

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 **TUESDAY, 9 JULY 2024** at **7:00 PM** and you are requested to attend for the transaction of the following business:-

AGENDA

APOLOGIES

1. MINUTES (Pages 5 - 12)

To approve as a correct record the Minutes of the meeting of the Committee held on 29th May 2024.

Contact Officer: Democratic Services - (01480) 388169

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 13 - 20)

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. ANNUAL REPORT ON COMPLIANCE WITH THE INFORMATION RIGHTS ACTS (FREEDOM OF INFORMATION ACT, ENVIRONMENTAL INFORMATION REGULATIONS AND GDPR) AND INFORMATION GOVERNANCE (Pages 21 - 30)

To receive a report from the Information Governance Manager and Data Protection Officer on the Council's compliance with the Freedom of Information Act 2000 and Environmental Information Regulations 2004; and the Council's

performance regarding protecting personal data between April 2023 and March 2024.

Contact Officer: A Brown - Adam.Brown@3csharedservices.org

5. REVIEW OF FRAUD INVESTIGATION ACTIVITY 2023/24 (Pages 31 - 36)

To consider a report by the Revenues and Benefits Manager containing a summary of the activity of the Council's Fraud Team 2023/24.

Contact Officer: K Kelly - katie.kelly@huntingdonshire.gov.uk

6. EXTERNAL AUDIT PLAN (Pages 37 - 92)

To consider a report on the External Audit Plan 2024/25.

Contact Officer: S Russell-Surtees - Sharon.Russell-Surtees@huntingdonshire.gov.uk

7. INTERNAL AUDIT PEER REVIEW CHALLENGE ACTIONS - UPDATE (Pages 93 - 106)

To receive an update on the Peer Review.

Contact Officer: S Russell-Surtees - Sharon.Russell-Surtees@huntingdonshire.gov.uk

8. IMPLEMENTATION OF INTERNAL AUDIT ACTIONS (Pages 107 - 114)

To receive a report by the Corporate Director (People) providing an update on the implementation of internal audit actions.

Contact Officer: S Russell-Surtees - Sharon.Russell-Surtees@huntingdonshire.gov.uk

9. CORPORATE RISK REGISTER UPDATE (Pages 115 - 144)

To consider a report by the Director of Finance and Corporate Resources on the latest Corporate Risk Register.

Contact Officer: O Morley - (01480) 388103

10. ANNUAL REPORT OF THE CORPORATE GOVERNANCE COMMITTEE 2023/24 (Pages 145 - 156)

To consider the Annual Report to Council in respect of the year ending March 2024 on the work that has been undertaken by the Corporate Governance Committee.

Contact Officer: O Morley - (01480) 388103

11. CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT (Pages 157 - 160)

To receive the Corporate Governance Committee progress report.

Contact Officer: Democratic Services - (01480) 388169

12. EXCLUSION OF PRESS AND PUBLIC

To resolve –

that the press and public be excluded from the meeting because the business to be transacted contains exempt information relating to action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

Contact Officer: Democratic Services - (01480) 388169

13. CYBER SECURITY (Pages 161 - 180)

To receive an update from the Corporate Director (People) on Cyber Security.

Contact Officer: O Morley - (01480) 388103

1 day of July 2024

Michelle Sacks

Chief Executive and 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 Democratic Services, Tel: (01480) 388169 / email: Democratic.Services@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/Panel.

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.

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, 29 May 2024

PRESENT: Councillor M J Burke – Chair.

Councillors J A Gray, P J Hodgson-Jones, A R Jennings and D J Shaw.

APOLOGIES: Apologies for absence from the meeting were submitted on behalf of Councillors I P Taylor and C H Tevlin.

IN ATTENDANCE: P Webb (Independent Member)

M Hodgson and C Mellons (Ernst & Young LLP)

4 MINUTES

a) Minutes 20th March 2024

The Minutes of the meeting of the Committee held on 20th March 2024 were approved as a correct record and signed by the Chair.

b) Minutes - 18th April 2024

The Minutes of the meeting of the Committee held on 18th April 2024 were approved as a correct record and signed by the Chair.

c) Minutes - 22nd May 2024

The Minutes of the meeting of the Committee held on 22nd May 2024 were approved as a correct record and signed by the Chair.

5 MEMBERS' INTERESTS

No declarations were received.

6 INTERNAL AUDIT PEER REVIEW CHALLENGE ACTIONS - UPDATE

The Committee gave consideration to a report by the Director of Finance and Corporate Resources (a copy of which is appended in the Minute Book) to which was attached the Internal Audit Peer Challenge Actions Tracker Sheet updated to 14th May 2024. Members were reminded that the Peer Challenge Review in March 2023 identified seventeen actions to improve internal governance within the Council. The follow up to this review noted a further five actions. The Tracker Sheet provided an update on progress against the actions.

Following comments from Councillors Gray, Hodgson-Jones and Jennings regarding the recent departure of the Internal Audit Manager the Committee expressed its concern that they had not received any advice in relation to this matter, and asked for assurance that the Council was able to maintain an adequate and effective system of internal audit for accounting records and control systems. In response the Director of Finance and Corporate Resources acknowledged that the situation was challenging and reported that the Council had engaged the services of Jonathan Tully, Head of the Shared Internal Audit for Cambridge City and South Cambridgeshire District Councils, to provide an independent opinion on the adequacy and effectiveness of the systems of internal control in place comprising risk management, corporate governance and financial control. His opinion had informed the Annual Governance Statement.

The Chair, Councillor Burke, commented that whilst recognising it was important when considering information relating to the affairs of any particular person that confidentiality was maintained, he would consult with the relevant officers on this matter and circulate an update to the Committee.

In response to a question from Councillor Jennings on when the Committee could expect the report from Binder Dijker Otte (BDO) to be received, it was reported that it would be available in June 2024.

As a result of a question from Councillor Gray about whistleblowing, the Chair indicated that he was fully committed to the highest possible standards of openness, transparency and accountability. In that context, the Director of Finance and Corporate Resources stated that any such reports were directed to the Internal Audit Team for independent review.

Following a question from Councillor Hodgson-Jones, Members were informed that the current establishment for the Internal Audit Team comprised one full-time member of staff and three part time staff. One of the part-time staff was fully qualified, one was a trainee and one was an apprentice with significant experience. Councillor Hodgson-Jones expressed concern that there was insufficient resilience within the Internal Audit Team and that the Council should review the structure of the Internal Audit Function and consider entering into a shared service with another authority. In response, the Director of Finance and Corporate Resources confirmed the Council had commenced the recruitment of an Internal Audit Manager but that other options would be reviewed if the process was not successful including entering into a shared service. Whereupon, it was

RESOLVED

that the progress achieved in regard to the LGA Peer Challenge Review actions be noted.

7 ANNUAL GOVERNANCE STATEMENT AND DRAFT STATEMENT OF ACCOUNTS 2023/24

With the aid of a report by the Director of Finance and Corporate Resources (a copy of which is appended in the Minute Book) the Committee were presented

with the Council's Draft Statement of Accounts 2023/24. In introducing the report, the Director of Finance and Corporate Resources stated that the Corporate Governance Committee was designated as 'those charged with governance' and consequently it was required to approve the Statement of Accounts.

Members were informed that during 2023/24 the Council had continued to deliver against its corporate objectives and budget, that the Statement of Accounts included information on revenue fund balances and earmarked reserves, which at 31st March 2024 amounted to £2,175k and £34,450k respectively, and that the year-end financial position was largely driven by current economic conditions, which had impacted on the Council's running costs, particularly utility and fuel costs. In addition, the Council had benefitted from higher interest rates set by the Bank of England during the year, resulting in significantly higher interest income on cash balances.

The Director of Finance and Corporate Resources advised the Committee that this would be the earliest the draft Statement of Accounts had been published. She placed on record her thanks to the Finance Team for the work that they had undertaken to ensure the statements were ready for scrutiny by the Committee. Furthermore, the Annual Governance Statement had been produced two months earlier than the Council normally published this document.

Councillor Gray asked why the actual revenue expenditure showed a variance against the budget. In response it was noted that the budgets were prepared in advance and could only ever estimate income and expenditure, for example, income on investments was higher than expected as interest rates were significantly higher than anticipated. The Committee requested that the reference to the assumptions that had informed the budget plans for 2023/24 in February 2023 be reviewed.

As a result of questions from Councillor Jennings it was noted that since at least 2022 no local resident or interested person had exercised their legal right to inspect, ask questions about or challenge items in the Council's accounts or to ask the External Auditors any questions on the accounts. It was noted that External Auditors had until the audit had been completed to respond to questions about the accounts. The Committee then

RESOLVED

- a) that the Annual Governance Statement in Appendix 1 to the report now submitted be approved;
- b) that, subject to an amendment to the reference to assumptions in the budget plans for 2023/24, the unaudited Statement of Accounts for 2023/24 in Appendix 2 to the report now submitted be approved;
- c) that the Notice of Publication in Appendix 3 to the report now submitted be approved.

8 INTERNAL AUDIT SERVICE: ANNUAL REPORT 2023/24

By means of a report by the Director of Finance and Corporate Resources (a copy of which is appended in the Minute Book) the Committee were presented with details of the work that had been undertaken by Internal Audit during the

year ending 31 March 2024. The report referred to the evidence that provided reasonable assurance over the adequacy and effectiveness of the Council's overall internal control environment during the financial year 2023/2024.

In introducing the report, the Director of Finance and Corporate Resources informed Members that the Annual Governance Statement required an annual opinion from the Head of Internal Audit on the Control Environment. The opinion should be provided by a suitably qualified and independent person. This opinion had been provided by Jonathan Tully, Head of Shared Internal Audit for Cambridge City and South Cambridgeshire District Councils. The opinion had been based on the outcome of eight audit reviews and six reviews of key financial systems.

Members' attention was drawn to a number of areas covered in the report. The audit had found that the Social Value in Procurement Policy and Framework adopted in 2019 had not been implemented, key aspects were not complied with and the approach had not been amended to reflect a number of economic changes. Furthermore, a formal contract management process was not in place and staff were not trained in social value. Therefore, additional resources had been recruited to review and implement the Social Value in Procurement Policy, to adopt the new Procurement Regulations in October 2024 and to assist budget managers with contract management.

Regarding the implementation of audit actions, there remained a significant number of actions that had become overdue. It was understood that capacity had inhibited progress. It was important that services proposed realistic implementation dates. Internal Audit would therefore discuss this at each audit closure.

Assurance work in relation to the Development Management Service and General Data Protection Regulation had not been undertaken because service provision was not fully in place. The services had therefore agreed to prepare and follow improvement plans and the intention was for Internal Audit to review progress against these under the 2024/25 Audit Plan.

The Internal Audit Manager would continue to report functionally to the Committee and maintained organisational independence. There were no constraints placed upon the Manager to determine overall audit coverage, audit methodology, the delivery of the Audit Plan or proposing actions for improvement or forming opinions on individual audit reports.

In response to a question by Councillor Hodgson-Jones, it was stated that the report was ordered by the action reference number rather than by importance or date. Following discussion on the format of the report, it was suggested that it should include the date on which each action had been entered with the date on which the relevant report was finalised and issued, a summary table of the timeline for each action to provide the required auditing and assurance standards and a visual representation of the of the audit actions' direction, priorities and progress over time. In response it was pointed out that the Council faced significant challenges in securing an Internal Audit Team that was able to identify what improvements were required and in ensuring that these were actioned effectively and delivered value for money.

It was reported that to support preparation for the Procurement Act 2023, the Council would produce a staff training plan covering all aspects of the new regime, including contract management and procurement. This would mean the Council achieved better value for money and ensure the Council received the services it paid for. Accordingly, it was

RESOLVED

- a) that the report be received and noted, and
- b) the Audit Assurance Opinion be taken into account when considering the Annual Governance Statement for 2023/24.

9 INTERNAL AUDIT PLAN AND CHARTER 2024/25

With the aid of a report by the Director of Finance and Corporate Resources (a copy of which is appended in the Minute Book) the Committee were presented with the Internal Audit Plan for 2024/25 and the Internal Audit Charter. The Director of Finance and Corporate Resources informed Members that the Committee had responsibility under its terms of reference for ensuring the Council undertook effective internal audits to evaluate the effectiveness of its risk management, control and governance processes in accordance with the Public Sector Internal Audit Standards.

It was reported that the Plan was based on a list of assurance activities and showed areas where audit activity was planned. It included services where internal audit activities were either deferred from last year's Plan or were unable to be completed, areas of risk highlighted in the organisation's risk registers and the mitigating actions put in place to control these, and areas of statutory review. In addition, the Plan linked to the Corporate Plan and the Risk Register. Should new areas of risk emerge, they would be assessed against the Plan and the Plan would be adjusted to allow for higher-priority reviews to be included. In addition, a capacity review of the Internal Audit team had been undertaken and the Plan was linked to the current team establishment and the use of BDO for internal audits.

Members noted that the Internal Audit Charter established a framework within which the Internal Audit Service operated best to serve the Council and to meet its professional obligations under applicable professional standards. It defined the purpose, authority and responsibility for internal audit activity, established the Internal Audit Service's position within the organisation; authorised access to records, personnel and physical properties relevant to the performance of engagements; and defined the scope of internal audit activities. Finally, following the recommendations from the LGA Peer Challenge Review, the Charter had been reviewed in line with the recommendations of Chartered Institute of Public Finance and Accountancy and Public Sector Internal Audit Standards.

Following a question from Councillor Hodgson-Jones, the Committee was advised that it would be provided with the capacity calculations in terms of available audit days and resources including any plans to bring in internal audit resource from other areas such as that the BDO contract allowed to deliver general audit work. Notwithstanding this the Internal Audit Team would undertake an increasing number of reviews and, more importantly, have a much

wider remit across the organisation rather than just focusing on the central key controls. This would have a positive impact on the information risk position and the Council's ability to use Internal Audit to achieve better value and governance.

Councillor Gray asked a question about work to implement the new Procurement Regulations in October 2024. It was reported that the Code of Procurement would be updated and presented to the Committee for its consideration and comment.

Comment was made that for the Internal Audit Team to be effective in providing assurance, it needed to be sufficiently resourced, both financially and in terms of qualified, experienced staff. In addition, it should have well developed work practices and be independent and objective. Councillors Hodgson-Jones, Gray and Jennings placed on record their view that the Plan required further work to be undertaken and should be revised. They then expressed the view that based on the report, the Internal Audit Team had insufficient knowledgeable and competent resources to provide assurance and ensure that advisory work was performed in alignment with the Council's expectations and in conformance with widely accepted principles and standards. Therefore, consideration needed to be given to how greater resilience could be achieved so that the Internal Audit function was able to deliver the necessary level of service.

The Committee stressed the need to have an internal audit function that could effectively provide independent assurances that the Council's risk management, governance and internal control processes were operating effectively. The Director of Finance and Corporate Resources stated that she recognised the importance of the Committee being informed of amendments that were made to the Internal Audit Plan under the delegated authority. In that context the Committee:

RESOLVED

- a) that the Internal Audit Plan be approved;
- b) that the Internal Audit Charter be approved, and
- c) that the S.151 Officer be authorised to make changes to the Internal Audit Plan following consultation with Internal Audit Manager and the Chairman of Corporate Governance Committee.

