking training actions, and deploying software which blocks the recording of card details. However, these are mitigations while we work towards full compliance, they do not make us PCI complaint.  Any staff member who takes payments are trained as part of being given access to Capita. However, for HDC to be PCI complaint we either have to:  • Stop customer card details entering our network (including being spoken to advisors even when calls are not recorded) via	33

					<p>technical solutions and integrations</p> <ul style="list-style-type: none"><li>• Create a separate accredited network where staff can take card details (thought to be undesirable)</li><li>• Allow card details to enter our network but make the whole 3C network PCI compliant (considered impractical \ staff resource heavy and costly)</li></ul> <p>HDC is operating some payment systems like Gladstone (for Leisure) which require the customer to speak their card details to a Leisure agent while they are input into a chip and pin machine run in a 'card holder not present mode'. Integrating Gladstone into an IMS would be one option.</p> <p>So HDC's current position is we are working with outside specialists from the NCC Group alongside City and SCDC to document every route to full compliance and then decide on the appropriate one. The implications of doing nothing will also be specified.</p> <p>The Capita IMS contract is coming to an end next year, so PCI compliance is being considered alongside the tender for a new IMS. One option from NCC report could be including PCI compliance measures for all systems in the new IMS tender.</p> <p>I was told by Claire Edwards that HDC is paying a monthly fee due to the fact we are not complaint, but I don't think this</p>	
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						indemnifies us against anything. If there was a payment breach, HDC could still be fined and face an investigation from our bank (as well as reputational damage). The ultimate sanction would be the withdrawal of our ability to take payments if we failed to take the remedial action demanded by the bank. The NCC report will cover these risks.	
PCI DSS 18.19 / 4	Amber	Adequate	<p>Compliance should be monitored and action taken when members of staff are found to have not completed the PCI DSS training or have not read the policy and procedures.</p> <p><b>Action to be closed and reopened as a new replacement action.</b></p>	01/04/2020	07/11/2022	<p>HDC's approach has been to mitigate our noncompliance by taking training actions, and deploying software which blocks the recording of card details. However, these are mitigations while we work towards full compliance, they do not make us PCI compliant.</p> <p>Any staff member who takes payments are trained as part of being given access to Capita. However, for HDC to be PCI complaint we either have to:</p> <ul style="list-style-type: none"> <li>• Stop customer card details entering our network (including being spoken to advisors even when calls are not recorded) via technical solutions and integrations</li> <li>• Create a separate accredited network where staff can take card details (thought to be undesirable)</li> <li>• Allow card details to enter our network but make the whole 3C network PCI compliant (considered impractical \ staff resource heavy and costly)</li> </ul> <p>HDC is operating some payment systems like Gladstone (for Leisure) which require</p>	33

						<p>the customer to speak their card details to a Leisure agent while they are input into a chip and pin machine run in a 'card holder not present mode'. Integrating Gladstone into an IMS would be one option.</p> <p>So HDC's current position is we are working with outside specialists from the NCC Group alongside City and SCDC to document every route to full compliance and then decide on the appropriate one. The implications of doing nothing will also be specified.</p> <p>The Capita IMS contract is coming to an end next year, so PCI compliance is being considered alongside the tender for a new IMS. One option from NCC report could be including PCI compliance measures for all systems in the new IMS tender.</p> <p>I was told by Claire Edwards that HDC is paying a monthly fee due to the fact we are not complaint, but I don't think this indemnifies us against anything. If there was a payment breach, HDC could still be fined and face an investigation from our bank (as well as reputational damage). The ultimate sanction would be the withdrawal of our ability to take payments if we failed to take the remedial action demanded by the bank. The NCC report will cover these risks.</p>	
PCI DSS 18.19 / 5	Amber	Adequate	Actions need to be drawn together in a policy which sets out how the council	01/04/2020	07/11/2022	HDC's approach has been to mitigate our noncompliance by taking training actions, and deploying software which blocks the	33

		<p>will manage PCA DSS compliance activities and the policy should be reviewed on a regular basis. this should include but not be limited to:</p> <ul style="list-style-type: none"> <li>- Assignment of roles and responsibilities for ensuring that the Council is PCS DSS compliant</li> <li>- Procures for staff that are responsible for taking card payments</li> <li>- The Council's security strategy in relation to the storage, processing and transmission of credit card data</li> <li>- A set of instructions for detecting, responding to the storage, processing and transmission of credit card data.</li> </ul> <p><b>Action to be closed and reopened as a new replacement action.</b></p>			<p>recording of card details. However, these are mitigations while we work towards full compliance, they do not make us PCI complaint.</p> <p>Any staff member who takes payments are trained as part of being given access to Capita. However, for HDC to be PCI complaint we either have to:</p> <ul style="list-style-type: none"> <li>• Stop customer card details entering our network (including being spoken to advisors even when calls are not recorded) via technical solutions and integrations</li> <li>• Create a separate accredited network where staff can take card details (thought to be undesirable)</li> <li>• Allow card details to enter our network but make the whole 3C network PCI compliant (considered impractical \ staff resource heavy and costly)</li> </ul> <p>HDC is operating some payment systems like Gladstone (for Leisure) which require the customer to speak their card details to a Leisure agent while they are input into a chip and pin machine run in a 'card holder not present mode'. Integrating Gladstone into an IMS would be one option.</p> <p>So HDC's current position is we are working with outside specialists from the NCC Group alongside City and SCDC to document every route to full compliance and then decide on the appropriate one. The</p>	
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						<p>implications of doing nothing will also be specified.</p> <p>The Capita IMS contract is coming to an end next year, so PCI compliance is being considered alongside the tender for a new IMS. One option from NCC report could be including PCI compliance measures for all systems in the new IMS tender.</p> <p>I was told by Claire Edwards that HDC is paying a monthly fee due to the fact we are not complaint, but I don't think this indemnifies us against anything. If there was a payment breach, HDC could still be fined and face an investigation from our bank (as well as reputational damage). The ultimate sanction would be the withdrawal of our ability to take payments if we failed to take the remedial action demanded by the bank. The NCC report will cover these risks.</p>	
Land Charges 18.19 / 3	Amber	Limited	Written procedures should be in place to support how the costs and calculation process is carried out.	30/06/2021	03/01/2023	<p>Finance business partner has been in contact with neighbouring local authorities. There is no 'best practice' or commonality; it would appear that everyone is doing something different. It has therefore been decided that the business partner will work with the land charges manager to agree methodology and create a new income model.</p> <p>Due to be completed by end of March 23.</p>	18
Creditors 2020.21 / 1	Amber	Adequate	Monthly 10% checks of supplier bank account changes, reported from	31/07/2021	05/12/2022	<p><i>Audit Reopened: Follow-up Nov 22 (CS): 10% Monthly Supplier Checks - Not Implemented – The findings from the</i></p>	17