10 EXTERNAL AUDIT PLAN 2023/24

The Committee received a verbal briefing from Mark Hodgson, Partner, and Claire Mellons, Audit Partner (Government and Public Sector, Ernst & Young LLP. Mr Hodgson referred to the national context and the intention to re-set audit across councils. A backstop had been introduced to conclude audits for 2022/23 by 30th September 2024. However, Government guidance emphasised that audit should maximise assurance and move to the most recent financial information. With regard to the former, it was intended to complete all Value for Money work. Mr Hodgson outlined his intention for the audit Opinion to be signed by December 2024. The External Audit Plan would be submitted to a future meeting.

In response to a question by Councillor Gray, Ms Mellons stated that she was confident the Plan would be completed on time. Work would commence at the earliest opportunity and if possible prior to formal approval by the Council of the Plan.

11 CORPORATE RISK REGISTER

With the aid of a report prepared by the Director of Finance and Corporate Resources (a copy of which is appended in the Minute Book) the Committee reviewed the Corporate Risk Register. The Register identified those areas where action should be taken to mitigate the Council's exposure to risk and informed the Annual Plan for Internal Audit. The Director of Finance and Corporate Resources informed Members that the requested Heat and Movement Maps would be submitted to a future meeting.

Following a question by Councillor Gray, the Director of Finance and Corporate Resources reported that risk events were dealt with by service managers but that significant events would be reported to the Senior Leadership Team (SLT). They would be investigated and acted on as appropriate, including reporting to the relevant Member forum. However, it was necessary to manage how such information was used. Generally, information on health and safety matters were reported to SLT. In addition, it was intended to move to a more comprehensive system to capture risk events. In the short term a Risk Manager would be appointed to embed the Strategy and arrange training. A report would be submitted to a future meeting of the Committee on this subject.

RESOLVED

- a) that the report be received and noted, and
- b) that it be confirmed that risks to the Council are being managed in line with the Risk Management Strategy.

12 CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

The Committee received and noted a report on progress of actions in response to discussions and decisions taken at previous meetings. A copy of the report is appended in the Minute Book. The Director of Finance and Corporate Resources reported that the actions relating to the Code of Procurement Waiver Procedure and Risk Management Strategy had been completed. In relation to the unaudited Statement of Accounts, discussion took place on monitoring the performance of the Pension Fund. While it was recognised the fund performed well, it was suggested it would be useful to compare it with other local authority funds over a longer period of say, five years.

Chair

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 – 9th July 2024

Executive Portfolio: Councillor J Harvey, Executive Councillor for Governance and Democratic Services

Report by: Elections and Democratic Services Manager

Ward(s) affected: All Wards

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 Disclosable Pecuniary Interests (DPIs) for 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, 35 have had their full register published on the District Council's website, 31 Parishes have published their register with vacancies and 14 Parish Councils currently have a form outstanding.
- 3.3 In terms of individual DPIs, 572 out of a total of 652 have been received from Parish Councillors; with 66 vacant and 14 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. 17 of those Parish Councils have adopted one based on that adopted by the District Council. 47 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

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

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

Appendix 1

43	Little Paxton	15	15	0	0
44	Offord Cluny & Offord Darcy	11	10	1	0
45	Old Hurst	7	5	2	0
46	Old Weston	7	6	1	0
47	Perry	9	7	2	0
48	Pidley-cum-Fenton	7	7	0	0
49	Ramsey	17	16	1	0
50	Sawtry	15	11	4	0
51	Sibson-cum-Stibbington	7	7	0	0
52	Somersham	15	11	4	0
53	Southoe & Midloe	7	6	1	0
54	Spaldwick	7	6	1	0
55	St Ives	17	16	0	1
56	St Neots	21	21	0	0
57	Stilton	11	9	2	0
58	Stow Longa	5	5	0	0
59	The Stukeleys	9	8	1	0
60	Tilbrook	5	5	0	0
61	Toseland	5	4	0	1
62	Upton & Coppingford	5	5	0	0
63	Upwood & The Raveleys	9	7	2	0
64	Warboys	15	15	0	0
65	Waresley-cum-Tetworth	5	4	0	1
66	Wistow	7	7	0	0
67	Woodhurst	7	2	1	4
68	Woodwalton	5	4	1	0
69	Wyton on the Hill	7	6	1	0
70	Yaxley	17	15	2	0
71	Yelling	7	6	0	1
	Totals	652	572	66	14

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	
	Totals	17	5	47	2

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Annual report on HDC compliance with the information rights acts (Freedom of Information Act, Environmental Information Regulations and UK GDPR) and Information Governance
Meeting/Date:	Corporate Governance Committee – 9 July 2024
Executive Portfolio:	Executive Councillor for Corporate Services
Report by:	Information Governance Manager & Data Protection Officer
Ward(s) affected:	All Ward(s)

Executive Summary:

The Information Governance Service for Huntingdonshire District Council (HDC) is currently provided by 3C ICT Shared Service hosted by Huntingdonshire District Council. This also serves South Cambridgeshire District Council and Cambridge City Council.

The Information Governance (IG) Team leads on:

- data protection compliance advice,
- information and records management advice, and
- information requests under the Freedom of Information Act 2000, (FOIA) the Environmental Information Regulations (EIR) the Data Protection Act 2018 and the UK GDPR.

The team is headed up by the Information Governance Manager who is also the Data Protection Officer for the three councils.

This is an annual report on the Council's compliance with the Freedom of Information Act 2000 and Environmental Information Regulations 2004.

This report also includes the Councils performance regarding protecting personal data and covers the period April 2023 to March 2024.

The number of requests received by the Council in 2023-24 was 483; an increase on the previous year's total of 642 (a 33% increase).

Recommendation(s):

Corporate Governance Committee is asked to note the contents of this report.

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to provide an update on Information Governance activity and performance during 2023-24; hereby, highlight any issues encountered and actions to be undertaken to improve performance.
- 1.2 It provides:
- An overview of the current arrangements in place to monitor the Information Governance arrangements at the Council including Data Protection Compliance and Information Security / Cyber Security Compliance.
 - An update on performance relating to:
 - Freedom of Information Act (FOIA) / Environmental Information Regulations (EIR) Requests
 - Data Subject Rights Requests
 - Personal Data Breaches

2. BACKGROUND

- 2.1 Information is a vital asset and needs to be managed securely by the council. Appropriate policies, guidance, accountability, and structures must be in place to manage the council's information legally, securely, and effectively to minimise risk to the public and staff and to protect its finances and assets. This aligns with Priority 3 of the Corporate Plan, Delivering good-quality, high value-for-money services with good control and compliance with statutory obligations.
- 2.2 Information Governance describes the holistic approach to managing information. This includes access to information, data quality, information management, information security and information sharing, data privacy and data protection and other relevant information law compliance, including but not limited to the Freedom of Information Act, the Data Protection Act/UK GDPR, the Environmental Information Regulations, Privacy in Electronic Communications Regulations

3. ORGANISATIONAL ARRANGEMENTS

- 3.1 The Information Governance Service for Cambridge City Council, South Cambridgeshire District Council and Huntingdonshire District Council is currently provided by 3C ICT Shared service hosted by Huntingdonshire District Council. The Information Governance (IG) Team leads on Information Requests, Data Protection Compliance, Data Privacy and provide additional advice around Information Management; whilst the 3C ICT Network team provide support on Information Security.
- 3.2 The IG Team consists of six members:

- The Data Protection Officer (DPO)/Information Governance Manager, manages and oversees the service, and provides specialist advice on complex matters around data protection and information management for all three councils.
 - The Deputy Data Protection Officer who provides cover and supports the team in the absence of the DPO and is also responsible for the information asset registers for the three councils and supports the Information Management Officers.
 - The Requests Manager who leads the information requests and transparency functions for the team. The Requests Manager provides specialist advice and guidance to staff and Members on FOIA and EIR. This is a new post as of June 2023.
 - Information Management Officers who support the Information Governance Officers with complex information requests and also provide advice and guidance to the councils' internal departments on matters relating to data sharing, data protection impact assessment and personal data incident investigations.
 - Two part time Information Governance Officers who manage incoming information requests and coordinate internal requests for support around personal data incidents/breaches, advice on data sharing and data protection impact assessments/contract reviews.
- 3.3 As this is a shared service, the Data Protection Officer (DPO) is the statutory DPO for all three authorities.
- 3.4 A Joint Information Governance and Security Board was established in April 2023, to replace Huntingdonshire District Council's Information Governance Group. The Board is made up of representatives of HDC, SCDC and Cambridge City Councils to ensure that the three councils work together to manage the data that the three councils hold and to ensure good information security and governance. The Information Governance and Security Board monitors and is responsible for ensuring that the council meets the compliance obligations of relevant information law.
- 3.5 Terms of reference for the Joint Information and Security Board were agreed in April 2023.
- 3.6 The Joint Information Governance and Security Board meets quarterly and last met in April 2024.

4. DATA PROTECTION COMPLIANCE

- 4.1 Compliance against the obligations of the Data Protection Act and UK GDPR are monitored in line with the [ICO's Accountability Framework](#).

- 4.2 The ICO's Accountability Framework has been expanded, where appropriate, to consider the other information law regimes that come under the remit of the 3C ICT Information Governance service which are
- Freedom of Information Act (FOIA), and
 - Environmental Information Regulations (EIR).
- 4.3 The Information Governance Team work against identified risks and issues in the Accountability Framework, against the main areas of
- Contracts and Data Sharing
 - Individual's Rights
 - Leadership and Oversight
 - Policies and Procedures
 - Risk and DPIA
 - Lawful Basis and Records of Processing Activity (ROPA)
 - Training and Awareness
 - Transparency
- 4.4 Updates to monitor the status and progress of the plan are provided to the Joint Information Governance and Security Board on a quarterly basis.
- 4.5 New guidance and policies introduced in 2023-24 include
- Data Protection Policy
 - Appropriate Policy Document
 - Access to Information Policy
 - Acceptable Use Policy
 - Generative AI Policy, and AI guidance microsite for staff
 - Record Retention and Management Policy

5. INFORMATION SECURITY COMPLIANCE

- 5.1 Cybersecurity remains vital for everyday operations and regular business processes. The council must keep systems that are secure and reliable, so that residents, public users, and partner agencies can trust them to connect systems and share information and data across various platforms.
- 5.2 3C ICT are still working with the Department for Levelling Up, Housing and Communities (DLUHC) to lower cyber risk. The internal vulnerability scanning solution has been set up. This has enabled the security team to focus on fixing issues based on risk score.

- 5.3 As a result of setting up and configuring systems that help to safeguard and oversee the environment, the council decided to finance an additional role in the cyber team. The team expansion was driven by the DLUHC recommendations of the need for these systems.
- 5.4 The National Cyber Security 10 Steps have maintained green status throughout the year. User education enhancements were the priority, with quarterly phishing test campaigns initiated in the last quarter. The outcomes of the test identified staff that required additional help in how to identify phishing emails.
- 5.5 Changes to the endpoint detection and response solution has enhanced the council's security posture as it provides continuous and comprehensive visibility into what is happening on endpoints in real time.

6. DATA PROTECTION – REQUEST PERFORMANCE

- 6.1 The Data Protection Act 2018 is the UK’s implementation of the General Data Protection Regulations (GDPR). Data protection is concerned with personal data about individuals rather than general information.
- 6.2 The Information Governance Team coordinate requests relating to individuals’ rights such as right to request access to the personal data the Council holds, right to erasure, right to rectification as well as third party requests for personal data such as from the Police or to prevent or detect fraud.
- 6.3 Individual rights requests must be responded to within a month.
- 6.4 Individual requests made during the year were as follows:

	Received	Compliance with time frame
Data Rights Requests (including Erasure Requests, etc.)	26	14
SAR Reviews	3	3
ICO SAR Complaints	1	1

Table 1: Personal information rights requests 2023-24

- 6.5 Whilst not required by the Data Protection Act, it is best practice to provide a review stage to personal information rights requests. As with requests made under FOIA or EIR this allows the Council the opportunity to review its handling of the request and to consider any appeals that the requester has made in relation to their request.
- 6.6 Requesters also have a right to complaint to the ICO in their capacity as the regulator. The Council received one complaint from the regulator this

year. Following the ICO's review of the case they upheld the Council's position, and no further actions were required.

7. PERSONAL DATA INCIDENTS AND BREACHES

7.1 The guidance on notification of data breaches under the Data Protection Act / GDPR is that if a breach or incident is likely to result in high risk to the rights and freedoms of individuals, the Council must inform the ICO within 72 hours of becoming aware of the issue. If it's likely to result in high risk to rights and freedoms of individuals, the Council has a lawful duty to inform the individuals without undue delay.

7.2 As result, the Information Governance team have established a framework to ensure that each reported incident is assessed for:

- The potential detriment and adverse effect to the data subject. This includes emotional distress and information about the private aspects of a person's life becoming known to others.
- The extent of detriment. Which could depend on the volume of the data and its sensitivity.

The assessment is carried out by a member of the IG team when an incident is logged by a Service Area.

7.3 All incidents relating to personal data are logged to identify any trends, with the view to establish if any mitigations need to be put into place to prevent likely recurrence. Mitigations include requiring additional training, reviewing current processes, or issuing advice or briefing notes.

	Incidents/breaches	Reported to ICO
2020-21	11	0
2021-22	25	2
2022-23	27	0
2023-24	20	1

Table 2: Personal data incidents 2020-2024

7.4 20 incidents were reported in 2023-24, a decrease in the number of incidents from previous years. A breakdown of these is as follows:

Type of Incident (Category)	Number
Corruption or inability to recover data	1
Personal details inappropriately disclosed (e.g. via email or post)	13
Lost in transit	1
Unauthorised access or disclosure	1
Uploaded to website in error	1
Other	3

Table 3: Categories of personal data incidents 2022-23

- 7.5 In all instances, immediate steps were taken by officers to mitigate the incident, once known. Examples included contacting incorrect receiver of emails from the recipients of the email and those affected and removing documents from the Council's website.
- 7.6 A quarterly update on incidents is provided to the SIRO to ensure visibility and ensure any improvements needed are discussed and followed through as appropriate. Where relevant learning from breaches/incidents/near misses is also shared across the three councils to minimise the risk of further occurrence.
- 7.7 Updated guidance on sending information and how to share securely has been provided due to the volume of incidents relating to this type of incident, and where this occurs more than once across a service additional training and support is provided to identify and eliminate root causes of these incidents.
- 7.8 In January 2024 the process for reporting Data Protection incidents was changed to bring it into line with the reporting of ICT incidents and helpdesk calls. This enables better oversight and reporting against performance targets and provides a single point of reporting for all staff.

8. FREEDOM OF INFORMATION / ENVIRONMENTAL INFORMATION REQUESTS

- 8.1 The public has the right of access to information held by the Council under the Freedom of Information Act. The Freedom of Information Act (FOIA) works alongside the Environmental Information Regulations (EIR).
- 8.2 Requests for information that are not dealt with as part of the day-to-day business of the Council should be considered as Freedom of Information requests.
- 8.3 In October 2023 a new request management system for information requests was introduced. This system manages requests made under FOI, EIR and Data Protection requests.
- 8.4 3C ICT Information Governance oversees the request management system for handling information requests. Ownership of the response to these requests is placed on service areas by means of key responders and champions being designated and responsible for ensuring their service responds within the legal timeframe of 20 working days. An Information Governance Officer coordinates all formal requests and allocates specialist support from the Information Governance team where service areas require this.
- 8.5 In 2023-24 (Apr – Mar) the council received a total of 642 requests under FOIA and EIR.

8.6 This represents a 33% increase in the number of requests received in the previous year. This is close to the number of requests received in 2019 and sees a return to pre-pandemic levels of requests to the Council.

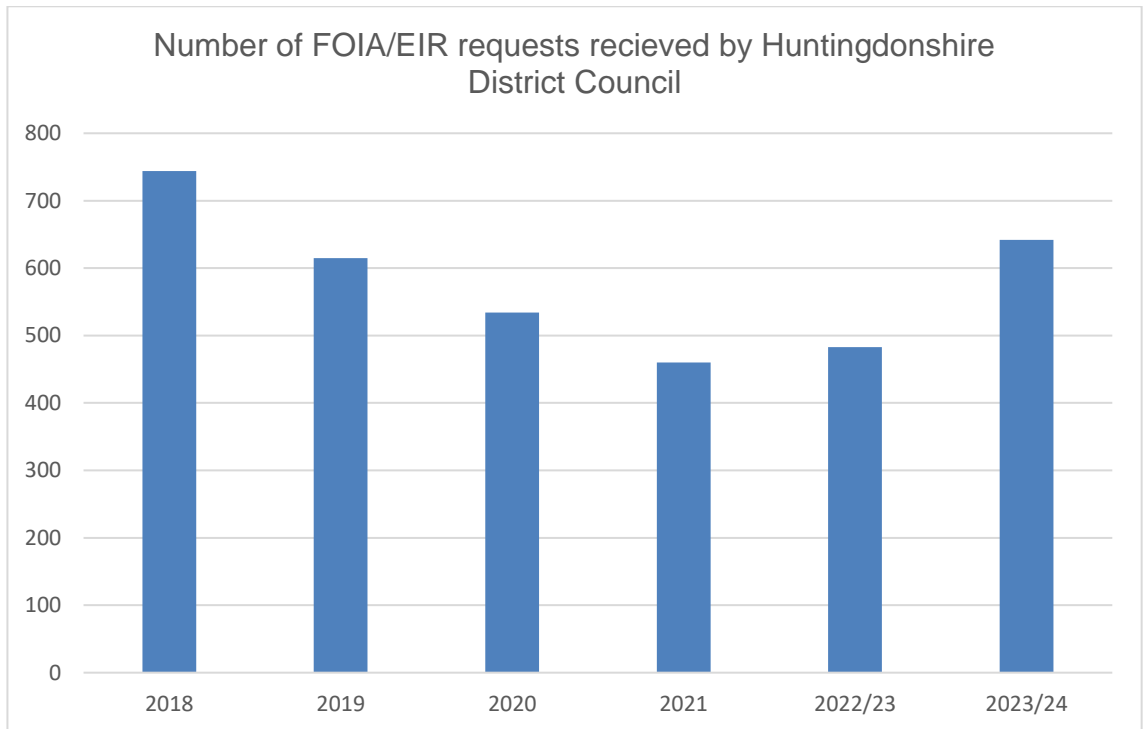


Chart 1: Information requests to HDC 2017-2023

8.7 The Council works to a target of 90% response compliance within 20 days as advised by the Information Commissioner. We achieved 81% in 2023-24 which is a slight decrease over 83% of the previous year.

8.8 Detail of the requests received across all Council services is provided below. The Chief Operating Officer services and Community Services have received the most cases.

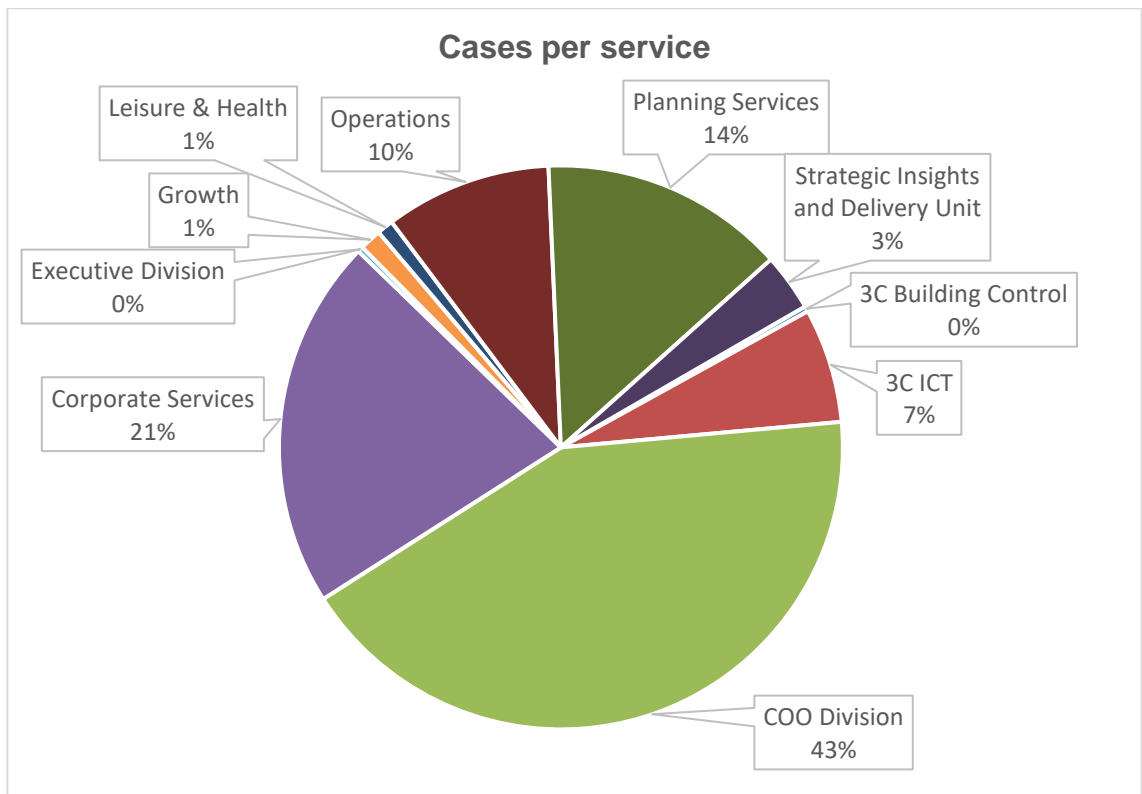


Chart 2: Number of requests per service area

8.9 Access to information acts such as FOIA and EIR provide a limited right of access. Some information may be withheld if an exemption to disclosure applies. All the information was provided for most requests, with information being exempted in only 10% of cases. See breakdown of outcomes below.

Request Outcome	Count
All information provided	385
Some information provided; remainder exempt	15
Some information provided; remainder not held	14
Some information provided; remainder refused on cost	5
Exemptions applied to all information	50
Not held	98
Concluded outside of legislation	1
Withdrawn	33
Vexatious	0

Table 4: Outcomes to information requests 2023-24

8.10 The IG team continue to provide reports on performance and compliance with the legislation, which are shared on the HDC intranet on a quarterly basis. These reports also enable services to understand trends, and to help focus on what should be uploaded onto their publication scheme.

8.11 Requestors have the right to a review of their case if they are not satisfied with the outcome or how the request was handled, before taking further action to the Information Commissioner's Office.

	Received	Response within 20 working days
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Internal Reviews	12	12
ICO Complaints	5	5

Table 5: Information request reviews and complaints to regulator 2023-24

8.12 None of the complaints investigated by the regulator resulted in any further review of the Council's decision.

9. LOOKING FORWARD

9.1 Ensuring ongoing compliance with Data Protection Legislation (DPA 2018 and UK GDPR) has been the focus of the Information Governance team.

9.2 An improved learning offering including quick reference guides and regular training for FOI Co-ordinators

9.3 In line with the Information Governance Action Plan there are updates planned for the DPIA process, as well as work to review and update the current suite of policies and Information Asset Registers within the organisation.

9.4 The Information Governance team will continue to work with Service areas to address gaps identified as part of the original gap analysis and subsequent health check report (on Data Protection Compliance) and provide updates during the Information Governance Group meetings.

CONTACT OFFICER

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Public

Key Decision – Yes/No

* Delete as applicable

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Review of Fraud Investigation Activity 2023/24
Meeting/Date:	Corporate Governance Committee– 9 th July 2024
Executive Portfolio:	Resident Services and Corporate Performance (S. Ferguson)
Report by:	Katie Kelly – Revenues and Benefits Manager
Ward(s) affected:	All

Executive Summary:

The Council's Anti-Fraud and Corruption Strategy sets out a requirement that a report shall be submitted on an annual basis to the Corporate Governance Committee detailing the work that has been undertaken by the Corporate Fraud Team.

The following report details activity undertaken by the team to prevent and detect Fraud throughout the financial year 2023/24

Recommendation(s):

The Corporate Governance Committee is invited to comment on the content of this report.

1. PURPOSE OF THE REPORT

- 1.1 This report provides a summary of the activity undertaken by the Council's Corporate Fraud Team in 2023/2024.

2. WHY IS THIS REPORT NECESSARY/BACKGROUND

- 2.1 All public bodies have a duty to protect the public purse, and proactive efforts to prevent and detect fraud are key to reducing the risk of financial loss.
- 2.2 The Council's Anti-Fraud and Corruption Strategy sets out the organisational response to the threat of fraud and requires that an annual report be provided to the Corporate Governance Committee detailing the work that has been undertaken by the Corporate Fraud Team.

3. WORK UNDERTAKEN 2023/24

- 3.1 The main areas of focus for the Corporate Fraud Team in 2023/24 were:

- Reviewing output from the National Fraud Initiative (NFI)
- Investigating ad-hoc referrals coming into the team from both internal and external sources
- Activity undertaken in line with the Cambridgeshire Fraud Initiative

National Fraud Initiative (NFI)

- 3.2 The National Fraud Initiative, or NFI, is national data-matching exercise between both public and private sector bodies to prevent and detect fraud. The Council is required to provide a range of datasets to enable periodic data matching, the results of which are then investigated by each Authority to identify where fraud and / or error exists.
- 3.3 Matches from the last bi-annual exercise were received in January 2023, and work to review the cases identified continued throughout the 2023-24 period. The matching covers a wide range of datasets including Council Tax, Housing Benefit, Payroll, Electoral Register and Housing waiting lists, for example. Most matches are reviewed by the Corporate Fraud Team who investigate to determine if there is error or fraud, and then take appropriate action to resolve.
- 3.4 The current data being used was collated and matched in 2022, and so is due to be refreshed in 2024.

Ad-Hoc referrals

- 3.4 The Council receives referrals from members of the public, external organisations, elected members and internal teams throughout the year. Referrals into the team are an incredibly useful source of intelligence, and details of how to make a referral to the fraud team are included on all Council Tax bills. There is also a dedicated page on our website to enable any suspicion of fraud to be reported quickly and easily.

- 3.5 The Team have built good relationships with local Housing Providers and continue to assist with investigating allegations of tenancy fraud, working together to ensure that valuable social housing stock is available for those in genuine need.

Cambridgeshire Fraud Initiative (CFI)

- 3.5 In 2023, the Council embarked on a new initiative working closely with colleagues from the other Cambridgeshire District Councils alongside Cambridgeshire County Council, in a combined effort to detect fraud and error in the Council Tax system.
- 3.6 Cambridgeshire County Council has provided funding for a fixed term post in each of the five District Councils in Cambridgeshire and have also covered the cost of an enhanced Council Tax single person discount review. The review utilises data from credit reference agencies to detect where there may be more than one resident at a property where a single person discount is in place.
- 3.7 Following the success of the project there is an intention to further build on this initiative by increasing the frequency of data sharing and the range of data sets that are shared. Further information regarding the next phase of this project is included in 5.3
- 3.8 The value derived from the activities outlined above throughout 2023-24 is as follows:

Investigation Type	Cases Proven	Value £
Council Tax Discounts (including Single Person Discount)	123	110,074
CFI Project	109	90,079
Benefits (Local Council Tax Support & Housing Benefit)	31	52,795
Council Tax Penalties Issued	27	2,100
Housing / Tenancy Fraud	9	-
Total Value		255,048
Total NFI Matches processed		1,477

- 3.8 The value of savings achieved is calculated using a recognised methodology set out by the National Fraud Initiative. This approach allows not only for the capture of actual savings, but also provides for a projection of future savings derived as a result of action taken.
- 3.9 Where there is no straightforward way to determine an exact value derived, such as Tenancy Fraud, current NFI guidance suggests the overall value to be in the region of £78k per property, after consideration of factors such as the duration for which fraudulent activity may have continued undetected, the legal costs of recovering a property and an estimate of the annual cost of temporary accommodation.

- 3.10 As Huntingdonshire District Council are not the owners of housing stock the NFI calculation methodology has not been used as a measure of success in this instance. However, by working alongside housing providers in this activity we have been able to recover 9 homes in 2023/24, increasing the availability of accommodation to those in need.

Use of Surveillance under Regulation of Investigatory Powers Act (RIPA)

- 3.13 It is a requirement of the Covert Surveillance (RIPA) policy that a report is made annually to the Corporate Governance Committee detailing any activity undertaken in line with the policy for the relevant period. Previously these powers have been used where cameras have been required in the investigation of fly tipping, for example. However, in 2023/24 there has been no relevant activity to report.
- 3.10 As part of the governance arrangements for the use of surveillance under RIPA, the Council is subject to periodic inspections by the Investigatory Powers Commissioner's Office (IPCO). An inspection was carried out on 20th June 2024, and the outcome report will be shared in due course.

4. KEY IMPACTS / RISKS

- 4.1. Following the retirement of the Corporate Fraud Manager in December 2023, the post has remained vacant whilst alternative options to fill the role are considered, such as working with other organisations to provide the management function. This exploration work has now reached a conclusion and a decision has been taken to recruit directly. The vacancy will be advertised imminently.

5. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION

NFI 2024/25

- 5.1 The next NFI data-matching exercise is due to take place in 2024, as the current matches are now largely out of date, being based on 2022 data. New data extracts will be uploaded in October 2024, and the results will be made available to Local Authorities to review towards the end of December 2024.

CFI project

- 5.2 Following the success of the CFI project throughout 2023/24 where it has been proven that the benefits derived from the project outweigh the investment cost, negotiations are currently underway to further build on the initiative via the introduction of software called "Fraud Hub".
- 5.3 The Fraud Hub software is an optional software solution offered as part of the NFI program which supports a more robust approach to fraud detection by enabling Local Authorities to share a greater range of datasets on a more frequent basis to identify where anomalies may exist.

- 5.4 Whereas the compulsory NFI program shares data on a bi-annual basis, under Fraud Hub, Local Authorities can share data at a frequency that best suits them. The software also provides for additional data sets to be included in the matching. Using data in this way ensures that investigation activity is focussed on areas where fraud is more likely to exist, increasing the prospects of successful detection.
- 5.5 Whilst project negotiations are still underway, it is anticipated that the Fraud Hub software will be operational from Autumn 2024.

Refresh of Anti-Fraud & Corruption Strategy

- 5.6 It is acknowledged that a refresh of the current Anti-Fraud and Corruption Strategy is overdue, although many of the principles set out in the document remain sound. This work is due to be included within the external Quality Assessment Plan for Internal Audit that is currently being formulated.