			the Tech1 system, will be reinstated, back dated to April 2021.			<p><i>Quarterly Creditors Audits show that the 10% Monthly Supplier Check is not routinely conducted each month.</i></p> <p>The Credit Control Manager has confirmed that there is evidence to demonstrate the action has been implemented now and the action will be reclosed.</p> <p><b>Action completed.</b></p>	
Purchase Order Compliance 2019.20 / 5	Amber	Limited	<p>Written procedures on the PO process will be written and issued to users. Users will be educated and refreshed on certain areas not being performed correctly and causing delays or inefficiencies in the process e.g. current issue of failure to receipt, inappropriate use of retrospective ordering.</p> <p>Guidance will give specific reference to use of retrospective ordering; correct VAT codes; use of the delegation functionality to avoid delays; etc. Guidance should be posted to the 'Popular' section of the Intranet for quick access for users.</p>	30/09/2021	19/12/2022	The final version of the PO procedure notes have been created by a member within the Finance team with a better understanding of PO's - these are currently being reviewed and it is anticipated that they will be ready for uploading within the next few days.	15

Main Accounting System 2020.21 / 3	Amber	Adequate	The Payroll reconciliation will be remapped / worked up for the new HR / Payroll system. Instructions will be documented and the routine task handed over to the Payroll team for actioning.	30/09/2021	21/09/2022	Payroll Manager currently waiting on Finance to provide monthly details from Tech One to reconcile against.	15
Creditors 2020.21 / 4	Amber	Adequate	Options for monitoring and addressing duplicate payments will be investigated and staff (AP team and wider services) will be reminded of the checks required when processing invoices for payment.	30/09/2021	05/12/2022	Audit Reopened: Follow-up Nov 22 (CS): confirmation could not be provided as to what duplicate checks had been undertaken. Decision taken to reopen to not lose visibility on implementation of this action. Credit Control Manager will upload reports to 4Action to evidence the control implementation. <b>Action completed.</b>	15
Budgets and MTFS 2020.21 / 1	Amber	Adequate	Management should perform a training needs analyses to identify and assess the level and type of training required by members of staff and Members with regards to the MTFS and the use of the budget module, which should also identify any training needs for Members.  A mandatory training programme should be put in place that is based	31/12/2021	03/01/2023	Work is ongoing to update the procedure notes	12

			upon the requirements of the training needs analysis.  Training completion should be recorded and monitored and training records should be maintained for audit purposes.				
Main Accounting System 2020.21 / 4	Amber	Adequate	Debtors reconciliation issues will be investigated and resolved. The process for the reconciliation going forward will be documented and responsibility handed over to the Exchequer Officer.	31/03/2022	03/01/2023	We are still working with Tech 1, however this is not being prioritised by them. We have had several meetings with the account manager to try and get this, and other problems, resolved. We have stated that this must be done prior to year end.	9
Creditors 2020.21 / 2	Amber	Adequate	Written procedure notes will be reviewed and updated to ensure that they are reflective of current practices and cover all elements of the creditors system	31/03/2022	19/12/2022	The pay run procedures have been fully updated. The final notes have been uploaded as evidence and the action closed. <b>Action completed.</b>	9
Small Works Contract 21.22 / 1	Amber	Limited	A dedicated small works contract or framework agreement will be tendered and formalised for use across the authority.	30/04/2022	01/11/2022	Project slippage due to current workloads. This is still in the pipeline and will be picked up as soon as possible. Ideally an ITT will go out for contract prior to 2023.	8

Small Works Contract 21.22 / 2	Amber	Limited	Staff responsible for procurement will be made aware of the contract, its use mandated, and details of pricing / rates and staff responsibility will be communicated.	31/05/2022	01/11/2022	As previous update - due to commence ITT prior to 2023.	7
Inventory of IT Assets 2021.22 / 5	Amber	Limited	Review the inventory to locate gaps in the asset number sequence and create entries to explain the reasons for these gaps.	29/07/2022	03/11/2022	Process for the Support team has been developed to check that numbers are sequential and the process to follow if not sequential. Work to locate gaps has gone back two years no significant issues found, this work is continuing to work backwards.	5
Compliance with the Code of Transparency 2021.22 / 1	Amber	Limited	Review the formal process document which outlines responsibilities for each data set including who is responsible for updating the data, what information needs to be included and the frequency of upload. If this document no longer exist/cannot be located, a new document should be created to capture this information.  [This was originally created under Action 1054 during the	30/07/2022	08/11/2022	The requirements of the code of transparency whilst important are slightly arbitrary and span several aspects of the organisation. Whilst creating a new policy to pick up these requirements that span from HR to waste management is the simple option, it generates yet another report that needs to be reviewed and updated. Instead we are building these activities into service plans and service documents to ensure that they remain updated over time, alongside other more service derived data.	5