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

[\(See Corporate Plan\)](#)

- 6.1 Every penny of income lost to fraud is money that cannot be spent on services where they are needed. By ensuring that the organisation maintains a robust approach to the prevention and detection of fraud, the work of the Corporate Fraud Team links to all three priorities of the Council.
- 1) Improve the quality of life for local people.
It is important to note that the repercussions of fraud can be more than just financial. For example, a previous investigation resulted in the repossession of a property being used for illegal activity, where there was a direct impact on the residents of neighbouring dwellings. Through the course of their work the team encounters a range of issues faced by residents and are proactive in making referrals for appropriate support.
 - 2) Create a better Huntingdonshire for future generations. By working closely with housing providers to investigate allegations of tenancy fraud, we ensure that more social housing stock is available to those in need.
 - 3) Do our core work well. A robust approach to preventing and detecting fraud ensures that we minimise the risk of financial loss, supporting us to deliver good quality, high value-for-money services with good control and compliance with statutory obligations.

7. REASONS FOR THE RECOMMENDED DECISIONS

- 7.1 The Anti-Fraud and Corruption Strategy sets out a requirement for an annual report to be submitted to the Corporate Governance Committee on the work of the Corporate Fraud Team during the previous financial year.

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Public
Key Decision - NO

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: External Audit Plan 2023/24

Meeting/Date: Corporate Governance Committee 9 July 2024

Executive Portfolio: Executive Councillor for Finance & Resources (BM)

Report by: Chief Finance Officer (SRS)

Ward(s) affected: All

Executive Summary:

In preparation for the 2023/24 audit, Ernst and Young (EY) are required to inform those charged with governance, how they plan to undertake the audit. The plan is attached as **Appendix 1**, and outlines:

- overview of the 2023/24 audit strategy;
- audit risks;
- value for money risks;
- audit materiality;
- scope of the audit;
- audit team;
- audit timeline; and
- independence.

Recommendation:

The Committee is

RECOMMENDED TO

- review the attached External Audit Plan 2023/24 (Appendix 1) and:
 - comment on the plan in general; and
 - comment on the level of comfort that the frequency of reporting will award (paragraph 4.6) given the anticipated number of external audit updates expected to be received by the Committee before the audit is complete.

1. PURPOSE OF THE REPORT

- 1.1 This is the seventh year that Ernst Young (EY) will be the Council's auditor.
- 1.2 EY are required to detail how the audit will be carried out and this is detailed in EY's Audit Plan at **Appendix 1**. The audit plan includes:
- overview of the 2023/24 audit strategy;
 - audit risks;
 - value for money risks;
 - audit materiality;
 - scope of the audit;
 - audit team;
 - audit timeline; and
 - independence.
- 1.3 The audit plan has been designed to take into account several key inputs:
- strategic, operational, and financial risks relevant to the financial statements;
 - developments in financial reporting and auditing standards;
 - the quality of systems and processes;
 - changes in the business and regulatory environment; and
 - management's view on all of the above.
- 1.4 At the completion of the audit, EY will issue an audit report giving their opinion on whether the Council's financial statements give a true and fair view of the Council's financial position as at the 31 March 2024.

2. BACKGROUND

- 2.1 In order for EY to get to an opinion on whether the financial statements give a true and fair view, the scope of the work they will complete is:
- review and report on the Council's financial statements; and
 - review and report on the Council's arrangements for securing economy, efficiency and effectiveness in the use of its resources.
- 2.2 The review will take place under the International Standards on Auditing (UK and Ireland).

3. RISKS

- 3.1 EY have assessed the risks that the Council is subject to, through discussion with those charged with governance and council officers. The risks can be broken down into two categories:
- financial statement risks, including fraud and error; and
 - value for money risks.

3.2 The financial statement risks that the Council is subject to include:

- misstatements due to fraud or error;
- risk of fraud in revenue and expenditure recognition;
- valuation of land and buildings and investment property; and
- pension liability valuation

3.3 Value for money risks:

When assessing the value for money risks EY will determine whether the Council has in place proper arrangements to secure economy, efficiency and effectiveness in the use of its resources. Proper arrangements comprise:

- taking informed decisions;
- deploying resources in a sustainable manner; and
- working with partners and other third parties.

3.4 When considering the arrangements EY will also draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that their assessment is made against a framework that should already be in place.

4. AUDIT APPROACH 2023/24

4.1 The audit will cover the following:

- *analytics* - EY will use computer-based analytics tools to capture whole populations of financial data, the data will then be subject to testing to identify exceptions and anomalies. This type of analysis will help identify specific exceptions and anomalies and gives a greater likelihood of identifying errors than random sampling.
- *internal audit* - internal audit's work in documenting the financial systems and controls, will be used to update EY's understanding, and to carry out walk-throughs of those systems.
- *use of specialists* - When auditing key judgements, reliance will be placed on specialists, who have expertise not possessed by the core audit team. The specialists will be used to, analyse source data, assess assumptions, and judge whether the findings are reflected in the accounts.
- *mandatory audit procedures* - EY will also address the risk of fraud and error, review significant disclosures and corporate controls, report on inconsistencies in the financial statements and address auditor independence.

4.2 In this way the auditors will be able to assess key controls, identify significant risks and carry out substantive testing on transactions and balances.

Materiality

4.3 The level of materiality is defined as the magnitude of an omission or misstatement that individually or in aggregate could be expected to influence users of the accounts.

- 4.4 The planning materiality level for 2023/24 has been set at £2.0m which represents 2% of the Council's prior year's gross expenditure on provision of services per the draft accounts. Performance materiality is set at £1.5m (75% of the planning materiality). In addition, misstatements greater than £0.1m will be reported. It is possible that the level of materiality may change during the audit.
- 4.5 At the end of the audit EY will form an audit opinion by reference to all matters that could be significant to users of the accounts, including the effect of misstatements.

Timetable

- 4.6 The timetable below shows the key dates for the audit and the dates at which Corporate Governance Committee (CGC) will receive reports and updates. The full details of the required communications to those charged with governance are shown in appendix E of the Audit Plan.

Audit Phase	Timetable	CGC Update	Deliverables
High level planning	June 2024	9 July 2024	Audit plan
Year-end audit	September/October 2024		
Completion of audit	November 2024	November 2024	Audit results report
Conclusion of reporting	December 2024	December 2024	Auditor's annual report

Auditor Independence

- 4.7 The Ethical Standards require that EY communicate with the Council on a timely basis on all significant matters that bear on their independence and objectivity. The aim of this is to ensure full and fair disclosure to those charged with governance.
- 4.8 EY have highlighted within the Audit Plan threats to their independence and how they expect to mitigate these. The threats include:
- self-interest threats – other on-going relationships;
 - self-review threats – fees payable to EY are disclosed in the financial statements;
 - management threats – making decisions for the Council; and
 - other threats – advocacy or intimidation.

5. AUDIT FEES 2023/24

- 5.1 The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State of Housing, Communities and Local Government.

- 5.2 The total audit scale fee for 2023/24 is £151,835.
- 5.3 It is possible the fee may change if additional work is required because misstatements lead to extra testing, any changes to fees will be discussed with the Council in advance. The fee levels are based on the following assumptions:

- officers meeting agreed timetable of deliverables;
- accounts and value for money conclusions are unqualified;
- appropriate quality of documentation is provided by the Council;
- the Council has an effective control environment; and
- the Council complies with PSAA's statement of responsibilities of auditors and audited bodies.

6. LINK TO THE CORPORATE PLAN

- 6.1 Delivering good quality, high value-for-money services with good control and compliance with statutory obligations.

7. LEGAL IMPLICATIONS

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

8. RESOURCE IMPLICATIONS

- 8.1 The budget for external audit fees is £220,000.

9. OTHER IMPLICATIONS

- 9.1 There are no other implications.

10. REASONS FOR THE RECOMMENDED DECISIONS

- 10.1 It is recommended that the Committee reviews the attached External Audit Plan 2023/24 (**Appendix 1**) so members can consider the audit process to be followed.

11. LIST OF APPENDICES INCLUDED

Appendix 1 - Huntingdonshire District Council EY External Audit Plan 2023/24

CONTACT OFFICER

Name/Job Title: Sharon Russell-Surtees, Chief Financial Officer

Email: sharon.russell-surtees@huntingdonshire.gov.uk

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Huntingdonshire District Council

Audit Planning Report

Year Ended 31 March 2024

24 June 2024

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Introduction



Corporate Governance Committee
Huntingdonshire District Council
Pathfinder House, St Mary's Street
Huntingdon
PE29 3TN

24 June 2024

Dear Corporate Governance Committee Members

Audit planning report

Attached is our Audit planning report for the forthcoming meeting of the Corporate Governance Committee. The purpose of this report is provide the Corporate Governance Committee with a basis to review our proposed audit approach and scope for the 2023/24 audit, in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements, but also to ensure that our audit is aligned with the Committee's service expectations.

This report summarises our assessment of the key issues which drive the development of an effective audit for the Council. We have aligned our audit approach and scope with these. The report also considers the likely impact of Government proposals to clear the backlog in local audit and put the local audit system on a sustainable footing. The joint statement on the update to proposals to clear the backlog and embed timely audit recognises that timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. Not only does it support good decision making by local bodies, by enabling them to plan effectively, make informed decisions and manage their services, it ensures transparency and accountability to local taxpayers.

This report is intended solely for the information and use of the Corporate Governance Committee and management and is not intended to be and should not be used by anyone other than these specified parties. We welcome the opportunity to discuss this report with you on 9 July 2024 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Claire Mellons

Partner

For and on behalf of Ernst & Young LLP

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01 Overview of our 2023/24 audit strategy	02 Audit risks	03 Value for Money risks	04 Audit Materiality	05 Scope of our audit
				
				
06 Audit team	07 Audit timeline	08 Independence	09 Appendices	

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Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA (<https://www.psa.co.uk/managing-audit-quality/terms-of-appointment/terms-of-appointment-and-further-guidance-1-july-2021/>) sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Corporate Governance Committee and management of Huntingdonshire District Council. Our work has been undertaken so that we might state to the Corporate Governance Committee and management of Huntingdonshire District Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Corporate Governance Committee and management of Huntingdonshire District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



BOARDROOM



01 Overview of our 2023/24 audit strategy

Overview of our 2023/24 audit strategy

Context for the 2023/24 audit - Department for Levelling-up, Housing and Communities (DLUHC) and Financial Reporting Council (FRC) measures to address local audit delays

Timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. It supports good decision making by local bodies and ensures transparency and accountability to local taxpayers. There is general agreement that the backlog in the publication of audited financial statements by local bodies has grown to an unacceptable level and there is a clear recognition that all stakeholders in the sector will need to work together to address this. DLUHC has worked collaboratively with the FRC, as incoming shadow system leader, and other system partners, to develop measures to clear the backlog. The proposals, which have been developed to maintain auditor independence and enable compliance with International Standards on Auditing (UK) (ISAs (UK)), consist of three phases:

- ▶ Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23.
- ▶ Phase 2: Recovery from Phase 1 in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles.
- ▶ Phase 3: Reform involving addressing systemic challenges in the local audit system and embedding timely financial reporting and audit.

To support the further development and testing of the measures, consultations are taking place to receive further feedback and inform the decision on how to proceed. Specifically:

- ▶ DLUHC has launched a consultation on changes to the Accounts and Audit Regulations 2015 to insert statutory backstop dates for historic financial statements and for the financial years 2023/24 to 2027/28.
- ▶ The National Audit Office (NAO) launched a consultation on amending the Code of Audit Practice to :
 - ▶ Require auditors to issue audit opinions according to statutory backstop dates for historic audits, and place specific duties on auditors to co-operate during the handover period for the new PSAA contract for the appointment of local authority auditors covering the years 2023/24 to 2027/28.
 - ▶ Allow auditors to produce a single value for money commentary for the period to 2022/23 and use statutory reporting powers to draw significant matters to the attention of councils and residents.
- ▶ The Chartered Institute of Public Finance and Accountancy (CIPFA) consulted on temporary changes to the accounting code for preparation of the financial statements. The proposed temporary changes to the financial reporting framework have an impact on both how the financial statements are prepared and our audit procedures necessary to gain assurance.

We are now awaiting further guidance from those system leaders on their next steps, which will depend on the priorities of the new Government and their intentions for local government financial reporting and audit requirements. Currently, if those existing proposals go ahead, we anticipate disclaiming the opinion on the Council's 2022/23 accounts. Our proposed disclaimer of the Council's 2022/23 accounts will impact both the audit procedures we need to undertake to gain assurance on the 2023/24 financial statements and the form of our audit report in 2023/24 and subsequent years during the recovery phase.

Overview of our 2023/24 audit strategy

Responsibilities of Council management and those charged with governance

For the planned measures to be successful and the current backlog to be addressed it is vital that all stakeholders properly discharge their responsibilities.

The Council's Section 151 Officer is responsible for preparing the statement of accounts in accordance with proper practices and confirming they give a true and fair view of the financial position at the reporting date and of its expenditure and income for the year ended 31 March 2024. To allow the audit to be completed on a timely and efficient basis it is essential that the financial statements are supported by high quality working papers and audit evidence and that Council resources are readily available to support the audit process, within agreed deadlines. The Corporate Governance Committee, as the Council's body charged with governance, has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the Council's wider arrangements to support the delivery of a timely and efficient audit. Where this is not done, we will:

- ▶ Consider and report on the adequacy of the Council's external financial reporting arrangements as part of our assessment of Value for Money arrangements.
- ▶ Consider the use of other statutory reporting powers to draw attention to weaknesses in Council financial reporting arrangements where we consider it necessary to do so.
- ▶ Seek a fee variation for the cost of additional resources needed to discharge our responsibilities. We have set out this and other factors that will lead to a fee variation at Appendix B of this report together with, at Appendix A, paragraphs 26-28 of PSAA's Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements.
- ▶ Impact the availability of audit resource available to complete the audit work in advance of any applicable backstop dates.