			2015/16 audit of the Transparency Code.]				
Compliance with the Code of Transparency 2021.22 / 2	Amber	Limited	Appoint an 'owner' of the Transparency Code, so that they can be a point of contact, held accountable for the information uploaded and ensure HDC remain compliant with the code. This owner should ensure that the process outlined is adhered to by other services who hold the data.	30/07/2022	08/11/2022	The ownership of the code has been assigned to the SIRO, in the current form of Oliver Morley.  <b>Action completed.</b>	5
Compliance with the Code of Transparency 2021.22 / 3	Amber	Limited	Review the information that is currently held on HDC's website in relation to the Transparency Code. Any data which is out of date should be removed and any links mentioned relevant.	30/07/2022	08/11/2022	Progress made - All HR data updated and added to website, waste data updated. Just need to finalize finance, and procurement data to complete. Anticipate this being made part of standard reporting regimes. <a href="https://www.huntingdonshire.gov.uk/council-democracy/council-open-data-and-information/">https://www.huntingdonshire.gov.uk/council-democracy/council-open-data-and-information/</a> <b>Action completed.</b>	5
Overtime 21.22 Action 2	Amber	Adequate	At least six-monthly reports will be generated by Payroll, and HR will review and identify any overtime "anomalies" and liaise with Service Managers to better	31/07/2022	06/01/2023	Report has been produced and replies back from Services and have been analysed-report has been compiled with summary and will be shared with Oli Morley in January 2023.	5

			understand / address issues or concerns.				
Debtors 21.22 Action 3	Amber	Limited	Monthly management information and debt collection performance data will be prepared and reviewed to support the ongoing monitoring of activity and workload.	30/09/2022	19/12/2022	Still being considered and investigated to ensure that a fair and accurate action is implemented. Currently there is no information available within the FMS that we can work with, the team also provide necessary services/support to internal and external customers and cover for the Accounts Payable team during leave and peak periods, therefore, are unable to focus entirely on debt recovery 100% of the time. The team of two Credit Control Officers each has one day per week to contact debtors - there are also diary reminders for 'follow ups' This ensures that debt recovery work is being carried out most days. Throughout the week reminder letters and reviews are also done and decisions made as to whether further action is necessary. Payment plan reminders have been fully implemented and are going to be sent on a weekly basis. The Credit Control Manager works closely with each of the CC Officers to ensure that recovery work is successful however, this will be formalised by way of monthly debt meetings. The Credit Control Manager will provide each of the two recovery officers with a debtor list at the beginning of each month to focus on and a review of this list will be carried out the following month.... this will ensure that recovery work is prioritised.	3
Overtime 21.22 Action 3	Amber	Adequate	Six-monthly headline Overtime information will	31/10/2022	06/01/2023	Report has been produced and replies back from Services and have been analysed-	2

			be shared with SLT for information.			report has been compiled with summary and will be shared with Oli Morley in January 2023.	
Payroll - Payments 22.23 / 7	Amber	Adequate	Annually check the full system admin users on iTrent, to confirm that they are the expected and correct users.	31/10/2022	03/01/2023	This has previously been requested to change date to 31/03/2023. Checks have been done recently, but formal process not yet created. Looking to tie in with Year End processing.	2
Planning Application KPI's 22.23 / 1	Amber	Adequate	Snapshot the data produced from Uniform when calculating the KPIs and save as evidence of the calculation made. Update the procedure notes to include this in the guidance.	31/10/2022	12/01/2022	Snapshots of performance data informing calculations have been saved for October, November and December into a central network folder. A new procedure guide has been drafted and includes this step within it.  <b>Action completed</b>	2
Planning Application KPI's 22.23 / 2	Amber	Adequate	Reminder email sent out to all relevant officers that once a decision on an application has been made, the decision date should not be changed retrospectively.	31/10/2022	12/01/2022	This email was distributed to planning team managers on 10 <sup>th</sup> October 2022 for the information to be disseminated to all planning officers. This was subsequently raised in planning team meetings.  <b>Action completed</b>	2
Small Works Contract 21.22 / 3	Amber	Limited	Formal contract management monitoring arrangements will be established, including review of spend, spot checking procurements and routine liaison meetings with service users and the supplier.	30/11/2022	12/01/23	Action will be implemented when the contract is let	1

Small Works Contract 21.22 / 4	Amber	Limited	Spend outside of the contract will continue to be monitored.	30/11/2022	12/01/23	Action will be implemented when the contract is let	1
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**Total overdue actions = 26**

**4 = Action due to be closed and replaced by a new alternative action**

**7 = Service has confirmed action now closed**

**15 = Actions in progress**

**Appendix 2: Closed /implemented Audit Actions closed since April 2022**

Area	Agreed Action	Report Audit opinion
Cyber Security Risk Management 2020.21 / 4	<p>Management should undertake a review to assess the content, delivery method and quality of the council's user education programmes for cyber/IT security.</p> <p>Efforts should be made to harmonise the education packages, extracting the most relevant elements from each to create an optimum package.</p> <p>Due to increased security concerns as a result of COVID-19, the awareness training should be focused on phishing emails and social engineering.</p> <p>This education should be deployed to users at least on an annual basis, with consideration given to bi-annual refresher sessions.</p> <p>New starters must complete this education on a mandatory basis to ensure that security awareness is embedded from day one of their employment within the Councils.</p> <p>Training completion should be monitored and there should be a record of all the training that has been provided and completed to all members of staff.</p>	Limited
Cyber Security Risk Management 2020.21 / 6	<p>Management should ensure that the migration plans of unsupported Windows system is recorded and tracked to completion.</p> <p>It should also be included within the Council's ICT Risk Register and take steps to decommission these devices as soon as possible.</p>	Limited

Management should determine the agreed criteria to be used when assessing an application's potential for migration to the cloud.

Limited

Using the Applications Matrix as guidance, a defined framework should be constructed to ensure that all potential scenarios are factored into the assessment criteria to determine the driving focus.

For example, an application may be identified as nearing the end of its support agreement, so the potential to amend its current hosting methods may be preferable for reasons such as cost, system availability or system stability.

Alternatively, the hardware used to host the application may be due for replacement, so a decision must be taken on whether migration to the cloud is a preferable option.

The design of the framework should be consistent, yet flexible enough to adapt to multiple potential scenarios, at its core, focusing on the elements regarded as high priority, such as: cost saving, potential risk, system availability and contractual obligations.

The key element of the decision-making process is to assess the appropriateness of migrating/not migrating an application to the cloud versus remaining "as is", with clearly documented pros and cons of each scenario.

Cloud Computing 2020.21 / 4

Using the Migration Assessment Framework as a guide, a Corporate Applications Roadmap should be drafted, to ensure which applications the Councils would migrate to the cloud as well as which must be migrated to the cloud (for example, to avoid an impending required investment such as procurement of a new hardware.)