Overview of our 2023/24 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Corporate Governance Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

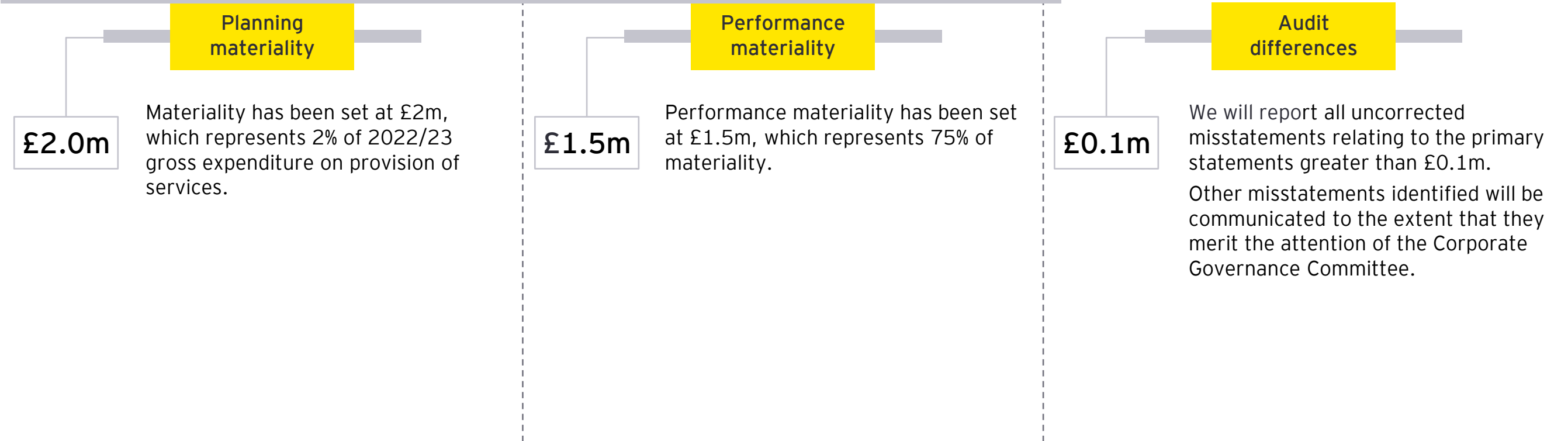
Audit risks and areas of focus

Risk/area of focus	Risk identified	Change from 2021/22	Details
Misstatement due to fraud or error	Fraud Risk	No change in risk or focus	There is a risk that the financial statements as a whole are not free from material misstatement whether caused by fraud or error. We perform mandatory procedures regardless of specifically identified fraud risks.
Risk of fraud in revenue and expenditure recognition, through inappropriate capitalisation of revenue expenditure	Fraud Risk	No change in risk or focus	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure.
Valuation of Land and Buildings and Investment Property	Significant Risk	Increase in change in risk or focus	PPE Valuations were classified as an inherent risk during our 2021/22 audit and due to the Council engaging a new external valuer, we have increased this to a Significant Risk for 2023/24.
Pension Liability Valuation	Inherent Risk	No change in risk or focus	The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

The outcome of consultation on the planned measures to address local audit delays and related proposed temporary changes to CIPFA's Code of Practice on Local Authority Accounting are likely to impact our assessment of audit risks and our response to them. We will continue to keep the Corporate Governance Committee updated on our assessment of any changes to audit risk as this becomes clearer.

Overview of our 2023/24 audit strategy

Council Materiality



The outcome of consultation on the planned measures to address local audit delays and the likely issue of a disclaimer on the Council's 2022/23 financial statements and any guidance subsequently issued may continue to impact on our assessment of materiality for the 2023/24 audit. We will keep the Corporate Governance Committee updated on any changes to materiality levels as the audit progresses.

Overview of our 2023/24 audit strategy

Audit scope

This Audit planning report covers the work that we plan to perform to provide you with:

- ▶ Our audit opinion on whether the financial statements of the Council give a true and fair view of the financial position as at 31 March 2024 and of the income and expenditure for the year then ended; and
- ▶ Our commentary on your arrangements to secure value for money in your use of resources for the relevant period. We include further details on VFM in Section 03.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- ▶ Strategic, operational and financial risks relevant to the financial statements;
- ▶ Developments in financial reporting and auditing standards;
- ▶ The quality of systems and processes;
- ▶ Changes in the business and regulatory environment; and
- ▶ Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council.

Taking the above into account, and as articulated in this Audit planning report, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to those risks. Our Terms of Appointment with PSAA allow them to vary the fee dependent on "the auditors assessment of risk and the work needed to meet their professional responsibilities". Therefore, to the extent any of these or any other risks are relevant in the context of the Council's audit, we set those out within this Audit Planning Report and we will continue to discuss these with management as to the impact on the scale fee.

Overview of our 2023/24 audit strategy

Audit scope

Effects of climate-related matters on financial statements

Public interest in climate change is increasing. We are mindful that climate-related risks may have a long timeframe and therefore while risks exist, the impact on the current period financial statements may not be immediately material to the Council. It is, nevertheless, important to understand the relevant risks to make this evaluation. In addition, understanding climate-related risks may be relevant in the context of qualitative disclosures in the notes to the financial statements and value for money arrangements.

We make inquiries regarding climate-related risks on every audit as part of understanding the entity and its environment. As we re-evaluate our risk assessments throughout the audit, we continually consider the information that we have obtained to help us assess the level of risk.

Audit scope and approach

We intend to take a fully substantive audit approach. The Government proposals to re-establish the local authority framework on a more sustainable basis and the outcome of the related consultations are likely to have an impact on the scope of the audit. In particular, where we do not have assurance spanning a number of historic financial years, this is likely to have an impact on our assessment of materiality and our ability to issue an unmodified opinion early in the recovery phase. We draw your attention to the audit scope Section 05 of this audit plan where we set out our current understanding of some of the likely impact of the proposals on our scope and approach for the 2023/24 audit. We will continue to provide updates on the impact of these changes to the Corporate Governance Committee where necessary to do so.

Overview of our 2023/24 audit strategy

Value for Money

We are required to consider whether the Council has made 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

Planning on value for money and the associated risk assessment is focused on gathering sufficient evidence to enable us to document our evaluation of the Council's arrangements, to enable us to prepare a commentary under three reporting criteria. This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.

We will provide a commentary on the Council's arrangements against three reporting criteria:

- ▶ Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services;
- ▶ Governance - How the Council ensures that it makes informed decisions and properly manages its risks; and
- ▶ Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

The commentary on the Council's value for money arrangements will be included in the Auditor's Annual Report.

Timeline

In Section 07 we include a provisional timeline for the audit. All parties need to work together to ensure this timeline is adhered to.

Key Audit Partner and senior audit team

Partner - Claire Mellons

Senior Manager - Julio Camm



02 Audit risks

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Misstatements due to fraud or error*

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

What will we do?

- ▶ Identifying fraud risks during the planning stages.
- ▶ Inquiry of management about risks of fraud and the controls put in place to address those risks.
- ▶ Understanding the oversight given by those charged with governance of management's processes over fraud.
- ▶ Discussing with those charged with governance the risks of fraud in the entity, including those risks that are specific to the entity's business sector (those that may arise from economic industry and operating conditions).
- ▶ Consideration of the effectiveness of management's controls designed to address the risk of fraud.
- ▶ Determining an appropriate strategy to address those identified risks of fraud.
- ▶ Performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements.
- ▶ Undertake procedures to identify significant unusual transactions.
- ▶ Consider whether management bias was present in the key accounting estimates and judgments in the financial statements.

Having evaluated this risk we have considered whether we need to perform other audit procedures not referred to above. We concluded that those procedures included under 'Inappropriate capitalisation of revenue expenditure' are required.

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Risk of fraud in revenue and expenditure recognition - Inappropriate capitalisation of revenue expenditure*

Financial statement impact

We have assessed that the risk of misreporting revenue outturn in the financial statements is most likely to be achieved through:

- ▶ Revenue expenditure being inappropriately recognised as capital expenditure at the point it is posted to the general ledger.
- ▶ Expenditure being classified as revenue expenditure financed as capital under statute (REFCUS) when it is inappropriate to do so.
- ▶ Expenditure being inappropriately transferred by journal from revenue to capital codes on the general ledger at the end of the year.

If this were to happen it would have the impact of understating revenue expenditure and overstating Property, Plant and Equipment (PPE), Investment Property (IP) and/or REFCUS in the financial statements.

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure.

What will we do?

- ▶ Test Property, Plant and Equipment (PPE) and Investment Property (IP) additions to ensure that the expenditure incurred and capitalised is clearly capital in nature.
- ▶ Assess whether the capitalised spend clearly enhances or extends the useful life of asset rather than simply repairing or maintaining the asset on which it is incurred.
- ▶ Consider whether any development or other related costs that have been capitalised are reasonable to capitalise i.e. the costs incurred are directly attributable to bringing the asset into operational use.
- ▶ Test REFCUS, if material, to ensure that it is appropriate for the revenue expenditure incurred to be financed from ringfenced capital resources. Based on our work at the planning stage of the audit we do not expect there to be material REFCUS in the year.
- ▶ Seek to identify and understand the basis for any significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year.

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Valuation of Land and Buildings and Investment Property

What is the risk?

The fair value of Property, Plant and Equipment (PPE) and Investment Properties (IP) represents a significant balance in the Council's accounts and is subject to valuation changes, impairment reviews and depreciation charges.

Per the 2022/23 draft accounts, the fair value of PPE was £79.25 million, and the fair value of Investment Property was £70.93 million. We note that within PPE, our focus is on Land and Buildings and Surplus Assets.

Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the Balance Sheet.

What will we do?

In order to address this risk we will carry out a range of procedures including:

- ▶ Consider the work performed by the valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- ▶ Sample test key asset information used by the valuer in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- ▶ Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE. We have also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- ▶ Consider changes to useful economic lives as a result of the most recent valuation;
- ▶ Test accounting entries have been correctly processed in the financial statements; and
- ▶ Engage the support of our EY Real Estate colleagues for any assets where information to support the valuation is not readily available.

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures.

What is the risk/area of focus, and the key judgements and estimates?

Pension Liability Valuation (Inherent Risk)

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by the Council.

The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet.

The information disclosed is based on the IAS19 report issued to the Council by the actuary to the Council.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

Our response: Key areas of challenge and professional judgement

We will:

- ▶ Liaise with the auditors of Cambridgeshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to the Council;
- ▶ Assess the work of the pension fund actuary including the assumptions they have used by relying on the work of PwC - Consulting Actuaries commissioned by the National Audit Office for all local government sector auditors, and considering any relevant reviews by the EY actuarial team;
- ▶ Evaluate the reasonableness of the Pension Fund actuary's calculations by comparing them to the outputs of our own auditor's specialist's model; and
- ▶ Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.

What else will we do?

We will consider outturn information available at the time we undertake our work after production of the Council's draft financial statements, for example the year-end actual valuation of pension fund assets.

We will use this to inform our assessment of the accuracy of estimated information included in the financial statements and whether any adjustments are required.



03 Value for Money risks

Value for Money

Council's responsibilities for value for money

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

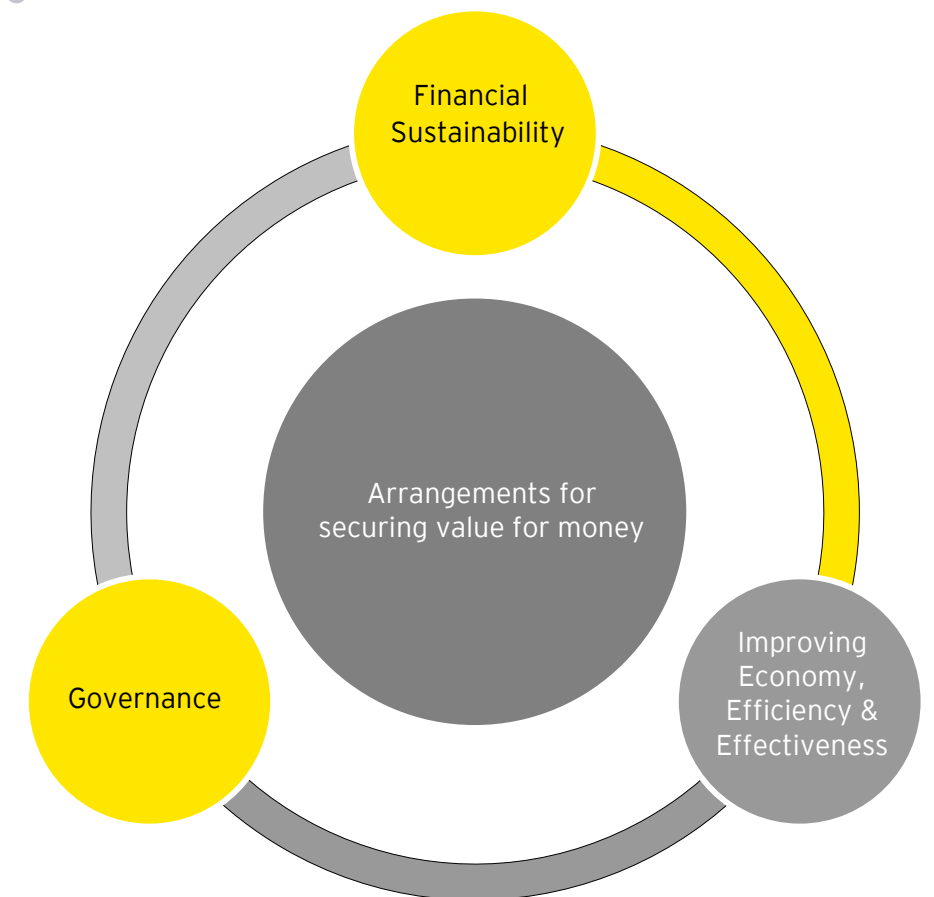
As part of the material published with the financial statements, the Council is required to bring together commentary on the governance framework and how this has operated during the period in a governance statement. In preparing the governance statement, the Council tailors the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on arrangements for securing value for money from the use of resources.

Auditor Responsibilities

Under the NAO Code of Audit Practice we are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- ▶ Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services.
- ▶ Governance - How the Council ensures that it makes informed decisions and properly manages its risks.
- ▶ Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.



Planning and identifying risks of significant weakness in VFM arrangements

The NAO's guidance notes requires us to carry out a risk assessment which gathers sufficient evidence to enable us to document our evaluation of the Council's arrangements, in order to enable us to draft a commentary under the three reporting criteria. This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.

In considering the Council's arrangements, we are required to consider:

- ▶ The Council's governance statement;
- ▶ Evidence that the Council's arrangements were in place during the reporting period;
- ▶ Evidence obtained from our work on the accounts;
- ▶ The work of inspectorates and other bodies; and
- ▶ Any other evidence source that we regard as necessary to facilitate the performance of our statutory duties.

We then consider whether there is evidence to suggest that there are significant weaknesses in arrangements. The NAO's guidance is clear that the assessment of what constitutes a significant weakness and the amount of additional audit work required to adequately respond to the risk of a significant weakness in arrangements is a matter of professional judgement. However, the NAO states that a weakness may be said to be significant if it:

- ▶ Exposes - or could reasonably be expected to expose - the Council to significant financial loss or risk;
- ▶ Leads to - or could reasonably be expected to lead to - significant impact on the quality or effectiveness of service or on the Council's reputation;
- ▶ Leads to - or could reasonably be expected to lead to - unlawful actions; or
- ▶ Identifies a failure to take action to address a previously identified significant weakness, such as failure to implement or achieve planned progress on action/improvement plans.

We should also be informed by a consideration of:

- ▶ The magnitude of the issue in relation to the size of the Council;
- ▶ Financial consequences in comparison to, for example, levels of income or expenditure, levels of reserves (where applicable), or impact on budgets or cashflow forecasts;
- ▶ The impact of the weakness on the Council's reported performance;
- ▶ Whether the issue has been identified by the Council's own internal arrangements and what corrective action has been taken or planned;
- ▶ Whether any legal judgements have been made including judicial review;
- ▶ Whether there has been any intervention by a regulator or Secretary of State;
- ▶ Whether the weakness could be considered significant when assessed against the nature, visibility or sensitivity of the issue;
- ▶ The impact on delivery of services to local taxpayers; and
- ▶ The length of time the Council has had to respond to the issue.



Value for Money

Responding to identified risks of significant weakness

Where our planning work has identified a risk of significant weakness, the NAO's guidance requires us to consider what additional evidence is needed to determine whether there is a significant weakness in arrangements and undertake additional procedures as necessary, including where appropriate, challenge of management's assumptions. We are required to report our planned procedures to the Corporate Governance Committee.

Reporting on VFM

Where we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources the Code requires that we should refer to this by exception in the audit report on the financial statements.

In addition, the Code requires us to include a commentary on your value for money arrangements in the Auditor's Annual Report. The Code states that the commentary should be clear, readily understandable and highlight any issues we wish to draw to the Council's attention or the wider public. This may include matters that we do not consider to be significant weaknesses in your arrangements but should be brought to your attention. This will include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with our view as to whether they have been implemented satisfactorily.

Status of our 2023/24 VFM planning

We have completed our initial VFM (value for money) risk planning work, subject to final review, where we have considered our entity level controls and understanding the business assessment, the Council's Risk Register, the Annual Governance Statement, Council meeting minutes, our planning meetings with management, key financial and budget information and information from local, national and specialist media.

At the time of writing this report, we have not identified any significant risks of weakness in the Council's arrangements, but we will reflect on how the gaps in internal audit provision impact on our risk assessment. We will update the Committee with any changes to the risk assessment in future reports.



04 Audit materiality

Materiality

Council materiality

For planning purposes, materiality for 2023/24 has been set at £2m. This represents 2% of the Council's 2022/23 gross expenditure on provision of services per the draft accounts. It will be reassessed throughout the audit process. We consider that gross expenditure on the provision of services is the area of biggest interest to the users of the Council's accounts. We have provided supplemental information about audit materiality in Appendix F.

Key definitions

Planning materiality – The amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality – The amount we use to determine the extent of our audit procedures. We have set performance materiality at £1.5m which represents 75% of planning materiality.

Audit difference threshold – We propose that misstatements identified below this threshold are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the income statement and balance sheet that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement or disclosures and officer remuneration disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Corporate Governance Committee or are important from a qualitative perspective.

Gross expenditure on provision of services

£98.8m



We request that the Corporate Governance Committee confirm its understanding of, and agreement to, these materiality and reporting levels.



05 Scope of our audit

Audit process and strategy

Objective and Scope of our Audit scoping

Under the Code of Audit Practice, our principal objectives are to undertake work to support the provision of our audit report to the audited body and to satisfy ourselves that the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our opinion on the financial statements:

- ▶ Whether the financial statements give a true and fair view of the financial position of the Council and its expenditure and income for the period in question; and
- ▶ Whether the financial statements have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other direction.

Our opinion on other matters:

- ▶ Whether other information published together with the audited financial statements is consistent with the financial statements;

Other procedures required by the Code:

- ▶ Examine and report on the consistency of the Whole of Government Accounts schedules or returns with the body's audited financial statements for the relevant reporting period in line with the instructions issued by the National Audit Office.

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources and report a commentary on those arrangements.

Audit process and strategy

Objective and Scope of our Audit scoping (cont'd)

System wide proposals to address local audit delays

The changes proposed are likely to have a significant impact on both the scope of the 2023/24 audit and our assessment of risk. We will continue to provide updates to the Audit Committee as the audit progresses and our assessment on the required scope and nature of procedures we will undertake becomes clearer. As examples:

- ▶ Where prior year audit opinions are modified, work will be required to gain assurance, where possible, on opening balances over the period of the recovery phase (phase 2). Where we are unable to gain assurance over opening balances, we anticipate that this may lead to limitation of scope of our audit over those balances.
- ▶ Where prior year audit opinions are modified this is likely to have an impact on our assessment of materiality and our ability to issue an unmodified opinion early in the recovery phase.

Audit process and strategy

Audit Process Overview

Our audit involves:

- ▶ Identifying and understanding the key processes and internal controls;
- ▶ Substantive tests of detail of transactions and amounts;
- ▶ Reliance on the work of other auditors where appropriate; and
- ▶ Reliance on the work of experts in relation to areas, such as pensions and property valuations.

Our initial assessment of the key processes across the Council has not identified any processes where we will seek to test key controls, either manual or IT. Our audit strategy will, as in previous years, follow a fully substantive approach. This will involve testing the figures within the financial statements rather than looking to place reliance on the controls within the financial systems. We assess this as the most efficient way of carrying out our work and obtaining the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Corporate Governance Committee.



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06 Audit team

Audit team

Claire Mellons*
Key Audit Partner

Julio Camm
Senior Manager

Jake Day
Lead Senior

Audit Team

Specialist
Specialist PwC consulting
actuary and EY Actuaries

Specialist
EY Real Estate (if required)

Use of specialists

- ▶ Our approach to the involvement of specialists, and the use of their work

When auditing key judgements, we are often required to use the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where EY specialists are expected to provide input for the current year audit are:

Area	Specialists
Valuation of Land and Buildings	EY Real Estate team (if required)
Pensions Disclosure	EY Actuaries

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable.
- ▶ Assess the reasonableness of the assumptions and methods used.
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work.
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements.



07

Audit timeline

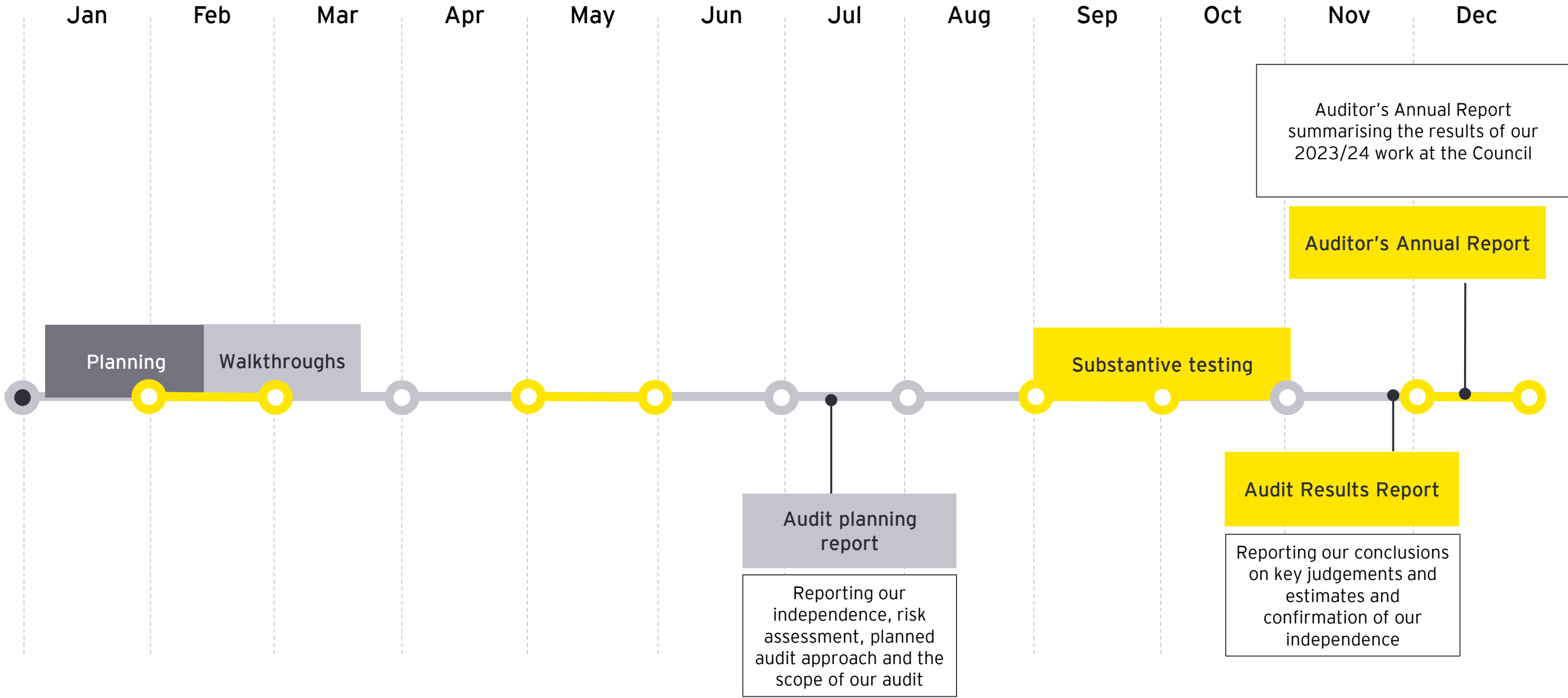
Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2023/24.

From time-to-time matters may arise that require immediate communication with the Corporate Governance Committee and we will discuss them with the Corporate Governance Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.

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08

Independence

Introduction

The FRC Ethical Standard 2019 and ISA (UK) 260 'Communication of audit matters with those charged with governance', requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage

- ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us.
- ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review.
- ▶ The overall assessment of threats and safeguards.
- ▶ Information about the general policies and process within EY to maintain objectivity and independence.

Final stage

- ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed.
- ▶ Details of non-audit/additional services provided and the fees charged in relation thereto,
- ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the audit or external experts used have confirmed their independence to us.
- ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy.
- ▶ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence.
- ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However, we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Claire Mellons, your audit engagement partner and the audit engagement team have not been compromised.

Self-interest threats

A self-interest threat arises when EY has financial or other interests in the Council. Examples include where we have an investment in the entity; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

A self-interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard Part 4. There are no self-interest threats at the date of this report.

Self-review threats

Self-review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self-review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Council. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.



Other communications

EY Transparency Report 2023

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the period ended 30 June 2023 and can be found here: [EY UK 2023 Transparency Report](#).



09 Appendices

Appendix A – PSAA Statement of Responsibilities

As set out on the next page our fee is based on the assumption that the Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular the Council should have regard to paragraphs 26-28 of the Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements. We set out these paragraphs in full below:

Preparation of the statement of accounts

26. Audited bodies are expected to follow Good Industry Practice and applicable recommendations and guidance from CIPFA and, as applicable, other relevant organisations as to proper accounting procedures and controls, including in the preparation and review of working papers and financial statements.

27. In preparing their statement of accounts, audited bodies are expected to:

- *Prepare realistic plans that include clear targets and achievable timetables for the production of the financial statements;*
- *Ensure that finance staff have access to appropriate resources to enable compliance with the requirements of the applicable financial framework, including having access to the current copy of the CIPFA / LASAAC Code, applicable disclosure checklists, and any other relevant CIPFA Codes;*
- *Assign responsibilities clearly to staff with the appropriate expertise and experience;*
- *Provide necessary resources to enable delivery of the plan;*
- *Maintain adequate documentation in support of the financial statements and, at the start of the audit, providing a complete set of working papers that provide an adequate explanation of the entries in those financial statements including the appropriateness of the accounting policies used and the judgements and estimates made by management;*
- *Ensure that senior management monitors, supervises and reviews work to meet agreed standards and deadlines;*
- *Ensure that a senior individual at top management level personally reviews and approves the financial statements before presentation to the auditor; and*
- *During the course of the audit provide responses to auditor queries on a timely basis.*

28. If draft financial statements and supporting working papers of appropriate quality are not available at the agreed start date of the audit, the auditor may be unable to meet the planned audit timetable and the start date of the audit will be delayed.

Appendix B – Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA / LASAAC, and the professional standards applicable to auditors' work.

A breakdown of our fees is shown in the table to the right.

The agreed fee presented is based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council;
- ▶ The Council has an effective control environment; and
- ▶ The Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular the Council should have regard to paragraphs 26 - 28 of the Statement of Responsibilities which clearly sets out what is expected of audited bodies in preparing their financial statements. These are set out in full on the previous page.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

	Current Year	Scale fee	Prior Year
	£m	£m	£m
Total Fee - Code Work	TBC Note 2	151,835	TBC Note 1
Other	TBC	-	TBC
Total audit	TBC	151,835	TBC
Other non-audit services not covered above (Housing benefits)	TBC	TBC	TBC
Total other non-audit services	TBC	TBC	TBC
Total fees	TBC	TBC	TBC

All fees exclude VAT

(1) As set out in the joint statement on update to proposals to clear the backlog and embed timely audit issued by DHLUC, PSAA will use its fee variation process to determine the final fee the Council have to pay for the 2022/23 audit.

(2) The revision to ISA (UK) 315 will impact on our scope and approach, and require us to enhance the audit risk assessment process, better focus responses to identified risks and evaluate the impact of IT on key processes supporting the production of the financial statements. We expect to charge additional fees for this. The scale fee also may be impacted by a range of other factors which will result in additional work, which include but are not limited to:

- ▶ Consideration of correspondence from the public and formal objections.
- ▶ New accounting standards, for example full adoption or additional disclosures in respect of IFRS 16.
- ▶ Non-compliance with law and regulation with an impact on the financial statements.
- ▶ VFM risks of, or actual, significant weaknesses in arrangements and related reporting impacts.
- ▶ The need to exercise auditor statutory powers.
- ▶ Prior period adjustments.
- ▶ Modified financial statement opinions.

Appendix C – Accounting and regulatory update

Future accounting developments

The following table provides a high-level summary of the accounting and regulatory developments that have the most impact on the Council:

Name	Summary of key measures	Impact on 2023/24
IFRS 16 Leases	<ul style="list-style-type: none">▶ CIPFA have confirmed that there will be no further delay of the introduction of the leases standard IFRS 16.▶ Assets being used by the authority under operating leases are likely to be capitalised along with an associated lease liability.▶ Lease liabilities and right of use assets will be subject to more frequent remeasurement.▶ The standard must be adopted by 1 April 2024 at the latest.	<ul style="list-style-type: none">▶ The 2023/24 Statement of Accounts must disclose the impact the initial application of IFRS 16 is expected to have on the authority's financial statements.▶ The authority should make key IFRS 16 policy decisions in accordance with the Code before 1 April 2024.▶ Officers must implement robust systems to ensure all relevant data points, which could prompt a remeasurement or modification of the accounting entries, are captured in a timely manner.

Appendix C – Accounting and regulatory update

Regulatory update

The following table provides a high level summary of the accounting and regulatory developments that have the most impact on the Council:

Name	Summary of key measures	Impact on 2023/24
ISA (UK) 315 (Revised): Identifying and Addressing the Risks of Material Misstatement	<p>ISA 315 is effective from FY 2022/23 onwards and is the critical standard which drives the auditor's approach to the following areas:</p> <ul style="list-style-type: none"> ▶ Risk Assessment ▶ Understanding the entity's internal control ▶ Significant risk ▶ Approach to addressing significant risk (in combination with ISA 330) <p>The International Auditing & Assurance Standards Board (IAASB) concluded that whilst the existing version of the standard was fundamentally sound, feedback determined that it was not always clear, leading to a possibility that risk identification was not consistent. The aims of the revised standard is to:</p> <ul style="list-style-type: none"> ▶ Drive consistent and effective identification and assessment of risks of material misstatement ▶ Improve the standard's applicability to entities across a wide spectrum of circumstances and complexities ('scalability') ▶ Modernise ISA 315 to meet evolving business needs, including: <ul style="list-style-type: none"> ▶ How auditors use automated tools and techniques, including data analytics to perform risk assessment audit procedures; and ▶ How auditors understand the entity's use of information technology relevant to financial reporting. ▶ Focus auditors on exercising professional scepticism throughout the risk identification and assessment process. 	<p>We will need to obtain an understanding of the IT processes related to the IT applications of the Council.</p> <p>We will perform procedures to determine if there are typical controls missing or control deficiencies identified and evaluated the consequences for our audit strategy.</p> <p>When we have identified controls relevant to the audit that are application controls or IT-dependent manual controls where we do not gain assurance substantively, we perform additional procedures.</p> <p>We also review the following processes for all relevant IT applications:</p> <ul style="list-style-type: none"> ▶ Manage vendor supplied changes ▶ Manage security settings ▶ Manage user access ▶ Manage entity-programmed changes ▶ Job scheduling and managing IT process

Appendix D – The Spring Report

A combined perspective on enhancing audit quality

The Spring Report ('The Report') was released by the Audit Committee Chairs' Independent Forum (ACCIF) on 2 June 2023 and is the first of its kind. The Report is the outcome from a series of discussions held with a group of experienced audit committee chairs, auditors from the top 6 firms, and executives from the Financial Reporting Council. The Report details the 9 key learnings that the group agreed on, proposing evolution not revolution, and is focused on getting the basics right first time leading to enhanced audit quality. The Report considers key learnings covering the planning, execution, completion and reporting phases of the audit. The full list of key learnings can be found in the [report](https://accif.co.uk/report) (accif.co.uk).