Limited

Management should assess possible dependencies of each system moving forwards, considering that multiple services may exist on the same platform on multiple servers – including business critical with non-business critical - so what happens to one application may impact others hosted on the same server.

The Corporate Applications Roadmap should have a forward projected “review by” date applied for all systems that cannot be migrated to the cloud at this time and an overview of dependencies prohibiting migration, with a schedule to revisit and reassess their status built into ICT’s ongoing calendar of activities.

In addition, there should be reviews performed for all applications that have already been migrated to the cloud to evaluate latency and user connectivity, system availability, and if the hosting method remains appropriate.

Access Management Control 19.20 / 5

Head of IT & Digital 3C Shared Services should ensure requirements for setting up new user access to the network are set out in formal policy document and is uploaded onto the intranet and the PPMS.

Adequate

Line managers acknowledge the formal policy set out by 3CSS which ensures £CSS are notified of leavers in timely manner.

Hardware & Software Asset Management Control 19/20 / 3

A thorough review of the ICT asset database should be undertaken on a regular basis to ensure that all assets include a location and the information recorded on them is complete, accurate and up to date.

Adequate

Hardware & Software Asset Management Control 19/20 / 5	<p>Management should perform an exercise to gather licensing information evidence relating to all the business and IT software applications. Additionally, licensing information should be recorded but not limited to :</p> <ul style="list-style-type: none"> <li>- Licence type</li> <li>- Product keys (if applicable)</li> <li>- Locations of the installation CD</li> <li>- Licence expiry</li> </ul>	Adequate
Hardware & Software Asset Management Control 19/20 / 6	There should be a mechanism in place to monitor and review software installed on all end point devices.	Adequate
Protocol Policy Management System 18.19 / 3	Management will put a plan in place to seek staff awareness of IT policies by including a rolling awareness programme for extant policies within the protocol policy management system.	Adequate
Network System Resilience & Availability 19.20 / 1	Management should establish planned schedule for testing of data centre failover. Testing should be undertaken on at least an annual basis.	Adequate
Purchase Order Compliance 2019.20 / 1	<p>Investigation into what can be done within the system to place a lockdown on budget codes so only budget manager and their delegated officers can use their cost centre and approve expenditure on their code.</p> <p>This investigation will also find out what HDC can amend alone and what can be done with Tech1 assistance (and the cost of this).</p> <p>Investigation should also look at whether the system can be set so that the PO originator defaults to sending the PO to the budget holder i.e. link a user to a default approver.</p>	Limited
Purchase Order Compliance 2019.20 / 3	Authorisation limits will be reviewed – unlimited authorisation limits will be amended; and users will be given appropriate limits based on needs for their role (not their grade) and the existing hierarchy within their team and who should be authorising POs.	Limited
Purchase Order Compliance 2019.20 / 4	Self -authorised requisitions will be monitored. The process by which this will be done is yet to be decided: it is likely to be a 6 monthly report of activity and volume, and check and re-education.	Limited

Purchase Order Compliance 2019.20 / 6	<p>The above user guidance will include specific guidance on the use of retrospective ordering (when it is appropriate/efficient to use).</p> <p>Consideration will also be given to introducing a Performance Indicator for retrospective ordering to measure its ineffective usage and inform where further education is needed.</p>	Limited
Purchase Order Compliance 2019.20 / 7	<p>Guidance will also include the use of 'bulk orders' which can be used for contracts requiring repeated invoices over the year introducing draw-down from the total commitment.</p> <p>This will be set-up and users provided with education and a demo on its use and application within Services.</p>	Limited
Purchase Order Compliance 2019.20 / 8	<p>Investigation will be made into finding out how many supplier accounts we have for employees and put these accounts into suspension so they cannot be used.</p>	Limited
Budget Monitoring and Forecasting 2020.21 /	<p>Management should perform a training needs analysis to identify and assess the level and type of training required by members of staff with regards to budget monitoring and forecasting and the use of the forecasting module, which should include, but not be limited to, salaries and project budgets.</p> <p>A mandatory training programme should be put in place that is based upon the requirements of the training needs analysis.</p> <p>Training completion should be recorded and monitored and training should be maintained for audit purposes.</p>	Substantial
Budgets and MTFS 2020.21 / 2	<p>Management should document the Council's MTFS methodology, which should include, but not limited to:</p> <ul style="list-style-type: none"> <li>- The documentation required and used during the process</li> <li>- Interviews with key personnel undertaken</li> <li>- Risk assessments</li> <li>- Information gathered and used, including the basis for assumptions</li> </ul>	Adequate

Treasury Management 2020.21 / 1	Management should put arrangements in place for ensuring that investment opportunities outside the Council's Treasury Management are identified and proactively monitored.	Adequate
	Furthermore, the Council should put in place detailed and defined guidance with regards to any such investment opportunities with clear linkages to the Council's Treasury Management Strategy and framework.	
Treasury Management 2020.21 / 2	Management should finalise the Terms of Reference for the Council's Treasury and Capital Management Group, which should ensure that the Group provides sufficient oversight and monitoring of the Council's treasury management activities.	Adequate
	Furthermore, the Terms of Reference should define the frequency with which the Group should meet and there should be a requirement for action plans to be put in place and followed up to resolution.	
Cyber Security Risk Management 2020.21 / 1	Management should provide operational updates including risk status related to its compliance with National Centre for Cyber Security (NCSC) 10 Steps for Cyber Security Principles (such as Network Security, Secure Configuration, Incident Management and Malware Prevention) to the information Governance Group on a quarterly basis to ensure all key stakeholders are engaged and aware of current status.	Limited
Cyber Security Risk Management 2020.21 / 2	Management should complete the update of the Council's Information Security Policy and ensure that it is communicated to all staff.	Limited
	A section should be included to provide adequate guidance for users regarding the secure usage of mobile devices/laptops/phones to reduce the risk of misuse/potential loss or theft/confidential data exposure.	

Cyber Security Risk Management 2020.21 / 3	<p>Management should complete the update of the Council's Cyber Security Incident Response Plan. The plan's contents should reflect the guidance provided by the NCSC (National Cyber Security Centre) and include the following:</p> <ul style="list-style-type: none"> <li>- Procedures for assessing the nature and scope of an incident</li> <li>- Identifying an incident</li> <li>- Eradication procedures</li> <li>- Containment procedures</li> <li>- Recovery</li> <li>- Lessons learnt</li> </ul>	Limited
	<p>All stakeholders must be aware of their roles and responsibilities and the document should be included in a regular review cycle, at least once per year.</p>	
Digital Services - Development and Management 2020.21 / 2	<p>The Matrix should be used as a primary source of reference throughout ICT and potentially the wider business, detailing key information about systems integration, application management and maintenance, documenting all integration journeys into and out of the system and key dependencies, as well as support arrangements, the hosting platform, and system life-cycle management information.</p> <p>Additional information should also be added to the Applications Matrix in due course, such as designated system Data Stewards and System Administration/Super User information.</p>	Adequate
Digital Services - Development and Management 2020.21 / 3	<p>Business processes should also be adapted to ensure that the Applications Matrix is consulted prior to making changes or decisions about hosting methods. The matrix may evolve into an essential reference point, but its usage needs to be embedded into existing practices to ensure the matrix remains of value.</p>	Adequate
Digital Services - Development and Management 2020.21 / 4	<p>Management should provide guidance to all Service Areas who own and manage their own applications, informing them that any changes made to systems which integrate with other systems and services must be communicated to ICT, with an explanation of potential impacts, such as integration breakages.</p>	Adequate

Digital Services - Development and Management 2020.21 / 5	ICT should provide guidance to operational teams on how Service Areas may utilise test environments, and provide information about the existing processes for undertaking changes, particularly with reference to the weekly Change Advisory Board meetings. This flow of information should be supported by designated points of contact within both the teams and ICT to maintain open lines of communication.	Adequate
Digital Services - Development and Management 2020.21 / 6	Systems that have integration should be flagged within the Application Matrix so that the Councils know that a process must be followed and communicated to ICT if a change is required. Operational teams should obtain access to the Matrix (or a cut-down version of it that cannot be edited) which should be consulted prior to any changes being made. If a required change is identified for one of the systems that is flagged, it should be communicated to ICT, who should provide guidance and support to ensure the change does not impact systems.	Adequate
Digital Services - Development and Management 2020.21 / 7	Focusing on Active Directory accounts and access to high risk applications such as payroll, financial and procurement, a review of all users with access should be performed to confirm there is a continued business need.	Adequate
Digital Services - Development and Management 2020.21 / 8	The Leavers' Process should be updated to include checking that all application-level access is revoked when someone leaves the Council.	Adequate
Digital Services - Development and Management 2020.21 / 9	Additionally, as a secondary control to identify when errors are made during execution of the Council's Leavers' process, a review should be performed every 90 days/each quarter to identify any Leavers' AD accounts that still remain in an active state. Steps should then be taken to disable/remove that access as soon as possible.	Adequate
Digital Services - Development and Management 2020.21 / 9	Management should ensure that the configurations for the integration failure email alerting system is documented, particularly how errors are identified and managed, with the potential of improving the process, or perhaps investing in additional alerts in the future.	Adequate
	The process should be documented and shared with all relevant staff.	
Main Accounting System 2020.21 / 1	The Disaster Recovery Plan will be reviewed and updated to reflect the move to Tech1 and any revised arrangements to ensure continuity of service across the wider Finance area.	Adequate

Debtors 2020.21 / 1	Systems, processes and resource needs will be reviewed across the whole Debtors function. An action plan will be established, in conjunction with the team, to support delivery of improvements and address the control failings identified during the quarterly reviews (see Appendix, attached to the action).	Limited
Creditors 2020.21 / 2	Written procedure notes will be reviewed and updated to ensure that they are reflective of current practices and cover all elements of the creditors system	Adequate
Creditors 2020.21 / 3	The Supplier Amendment Form (SAF) will be updated to include the requirement for Tech1 to be checked for existing suppliers prior to the new supplier being requested. In addition, AP staff will be reminded of the need to check the system before a new supplier is created.	Adequate
Creditors 2020.21 / 4	Options for monitoring and addressing duplicate payments will be investigated and staff (AP team and wider services) will be reminded of the checks required when processing invoices for payment.	Adequate
Cloud Computing 2020.21 / 1	Management should review and revise the ICT Strategy document to include a detailed overview of intentions to perform feasibility assessments on corporate applications/services to ensure if they can be potentially hosted in the cloud.	Limited
Cloud Computing 2020.21 / 2	<p>Management should update the design of the ICT Applications Matrix to include a detailed profile of each corporate application in use throughout the three councils.</p> <p>The matrix should contain information about the application, such as:</p> <ul style="list-style-type: none"> <li>- how it is supported and by whom</li> <li>- where it is hosted</li> <li>- what contractual obligations are in place</li> <li>- whether a system upgrade is pending and it has vendor agreement to be hosted in the cloud.</li> </ul> <p>As well as supporting a defined framework criteria for assessing applications' optimum hosting platforms, this document will also inform business continuity planning and future decisions for enhancement or replacement of applications.</p>	Limited

MiPermit 2021.22 / 3	In conjunction with the Information Governance Manager / Data Protection Officer, consider what information may need to be added to the MiPermit Portal to highlight the Privacy Notice to customers before they submit their information.	Adequate
Inventory of IT Assets 2021.22 / 1	<p>Run regular reports from 'lansweeper' to establish what assets are connected to employee's laptop and update the inventory with this information. This will be dependent on speaking with the system administrator of 'lansweeper' to establish if docking stations could also be detected on the software.</p> <p>Dependent on the success of Lansweeper, further inventory review may need to take place via Microsoft forms, in which employees' detail what equipment employees have in their custodianship.</p> <p>[Discussions held regarding wording so not to highlight that ICT are unaware of location and custodianship of hardware]</p>	Limited
Inventory of IT Assets 2021.22 / 2	<p>Previous Hardware &amp; Software Asset Management Control 19/20 audit resulted in the creation of Action 1516: "A thorough review of the ICT asset database should be undertaken on a regular basis to ensure that all assets include a location and the nformation recorded on them is complete, accurate and up to date". This action remains in process.</p> <p>The current audit highlights that this action cannot be closed as a review of the inventory has not been conducted and no process in place to ake the review regular. This should be completed once the Inventory is up to date following the reviews.</p>	Limited
Inventory of IT Assets 2021.22 / 3	<p>Conduct a 'Laptop Amnesty' to collect unused laptops from staff. This is to then be followed by a 'walk around' Pathfinder House, checking cupboards and drawers to gather unused laptops. Update the inventory where necessary.[Discussions held egarding wording so not to highlight that ICT are unaware of location and custodianship of hardware]</p>	Limited
Inventory of IT Assets 2021.22 / 4	<p>Update the Asset Tagging Process to include: An independent officer to run a monthly report to ensure the number of assets ordered via Tech1 reconciles with the number of assets uploaded into the inventory for the same month. Any discrepancies eed to be reported. [An independent officer should be someone separate from the officers who received the order at Pathfinder House and uploaded the assets into the inventory].A process to create an entry in the inventory to record asset tag 'errors'and gaps and provide an explanation as to why an asset number is not assigned to an asset. This should be followed with retraining staff of the new asset tagging process.</p>	Limited