Appendix E – Required communications with the Corporate Governance Committee

We have detailed the communications that we must provide to the Corporate Governance Committee.

Our Reporting to you

Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the audit committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	<p>Communication of:</p> <ul style="list-style-type: none"> ▶ The planned scope and timing of the audit ▶ Any limitations on the planned work to be undertaken ▶ The planned use of internal audit ▶ The significant risks identified <p>When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team</p>	Audit planning report - Corporate Governance Committee - 9 July 2024
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit results report - Corporate Governance Committee - November 2024

Appendix E – Required communications with the Corporate Governance Committee

Our Reporting to you

Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity’s ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	Audit results report - Corporate Governance Committee - November 2024
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	Audit results report - Corporate Governance Committee - November 2024
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ol style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Matters, if any, to communicate regarding management’s process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud ▶ Any other matters related to fraud 	Audit results report - Corporate Governance Committee - November 2024

Appendix E – Required communications with the Corporate Governance Committee

Our Reporting to you

Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the entity’s related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	<p>Audit results report - Corporate Governance Committee - November 2024</p>
Independence	<p>Communication of all significant facts and matters that bear on EY’s, and all individuals involved in the audit, integrity, objectivity and independence</p> <ul style="list-style-type: none"> ▶ Communication of key elements of the audit engagement partner’s consideration of independence and objectivity such as: <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence ▶ Communication whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place ▶ A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit ▶ Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard ▶ The Corporate Governance Committee should also be provided an opportunity to discuss matters affecting auditor independence 	<p>Audit planning report - Corporate Governance Committee - 9 July 2024</p> <p>Audit results report - Corporate Governance Committee - November 2024</p>

Appendix E – Required communications with the Corporate Governance Committee

Our Reporting to you

Required communications	What is reported?	When and where
External confirmations	<ul style="list-style-type: none"> ▶ Management’s refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	Audit results report - Corporate Governance Committee - November 2024
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ Enquiry of the Corporate Governance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of 	Audit results report - Corporate Governance Committee - November 2024
Internal controls	Significant deficiencies in internal controls identified during the audit	Audit results report - Corporate Governance Committee - November 2024
Representations	Written representations we are requesting from management and/or those charged with governance	Audit results report - Corporate Governance Committee - November 2024
System of quality management	How the system of quality management (SQM) supports the consistent performance of a quality audit	Audit results report - Corporate Governance Committee - November 2024
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report - Corporate Governance Committee - November 2024
Auditors report	Any circumstances identified that affect the form and content of our auditor’s report	Audit results report - Corporate Governance Committee - November 2024

Appendix F – Additional audit information

Regulatory update

Our objective is to form an opinion on the Council's financial statements under International Standards on Auditing (UK) as prepared by you in accordance with International Financial Reporting Standards as adopted by the UK, and as interpreted and adapted by the Code of Practice on Local Authority Accounting.

Our responsibilities in relation to the financial statement audit are set out in out in the formal terms of engagement between the PSAA's appointed auditors and audited bodies. We are responsible for forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of the Corporate Governance Committee. The audit does not relieve management or the Corporate Governance Committee of their responsibilities.

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in Section 02, we have to perform other procedures as required by auditing, ethical and independence standards, company law and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting.
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Council to express an opinion on the financial statements. Reading other information contained in the financial statements, including the statement that the annual report is fair, balanced and understandable, the Corporate Governance Committee reporting appropriately addresses matters communicated by us to the Corporate Governance Committee and reporting whether it is materially inconsistent with our understanding and the financial statements.
- ▶ Maintaining auditor independence.

Appendix F – Additional audit information

We have included in Appendix E a list of matters that we are required to communicate to you under professional standards.

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines the level of work performed on individual account balances and financial statement disclosures. The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

Appendix G - Non-Compliance with Laws and Regulations (NOCLAR)

Non-Compliance with Laws and Regulations includes:

Any act or suspected act of omission or commission (intentional or otherwise) by the entity (including any third parties under the control of the entity such as subsidiaries, those charged with governance or management or an employee acting on behalf of the company), either intentional or unintentional, which are contrary to the prevailing laws or regulations.

Management Responsibilities:

"It is the responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures in an entity's financial statements."

ISA 250A, para 3

"The directors' report must contain a statement to the effect that... so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information."

ISA 250A, para 3

"Management is responsible for communicating to us on a timely basis, to the extent that management or those charged with governance are aware, all instances of identified or suspected non-compliance with laws and regulations ..."

Audit Engagement Letter

Management's responsibilities are also set out in the International Ethics Standard Board of Accountants' International Code of Ethics (IESBA Code) Para 360.08

Auditor Responsibilities

[The International Ethics Standard Board of Accountants' International Code of Ethics](#) (IESBA Code) section 360 sets out the scope and procedures in relation to responding to actual or suspected non-compliance with laws and regulations.

Professional accountancy organisations who are members of the International Federation of Accountants (IFAC), such as the Institute of Chartered Accountants in England and Wales (ICAEW) are required to adopt the IESBA Code of Ethics.

We as your auditor are required to comply with the Code by virtue of our registration with ICAEW.

"If the auditor becomes aware of information concerning an instance of non-compliance or suspected non-compliance with laws and regulations, the auditor shall obtain:

An understanding of the nature of the act and the circumstances in which it has occurred; and Further information to evaluate the possible effect on the financial statements

The auditor shall evaluate the implications of the identified or suspected non-compliance in relation to other aspects of the audit, including the auditor's risk assessment and the reliability of written representations, and take appropriate action."

ISA 250A, paras 19 and 22

Examples of Non-Compliance with Laws and Regulations (NOCLAR)

Matter

- ▶ Suspected or known fraud or bribery
- ▶ Health and Safety incident
- ▶ Payment of an unlawful dividend
- ▶ Loss of personal data
- ▶ Allegation of discrimination in dismissal
- ▶ HMRC or other regulatory investigation
- ▶ Deliberate journal mis-posting or allegations of financial impropriety
- ▶ Transacting business with sanctioned individuals

Implication

- ▶ Potential fraud/breach of anti-bribery legislation
- ▶ Potential breach of section 2 of the Health and Safety at Work Act 1974
- ▶ Potential breach of Companies Act 2006
- ▶ Potential GDPR breach
- ▶ Potential non-compliance with employment laws
- ▶ Suspicion of non-compliance with laws/regulations
- ▶ Potential fraud / breach of Companies Act 2006
- ▶ Potential breach of sanctions regulations

Appendix G - Non-Compliance with Laws and Regulations (NOCLAR)

What are the implications of NOCLAR matters arising?

Depending on the nature and significance of the NOCLAR matter the following steps are likely to be required, involving additional input from both management and audit.

This can have an impact on overall achievability of audit timeline and fees.

Across our portfolio of audits we have seen a steady increase in NOCLAR matters that need to be addressed as part of the audit over the past 3 years.



Management response:

Timely communication of the matter to auditors (within a couple of days)

Determine who will carry out any investigation into the matter - in-house or external specialists or mix of both

Scope the investigation, in discussion with the auditors

Evaluate findings and agree next steps

Determine effect on financial statements including disclosures

Prepare a paper, summarising the outcome of the investigation and management's conclusions

Communicate the outcome to Those Charged With Governance (TCWG) and to us as your auditors. Report to regulators where required.

Key Reminders:

- ▶ Make sure that all areas of the business are aware of what constitutes actual or potential non-compliance and associated requirements.
- ▶ Communicate with us as your auditors on a timely basis - do not wait for scheduled audit catch-ups.
- ▶ Engage external specialists where needed.
- ▶ Ensure that your investigation assesses any wider potential impacts arising from the matter, not just the matter itself.
- ▶ Plan upfront and consider any impact on overall accounts preparation and audit timeline - discuss the implications with us as your auditor.

Audit response:

Initial assessment of the NOCLAR matter and its potential impact

Initial consultation with risk team to determine responsive procedures and the involvement of specialists

Understand and agree scope of management's investigation with support from specialists as needed

Evaluate findings and undertake appropriate audit procedures

Determine audit related impact including accounting and disclosure and audit opinion implications

Document and consult on the outcome of our procedures

Communicate the outcome with management, TCWG and where necessary regulators

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ED None

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Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Internal Audit Peer Review Challenge Actions - update
Meeting/Date:	Corporate Governance Committee – 9 th July 2024
Executive Portfolio:	Executive Councillor for Customer Services, Councillor Stephen Ferguson
Report by:	Karen Sutton, Director of Finance & Corporate Resources
Ward(s) affected:	All Wards

Executive Summary:

The LGA peer challenge review in March 2023 identified seventeen actions to improve internal governance within the Council. The follow up to this review noted a further five actions. This paper provides an update on action progress.

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 achievement of LGA peer challenge review actions.

2. WHY IS THIS REPORT NECESSARY?

- 2.1 Corporate Governance Committee (CGC) is charged with the oversight of governance within the organisation and should therefore determine if the actions have been implemented.

3. BACKGROUND

- 3.1 The peer challenge review recommended seventeen actions to improve the effectiveness of governance within the Council. The follow up review in February 2024 recommended a further five actions.

Of the original seventeen actions:

- Thirteen have been fully completed.
- Two are in progress.
- Two cannot start until the outcomes of the two actions in progress are known.

Further details on these are listed on Appendix 1 to this paper.

Progress is ongoing for the five new actions and this is also detailed on Appendix 1.

5. KEY IMPACTS

- 5.1 If the Council does not maintain strong governance and control, or demonstrate that it is monitoring compliance with its controls, then it is failing in its statutory responsibilities.

6. REASONS FOR THE RECOMMENDED DECISIONS

- 6.1 The report is presented to Committee to give transparency on the progress being made in completing peer review actions.

7. LIST OF APPENDICES INCLUDED

Appendix 1 – Peer review actions update.

CONTACT OFFICER

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Ref	Suggestion	Comment by HDC	Proposed Action (Mgt)	Due Date	Audit Action Taken	Progress to February 2024	Comments from Peer Review March 2024
1.	Internal Audit Manager to facilitate or feed into a CIPFA Corporate Governance Committee self-assessment exercise and help to develop a training programme for members.	An effective CGC needs to have a balance of skills across the key elements of Risk Management, Finance and Audit and, where these skills are identified as missing or skewed, appropriate training is proposed to correct this.	IAM to facilitate a self-assessment exercise for committee members, feedback outcomes at a subsequent meeting with proposed actions for members to decide upon.	Feedback to CGC at Jan 2024 meeting.	<p>In progress.</p> <p>A self-assessment exercise was carried out in September. This used the CIPFA checklist rather than the extensive toolkit as an initial indicator and included a discussion on skills based around those attending the session.</p> <p>The assessment is to be shared with whole committee and include all members' comments the committee's effectiveness.</p> <p>To be effective, the assessment needs to be completed by all members.</p>	<p>Updates of the exercise were shared at the January 2024 committee meeting. Chair has asked for a further session to be set up to discuss actions, this is being organised by Democratic Services.</p>	<p>Recommendation 1: Complete action by May 2024 peer review.</p> <p>All CGC members have been reminded to send their completed skills assessment to the S151 Officer as soon as possible. These will be consolidated and linked to training plans being arranged by Democratic Services.</p> <p>Action complete – skills matrix outcomes shared with Chair & Vice Chair</p>

2.	<p>The Terms of Reference for the Corporate Governance Committee to be regularly/annually reviewed against CIPFA best practice standards and other example of best practice from across the sector to ensure continuous improvement.</p>	<p>To ensure the Council’s ToR reflect current legislation and chartered body recommendations, they should be reviewed on an annual basis.</p>	<p>The IAM to review ToR against CIPFA best practices and propose changes to the Deputy Monitoring Officer (DMO) to reflect any updates which are necessary.</p>	<p>Review of ToR to be presented to CGC in Q4 of each financial year, in preparation for the new financial year. March 24</p>	<p>Still to be done. This has been deferred to after the self-assessment by committee has been completed so any additional responsibilities or changes can be made.</p>	<p>Subcommittee of CGC to review CIPFA models ToRs & report to May meeting</p>	<p>Recommendation 1: Complete action by May 2024 review. Action as agreed at March CGC Action complete – new ToR recommended to Council</p>
3.	<p>Further questions for consideration by the CGC:</p> <ul style="list-style-type: none"> • Could the MO/Deputy MO be more involved with the Corporate Governance Committee, by presenting the Annual Governance Statement, Corporate Code of Governance? • There are no declarations of interest recorded for the last 12 months. Are there any that have gone unrecorded? Is advice of the MO being taken on interests by the committee? • Could task groups or working groups of the committee be set up to give additional capacity to review areas of risk/financial strain in more detail? 	<p>The AGS and Code of Corporate Governance were drafted by the S151 Officer in collaboration with the MO. Declarations of interest are requested at the start of all meetings and recorded in minutes. Would this be beneficial to CGC members?</p>	<p>No further action required. DMO to ensure new members are briefed on what is a declaration of interest as part of induction process. CGC to consider this</p>	<p>Ongoing control. Ongoing control. TBD</p>	<p>. Internal Audit has checked declarations made at meetings against those on declarations register. No anomalies were found. CGC will consider working groups as and when the need arises.</p>		<p>See Recommendation 3 below. Action complete. Action complete.</p>