Inventory of IT Assets 2021.22 / 6	Reminder to all staff of the ICT Asset Management policy so they are aware of how to request and update location of assets through hornbill and also how to appropriately return assets.[This was previous Action 1515 from Hardware & Software Asset Management Control Audit 19/20. Closed 21/12/2020 but now has lapsed]	Limited
Inventory of IT Assets 2021.22 / 7	Review of the custodianship of surplus laptops so they can be readministered within the Council. Ensure that any decisions regarding the custodianship is reflected in the leavers process.	Limited
Inventory of IT Assets 2021.22 / 8	Create policy regarding the donation of ICT assets to communities. This needs to outline what assets can be donated, the criteria for who may receive donated assets and who can authorise the donation. A process also needs to be produced alongside this to confirm how applications for assets can be made and how approval is given.	Limited
Overtime 21.22 Action 4	Overtime claim guidelines will be included in the revised ESS and MSS guidance documents which will be shared with staff and managers as part of the system upgrade. Guidance will include: - general rules for overtime (in line with our existing overtime policy) - authorisation requirements - claim timescales (within 90 days of hours worked) - the need to provide a reason for the hours worked - expectations of managers approving claims	Adequate
Overtime 21.22 Action 5	Reports of temporary variations to pay will be reviewed each month. The Payroll Processing Checklist (signed and saved as PDF) will be date stamped as evidence of the check and the report held on file for reference.	Adequate
Overtime 21.22 Action 6	Excessive hours / ask of employees will be incorporated into the Council's future Workforce Strategy, to support our consideration of staff wellbeing.	Adequate
Main Accounting System 21.22 Action 1	The Interim Finance Manager will review reconciliations performed by the Financial and Treasury Accountant. Reconciliations performed for Payroll and Debtors will be reviewed by a member of the Finance team.	Adequate

Main Accounting System 21.22 Action 2	Larger value items in the Cashiers Suspense Account will be reviewed, evidenced as such, and corrected where possible.	Adequate
Debtors 21.22 Action 1	The Credit Control Manager will develop a timetable for key debtor tasks and debt recovery actions, this will be shared with the team and used to direct duties and activity.	Limited
Debtors 21.22 Action 2	The Credit Control Manager will establish a programme of routine meetings with Service Managers to review debt lists.	Limited
Debtors 21.22 Action 3	Monthly management information and debt collection performance data will be prepared and reviewed to support the ongoing monitoring of activity and workload.	Limited
Creditors 2021.22 / 1	Once procedure notes have been completed and finalised, thoroughly review these with the team so they are following the same process and procedure. Ensure that the outcome from transformation has been considered when writing the procedure notes.  Please also communicate the procedure across the organisation with the aim that all officers are following the same process and procedure.	Adequate
Payroll - Payments 22.23 / 6	Managers to be advised that as part of an establishment check for 'Ghost Employees' they should review their budgets packs and analyse the employees listed within this to ensure that the details are correct and no unknown officers are listed, and no leavers/new starters present when should not be.	Adequate

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**Actions closed since last report**

Purchase Order Compliance 2019.20 / 2	Further investigation will be taken to find out whether the system can be improved by showing the approver the remaining budget at the time of approving a requisition. This will enforce informed commitment making and remove existing blind approvals.	Limited
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Payroll - Payments 22.23 / 1.1

Update timesheet documents so that the data replicates the information needed for input in iTrent.

Adequate

Payroll - Payments 22.23 / 2

Investigation into direct input of timesheets by employees should be undertaken to see if it is a viable option. Benefits of efficiency savings (through not duplicating input and lower risk of transposing errors) needs to be weighed up against any costs of access rights and implications on contracts.

Adequate

56 Actions

3 closed since last report

3 reopened since last report

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**Public**  
**Key Decision - No**

## HUNTINGDONSHIRE DISTRICT COUNCIL

<b>Title/Subject Matter:</b>	Appointment of an Independent Member to the Corporate Governance Committee
<b>Meeting/Date:</b>	Corporate Governance Committee – 27th January 2023 Council – 22nd February 2023
<b>Executive Portfolio:</b>	Executive Councillor for Corporate & Shared Services, Councillor Martin Hassall
<b>Report by:</b>	Deborah Moss, Internal Audit Manager
<b>Ward(s) affected:</b>	All Wards

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### **Executive Summary:**

The purpose of this report is to seek Committee's view on the appointment of an Independent Member to the Corporate Governance Committee (CGC).

HDC's Corporate Governance Committee, which discharges responsibility as its audit committee, does not have an independent member. Following review and criticism of local audit and governance, Government reports and CIPFA position statements now recommend the appointment of at least one independent member, suitably qualified, to an audit committee (two members in the case of CIPFA's recommendation).

The government has further stated that it will be making audit committees, with at least one independent member, a mandatory requirement, once parliamentary time allows. Many councils have already appointed an independent member ahead of such mandatory requirement in the interest of good governance and transparency.

Members are requested to consider the options for appointing an independent Member to the Corporate Governance Committee and, depending on the outcome, refer any observations to Full Council.

The Committee is

### **RECOMMENDED**

- (a) to note the additional guidance provided on the appointment of Independent Member(s) to Audit Committees;

- (b) to endorse the recommendation to Council for the appointment of a non-voting Independent Member to the Corporate Governance Committee as set out in paragraph 5.6 of the report now submitted;
- (c) to endorse a variation to Part 3 of the Council's Constitution as outlined in paragraph 5.6 ante to the report now submitted; and
- (d) that Council be requested to make the necessary amendments to the Council's Constitution.

## 1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to seek Committee's view on the appointment of an Independent Member to the Corporate Governance Committee (CGC).

## 2. BACKGROUND

- 2.1 The CIPFA guidance for Audit Committees in Local Government states: *"Authorities and police audit committees should adopt a model that establishes the committee as independent and effective. The committee should:*

- *act as the principal non-executive, advisory function supporting those charged with governance*
- *in local authorities, be independent of both the executive and the scrutiny functions **and include an independent member where not already required to do so by legislation***
- *have clear rights of access to other committees/functions, for example, scrutiny and service committees, corporate risk management boards and other strategic groups"*

- 2.2 The CIPFA self-assessment checklist states: *"consideration has been given to the inclusion of at least one independent member (where it is not already a mandatory requirement)".*

## 3. NATIONAL CONTEXT

- 3.1 There have been recent governance failures identified in statutory and non-statutory reviews and public interest reports across local government. The common theme running through each failure is a "significant weakness in governance".

- 3.2 In September 2020, Sir Tony Redmond completed an independent review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting which recommended, amongst many other recommendations to improve local audit governance, *"consideration being given to the appointment of at least one independent member, suitably qualified, to the Audit Committee"*.

- 3.3 In December 2021, the Department for Levelling Up, Housing and Communities (DLUHC), issued their formal response to the Redmond Review and issued a series of measures to be implemented.

- Within Measure 2, relating to local bodies and quality of accounting preparation, DLUHC made the following commitments:
- DLUHC to provide funding of £45 million over the course of the next Spending Review periods to support local bodies with the cost of strengthening their financial reporting, new burdens related to appointment of **independent members** and other Redmond recommendation and increased auditing requirements.
  - CIPFA to publish strengthened guidance on audit committees by April 2022. The guidance will emphasise the role that audit committees should have in ensuring accounts are prepared to a high standard,

alongside broader changes including appointment of independent members. Following consultation, consider making the guidance, committees and the independent member statutory.

- DLUHC to provide Local Government Association sector grant for a number of targeted training events for audit committee chairs.

3.4 As a result of the measures introduced by DLUHC above, **CIPFA** released an updated version of its Position Statement on Audit Committees in Local Government in June 2022. The new Position Statement sets out the ‘purpose, core functions and membership of the audit committee’. It states: *The audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation. Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee **should include at least two co-opted independent members to provide appropriate technical expertise.***

3.5 More recent developments have been published as part of the Governments response to local audit reforms stating:  
*“In September 2020, Tony Redmond’s review into local government audit found that only 40% of audit committees interviewed had independent committee members, hindering transparent reporting. Responding to a consultation on Redmond review proposals, the government said the lack of independent members on council audit committees made them “anomalies” in the public sector. Fundamentally, it is important that councils, as with other public bodies, have appropriate measures in place: the government considers it proportionate to establish a simple principle that local authorities should have an audit committee, with at least one independent member. Mandating for audit committees would ensure widespread take-up, along with improved public accountability **Consequently, based on the consultation feedback, we will be making audit committees, with at least one independent member, a mandatory requirement, once parliamentary time allows”.***

#### 4. ANALYSIS

4.1 A Council’s Audit Committee should be independent of executive decision making and be able to provide objective oversight. It should have sufficient importance that its recommendations and opinions carry weight and have influence with the leadership team and those charged with governance. The Corporate Governance Committee is designated as the Council’s “Audit” Committee.

4.2 To strengthen the Committee’s standing further, it is proposed to co-opt at least one suitably qualified and experienced independent person who have specialist knowledge and insight, which, when partnered with elected Members’ knowledge of working practices and procedures, will add to the deliberations of, and the overall effectiveness of the Committee. The injection of an external view can often bring a new approach to committee discussion.

4.3 The recruitment of independent co-opted Member(s) is supported by the Section 151 Officer.

The benefits of appointing an independent Member include:

- Bringing a new approach to committee discussion through the injection of a fresh perspective and challenge
- Bringing additional knowledge and expertise to the committee
- The Council accepting that strong and robust independent challenge to its internal control framework and wider governance processes, including financial reporting, risk management and the work of internal audit, will increase its effectiveness
- Reinforcing the transparency and political neutrality of the committee
- Maintaining continuity and corporate memory for the committee where its membership is affected by the electoral cycle. Independent appointments also send a powerful message to the electorate about both the openness of the Council and the independence of the committee.

4.4 There are several potential pitfalls in the appointment of an independent member that should be considered:

- potential over-reliance on the independent member by other audit committee members which can lead to a lack of engagement across the full committee
- independent member lacking organisational knowledge or 'context' when considering reports or risk registers
- effort that will be required from both the independent member and officers/staff to establish effective working relationship and establish appropriate protocols for briefings and access to information
- finding that despite undertaking a rigorous appointment process, the person appointed are not suited to the role, requiring the selection process to be repeated
- insufficient suitable applicants for the role.

Any Independent Member would be a co-opted member of the Corporate Governance Committee and have no voting rights.

## **5. CONSIDERATIONS**

5.1 The Council currently does not include provision for appointing co-optees to the Corporate Governance Committee.

5.2 CIPFA does acknowledge these limitations recommending that Local Authorities should have regard to section 13 of the Local Government Housing Act 1989 which relates to the voting rights on non-elected Committee Members.

5.3 However, where an Audit Committee is operating as an advisory committee under the Local Government Act 1972, making recommendations rather than policy, then all members (including any co-opted members) should be able to vote on those recommendations.

5.4 At present there is no statutory requirement that determines local authorities must appoint Independent co-opted members – such

appointments are a requirement for Police audit committees, English combined authorities and for local authorities in Wales, and it is usual practice for non-executive to be committee members in health and central government audit committees.

- 5.5 A suitable skills analysis of current committee members may want to be considered by Committee to establish any 'gaps' in current knowledge of the committee, to determine a suitable job description or applicant. A matrix could also then be used in an effectiveness review of committee.
- 5.6 Should Members of the Corporate Governance Committee be supportive of seeking an Independent Member for the Committee, it is proposed that this be progressed as follows:
- An amendment be recommended for approval by Council to Part 3 of the Constitution to provide for a non-voting Independent Member to be appointed on a term not exceeding 3 years
  - That the Independent Remuneration Panel be invited to advise the Authority of an appropriate rate of remuneration for the role
  - That an Appointment Panel be established comprising the Chair and Vice-Chair of the Committee, Head of Finance and Resources and Internal Audit Manager to undertake the search and selection process advised by the Monitoring Officer.
- 5.7 Whilst CIPFA proposes two independent members, this report proposes to recruit one member now with future consideration for a second in a year's time. This will then allow a cover for cross over of current committee members' terms and allow for continuity and committee knowledge/memory to continue.

## **6. APPOINTMENT PROCESS**

- 6.1 To avoid any delay in the appointment process it is recommended that the Committee requests Council at its February meeting to delegate arrangements for the appointment of an Independent Member to the Corporate Governance Committee, with the selection process delegated to the Monitoring Officer, in consultation with the Appointment Panel as referred to above. This would include convening a selection panel to interview applicants.
- 6.2 Recruitment would be on a competitive basis, including an open advertisement and interviews. A copy of the person specification for the role is attached at Appendix A to this report.
- 6.3 The independent member would be reimbursed reasonable travelling and subsistence expenses. A decision needs to be made as to whether or not an annual allowance should also be paid. To meet the proposed timetable, any allowance would need to be agreed at the same Council meeting.
- 6.4 An allowance is paid to the statutory Localism Act Independent Person appointees. This is seen as a goodwill gesture to those who are community minded and willing to support the Council in its work. To attract people of

the right calibre and with the necessary skills, it is suggested that the independent persons receive the same value of allowance.

- 6.5 The appointment of an Independent Member shall be for a term of three years, commencing 1st May 2023, without the need for further ratification in each year by the Council at its Annual Meeting.

## **7. LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES AND/OR CORPORATE OBJECTIVES**

- 7.1 Local Authorities are accountable to their communities for the money they spend. They are required under law to ensure they provide value for money and to achieve this they require a governance framework that supports a culture of transparent decision making and accountability.

- 7.2 The appointment of an Independent Member(s) would enhance and support the independent and transparent assurances provided by the Corporate Governance Committee.

- 7.3 The CG Committee is a key component of the Council's corporate governance framework and so helps to deliver the Corporate Plan priority of delivering an efficient and effective Council.

## **8. CONSULTATION**

- 8.1 In line with the Account and Audit regulations for 2020/21.

## **9. LEGAL IMPLICATIONS**

- 9.1 Section 102(3) of the Local Government Act 1972 stipulates that a committee which discharges a function of the Council can include co-opted members, except where it is a committee set up to regulate and control the finance of the local authority.

- 9.2 Section 13(1) of the Local Government and Housing Act 1989 provides that a co-opted member of a committee established under section 102 of the Local Government Act 1972 as a committee that is discharging the functions of the Council, must be a non-voting member.

- 9.3 The Corporate Governance Committee discharges some functions of the Council (the review and approval of annual statements of accounts and approval of a draft annual governance statement). Therefore, whilst co-opted members can be appointed to the Committee, they are unable to be given voting rights. Their involvement would be in a consultative manner, with their views being taken into account by voting members of the Committee.

- 9.4 The Constitution will need to be amended to allow for the co-option of an independent member to the Committee. It is proposed that the Committee's terms of reference be amended to allow for the appointment of up to two co-opted independent, non-voting members.

- 9.5 The Local Authorities (Members' Allowances) (England) Regulations 2003 permit the Council to pay an allowance to a co-opted member of a committee.
- 9.6 If the Committee does decide to ask Council to endorse the appointment of an independent member, then any advertisement and subsequent assessments would be carried out in accordance with the Council's recruitment processes. This seeks to ensure that the process is conducted in a manner that does not lead to discrimination.
- 9.7 The Council's Constitution provides the framework from within which it conducts its business. It describes who is responsible for making decisions and how decisions are made. The Council may amend its Constitution at any time to keep it up to date to reflect changes in the law or changes to Council policy and procedure.
- 9.8 The Constitution does not currently allow for Independent Members to be appointed to the Committee. It would need to be amended to allow for their inclusion.

## **10. RESOURCE IMPLICATIONS**

- 10.1 There is currently no specific budget for the payment of any allowances to an Independent Member. Any additional budget would be required to be approved by Council. If one independent member was appointed, this would require additional revenue budget for 2023/24 and onwards (a suitable allowance would need to be decided: for example, £1,072 is the current allowance for the Lead Independent Person).

## **11. REASONS FOR THE RECOMMENDED DECISIONS**

- 11.1 At present there is no statutory requirement to determine that local authorities must appoint Independent co-opted members.
- 11.2 There are both positive and cautionary reasons for such an appointment and decisions of this nature need to take account of each local authority's own circumstances.
- 11.3 The national landscape and direction of the government would indicate that greater accountability for public audit to support of audit committees, through co-opting independent members, will become a mandatory requirement.

## **12. APPENDICES**

Appendix A – Example Person Specification for the Role of Independent Member to Corporate Governance Committee

## **13. BACKGROUND PAPERS**

CIPFA Position Statement on Audit Committees in Local Government 2022.

Sir Tony Redmond's report on Oversight of Local Audit and the  
Transparency of Local Authority Financial Reporting

District Council's Constitution

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**Appendix A: Example  
Person Specification for Role of Independent Member of Corporate  
Governance Committee**

An example is provided for information and example purposes only.

[Appendix A EXample Person Specification for Independent Member](#)

## CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

Committee	Decisions	Date for Action	Action Taken	Officer Responsible	Delete from future list
27/01/2021	<p><b>The Code of Procurement Waiver Procedure</b></p> <p>Digest of all uses of the waiver procedure to be presented to the Committee.</p>	At future meetings as required.	Since the last meeting on 30th November 2022, there have been no uses of the waiver procedure.	Procurement Lead	No

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