4.	The Corporate Governance Committee to consider receiving a briefing on CIPFA's Internal Audit Untapped Potential report highlighting areas for action.	This was the basis of the Peer Review and has already been made available to members. The Peer Review feedback, and this action plan accomplishes the action	Action complete	N/A	Completed	Done	Action complete.
5.	Consider a review the role of the Corporate Governance Committee within the Constitution, to ensure the role of committee is clear and transparent.	This should be part of the review linked to action 2.	Per action 2	Per action 2			Recommendation 1: Complete action by May 2024 review. This is part of action 2 above. Action complete – additional section added to ToR to provide clarity
	Governance review suggestions. <ul style="list-style-type: none"> Internal Audit Manager, the Monitoring Officer and Director of Finance and Corporate Resources to consider regularly meeting to raise and resolve concerns. Carrying out a governance review (stock take) as part of establishing the new management team. Joint training for members and officers on good governance. 	The IAM and S151 already meet on a regular basis, with the DMO being invited as needed. We assume this relates to CLT recruitment, which is ongoing, and will be assessed once recruitment is complete. The self-assessment exercise for members in Action 1 should be extended to CLT as	No further action Undertake self-assessment exercise for CLT once recruitment is complete, link in with member training for Action 1 where possible or organise additional training if the specific need has already been covered.	Ongoing control. To be completed within three months of all CLT members being recruited and employment commencing		CLT recruitment not yet completed (final CLT member joins mid-March). Assume this will also link in with the future peer review.	Recommendation 1: Complete action by May 2024 review. CIPFA skills matrix assessment to be used. Action complete

		well, with similar follow up training.					
7.	Senior management and internal audit to work together to consider whether internal audit is best placed to undertake additional tasks outside of its core purpose such as Annual Governance Statement, Code of Corporate Governance review.	It is important the IAM has the opportunity to feed into the AGS and Code of Corporate Governance, but this has been drafted by the S151 Officer recently and will continue as such.	No further action	Completed	Completed		Action complete.
	Consideration be made to keeping the Internal Audit Manager informed of the outcomes of Management Team meetings or invited where relevant to observe discussions relating to key transformation projects to enhance strategic approach to auditing.	The IAM is already able to discuss ongoing projects/programmes with the relevant managers, and the risks arising.	Service management team meetings will be asked to update the IAM with any changes to service risks discussed. The IAM will engage with the PMO regarding current projects/programmes.	With immediate effect		IAM has been given full access, and encouraged, to discuss all projects with the relevant PMO or Service Manager	Action complete.
9.	The Internal Audit Manager to discuss key strategic risks from the register with each service area and devise an assurance plan covering the management of key risks.	The IAM has full access to all risks on the Council's 4Risk system and should use these to develop the action plan going forward.	Future IA plans to be linked to the Council's risk registers.	With immediate effect	The Risk Register has been used to formulate the Internal Audit plan. It is still the intention to review the operational audits in the Plan once Services have	Service risks are due to be reviewed in the Service Plan review (due for submission 8 th March). This will then feed into the	Recommendation 1: Complete action by May 2024 review. Complete by CGC Complete – 2024/25 Internal Audit plan has been created from Risk Register and will be

					completed their risk register.	2024/25 audit plan activity.	presented to May 2024 CGC for approval.
10.	Conducting a risk maturity assessment would be a good way to provide advice and increase the chances that the risk register can be relied on for planning purposes as maturity increases.	Once the Council's Risk Management Strategy has been approved and distributed, this will be the next stage of developing its risk management robustness.	A risk maturity exercise to be undertaken.	Within six months of the revised Risk Strategy being approved.	Risk Management Strategy was approved on 14th November, the risk maturity assessment can now commence.	New Risk & Controls Officer recruited to fill the vacancy left by the previous officer's resignation. Risk register review work will commence with the Service Plan development.	Recommendation 1: Complete action by May 2024 review. Ongoing – Risk & Controls Officer reviewing with service managers. Increased engagement by services with other areas, e.g., Health & Safety has been noted.
11.	Internal Audit considers areas in the assurance plan where a 'position statement' style approach could be used to provide advisory support for new or developing areas.	IA is already developing this methodology and using it in specific areas across the Council.	No further action required.	With immediate effect.	Completed		Action complete
12.	A calculation of auditor's chargeable time (i.e., available audit days minus annual leave, management commitments, training days and ad-hoc/investigatory work) to be undertaken.	The methodology for calculating the number of audit days available has been developed as part of the planning for 2023/24.	The calculation of available days to continue to be used as a measure of IA capacity.	With immediate effect.	The resource plan has been designed.	Resource plan designed but still be allocated to plan.	Recommendation 1: Complete action by May 2024 review. Action complete – prepared as part of 2024/25 audit plan

	In addition, a skills and knowledge assessment of the audit team to be undertaken once an assurance plan for 2023/24 has been devised. If a shortfall is identified, this to be reported to senior management and CGC for resolution.	The skills and knowledge assessment can be undertaken once the current recruitment exercise for IA has been completed.	Undertake skills and knowledge assessment of IA team	Within three months of current recruitment exercise completing.	The skills and knowledge assessment is still to be undertaken but a skills matrix has been started to capture the qualifications, experience, skills and preferences for each auditor.		Action complete – All IA members have completed CIPFA skills matrix to identify future training needs.
13.	The internal assessment to reference available evidence to support conformance for each standard in preparation for a full External Quality Assessment.	The Council has a statutory duty to undertake an External Quality Assessment every five years. The internal assessment, and collection of evidence is the initial stage of this, to identify area of non-compliance.	IAM to undertake internal assessment of IA and to develop a plan for achieving areas of non-compliance.	To be completed by 31st March 2024		Update awaited from IAM.	Recommendation 1: Complete action by May 2024 review. BDO has since been commissioned to undertake review with report ready by May 2024 review. BDO commenced work 7th May. Draft report has been received and is with management for review.
14.	A detailed QAIP (quality assurance & improvement plan) to be developed shared and discussed with senior	This is a follow on from action 13 and is the detailed plan for achieving compliance.	IAM to develop internal assessments outcomes into a QAIP, including	To be completed by 30th June 2024.	Development of the QAIP has commenced.		Recommendation 1: Complete action by May 2024 review.

	<p>management and the CGC. QAIP to include;</p> <ul style="list-style-type: none"> • Areas of all perceived partial conformance with PSIAS and LGAN with actions to develop into conformance with a timeframe and responsible officer allocated for each. • Team training requirements; covering areas of emerging risk such as climate, artificial intelligence, cyber security, culture, data analytics. <p>Performance metrics measured by the team with stretching targets to demonstrate a commitment to continuous improvement. These should be agreed with the CGC and Senior Management and reported at least annually.</p>		<p>training needs and performance metrics.</p>			<p>This will be dependent upon the outcomes of the BDO report.</p>
<p>15.</p>	<p>Internal Audit to continue to look for opportunities to carry out data analytics and invests in skills in this area for the future. In the meantime, the team can suggest data maturity enhancements in each area audited if full population testing cannot be carried out.</p>	<p>These are key tools to complement the work of the IA team and their deployment is key to maintaining the effectiveness of the team. However, this is an action that should follow the development and</p>	<p>Following completion of the QAIP, the IAM to consider how these skills can be developed and implemented within the team.</p>	<p>To be completed by 31st December 2024.</p>		<p>Recommendation 1: Complete action by May 2024 review.</p> <p>Following BDO assessment a submission to be made to New Ideas process to enable investment in the</p>

		implementation of the QAIP.					appropriate skills/software.
16.	Internal Audit to consider its approach to supporting the Assurance Board forward plan and Terms of Reference review in addition to supporting the CGC in areas such as; <ul style="list-style-type: none"> • Statutory Compliance Framework • Health and Safety assurance • Best Interest Reports Lessons Learnt • Governance Stocktake; • Covid Review • Counter Fraud and Whistleblowing Strategy, Actions, Resources, Review of risks, • Strategic/Complex Partnerships/Collaborations review. 	The IAM sits on the Assurance Board and is able to request items to be covered at the board. A forward planner for items to be discussed is being formulated and the opinion of the IAM should be sought as part of this.	No further action required.	Completed.			Action complete
17.	The Director of Finance and Corporate Resources and Internal Audit Manager to work together to formally appoint the outsourced IT audit provider so that assurance can be provided to support the opinion.	A tender was run, and a contract offered to the successful bidder. However, the provider declined the offer due to internal pressures on their side. The provider that was runner up to the	To appoint the provider that was runner up, or to re-run the tender process.	Update to be provided to CGC at 12th July 2023 meeting.	Complete - contract signed and audit plan for IT areas assessed/ suggested, subject to agreement. 3 reviews are proposed for 2023/24 although ICT have stated they may not be		Action complete

		tender has been approached.			able to accommodate.		
New Recommendations, March 2024							
1	Accelerate the delivery of actions from the audit peer challenge in March 2023 to ensure all 17 are complete or on course to be completed by May 2024 when the corporate peer challenge takes place. Priority needs to be given to conducting the internal and external assessments.						See actions noted against the original peer challenge outcomes above.
	Provide immediate additional senior officer capacity and experience to the internal audit and risk functions to direct and oversee audit and risk development and actions. Alongside this; <input type="checkbox"/> consider an options appraisal for future delivery of internal audit to ensure the council has the capacity, resilience and skills required. <input type="checkbox"/> review the content of internal audit reports to ensure they focus on core business, and other senior officer reports take responsibility for the wider items, such as the peer review action						The s151 Officer has committed considerable amounts of their time to direct Internal Audit & Risk Management. Significant progress has been made in resolving open actions and commissioning work. <ul style="list-style-type: none"> • The recruitment process has commenced for a new Internal Audit Manager who will lead on delivering the outputs of the BDO review. • Internal Audit reports for 2024/25 will be

	plan, governance developments and significant issues and updates.						<p>refocussed to provide greater clarity and guidance. Reports to Committee no longer cover wider aspects of governance, these will be submitted as separate reports.</p> <ul style="list-style-type: none"> New Internal Audit Manager recruited to lead team and implement Internal Audit process recommendations.
	Evaluate the capacity and status of the monitoring officer against the needs of the council to ensure accountability and leadership of governance best practice and statutory compliance in accordance with LGIU and LLG recommendations on the Changing Role of the Monitoring Officer Changing Role of the MO Report. The post would also benefit from reporting to the head of paid service.						The Chief Executive is undertaking a review of Monitoring Officer capacity and their role in the organisation and is considering how to implement the necessary changes required.
4	Following approval of new terms of reference for the Corporate Governance Committee (CGC) and a review of its membership;						The new ToR will be submitted to full Council for approval on 22 nd May. This includes a recommendation to

<ul style="list-style-type: none"> <input type="checkbox"/> Conduct a skills audit to support the development of a programme of training and development for members <input type="checkbox"/> Ensure that a development plan is in place to increase the scores of the self-assessment <input type="checkbox"/> Should the model terms of reference be approved, the additional items covered by the CGC (standards, constitution and elections) need to be considered as to where these responsibilities should sit going forward. 					<p>reduce the committee membership to seven members plus up to two Independent Members. Outcomes of the recent skills audit will be shared with Group Leaders to inform their choices for proposed committee membership. A further, more detailed, skills audit will be undertaken with the new committee to identify further training needs; training has already been organised for June to commence this process.</p> <p>June training rescheduled due to General Election impact.</p>
<p>Review all governance, roles and responsibilities and working in a political environment training and development for officers as well as members. Then develop a four-year programme to include induction, role descriptions and ongoing support to increase knowledge and awareness.</p>					<p>Additional Officer and Member training has already commenced, and a programme of further training is being developed.</p> <p>The review of roles is being considered as part of the Monitoring Officer changes discussed in action 2.</p>

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Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Implementation of Internal Audit Actions

Meeting/Date: Corporate Governance Committee – 9th July 2024

Executive Portfolio: Executive Councillor for Customer Services, Councillor Stephen Ferguson

Report by: Karen Sutton, Director of Finance & Corporate Resources

Ward(s) affected: All Wards

Executive Summary:

Key performance indicator: 100% of audit actions to be implemented by the agreed date, which was not achieved.

Statistics at 27th June 2024:

14 actions not implemented by due date (one less than last report)

11 actions **implemented** and closed in last 90 days (rolling period)

70 audit actions **closed** in the last year (rolling 12 month period)

18 open audit actions

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 The activities of the Internal Audit team are pivotal to the organisation's governance and control processes. The outcomes of the team's reviews demonstrate compliance with controls and processes, or identify where improvements need to be made. Tracking the recommendations and closure of these is key to maintaining good control and evidencing the organisation's commitment to achieving Priority 3 of the Corporate Plan.

3. BACKGROUND

- 3.1 Following each audit review, audit conclusions, associated actions and implementation dates are agreed between the service manager 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 service manager; 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.

4. MONITORING OF ACTION COMPLETION

- 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.
- 4.3 As at the 27th June 2024, fourteen actions have not been closed within target and are reported as overdue actions. Appendix 1 to this report details these actions and the updates provided by the respective Service Managers detailing progress. This should provide Committee with insight to the progress being made, delays or hold-ups and potentially a new expected completion date.

- 4.4 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 requested to act on these.

5. KEY IMPACTS

- 5.1 If the Council does not maintain strong governance and control, or demonstrate that it is monitoring compliance with its controls, then it is failing in its statutory responsibilities. The activities of Internal Audit, how these feed into the Council's Code of Governance and the monitoring of the implementation of its actions to strengthen compliance provide assurance to those tasked with governance that the organisation is acting appropriately.
- 5.2 Responsibility for implementation of agreed audit actions lies with the action owners and their managers; Internal Audit's role is to track implementation and to report to Committee.
- 5.3 Actions that are proposed by Internal Audit but not agreed by service managers are included in the Internal Audit report, together with the reasons as to why the service does not agree to implement the proposed action(s). Senior management are asked to decide on whether the action needs to be taken or risk accepted (with reference to risk appetite).
- 5.4 An action that is not implemented means that any 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.
- 5.5 Where an audit action becomes ineffective, either through process changes or new information, the service manager should liaise with the Internal Audit team and agree, if the risk remains, new action(s) to replace those which will not be implemented.

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. The outputs of its activities provide evidence to demonstrate the achievement of Priority Three by services; *"delivering good quality, high value for money services with good control and compliance with statutory obligations"*.

7. REASONS FOR THE RECOMMENDED DECISIONS

- 7.1 The report is presented to Committee to give transparency on the progress being made in completing audit actions.

8. LIST OF APPENDICES INCLUDED

Appendix 1 – Internal Audit actions not implemented by due date as at 27th June 2024.

BACKGROUND PAPERS

Audit actions contained within the 4Action system

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Outstanding Audit Actions as at 27th June 2024

Action reference	Audit report	Priority Level	Agreed Action	Implementation Target	Action Owner's Update	Date of Update	No of months late
1709	Risk Management 22.23 / 1b	R	Training to be rolled out to staff	31/03/2024	Additional resource required - Approval to recruit granted, role description grafted, recruitment to commence ASAP	27/06/2024	3
1710	Risk Management 22.23 / 1c	R	Completion of training required by strategy subject to oversight/monitoring	30/04/2024	Completion of this action is linked to the completion of action 1609 and therefore cannot commence at this stage.	21/05/2024	2
1712	Risk Management 22.23 / 2b	R	Strategy should identify who is responsible for the reporting and formalise what reporting will take place.	31/03/2024	Additional resource required - Approval to recruit granted, role description grafted, recruitment to commence ASAP	27/06/2024	3
1612	Small Works Contract 21.22 /3	A	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	Contract management review cannot commence until the contract has been used for at least a month. This is anticipated to start in July.	21/05/2024	19
1652	Corporate Enforcement Policy 21.22 /4	A	Review and re-write the policy, where necessary, in collaboration with all users and so that the policy is relevant, correct and reflects the enforcement appetite. Policy needs to contain the new HDC objectives and ensure that it covers everything that the officers and portfolio holders need it to cover. The policy is due for review by February 2023	30/12/2023	The resources and capacity has not been available during 2023 to rewrite the Policy. The intention is that the policy will be approved ahead of the new financial year 24/25.	01/01/2024	6
1658	Shadow IT / Service-Procured Systems 21.22 /1	A	The Council's Procurement Lead should review and, where necessary, update the Council's Code of Procurement so that it establishes a requirement for the procurement of any service to include the involvement of all relevant stakeholders, including the procurement of any IT system requiring the involvement of the ICT Service. This should be approved, in consultation with various key stakeholders across the Council, communicated to members of staff and reviewed on a routine basis or following any significant changes to the Council's operations.	31/03/2023	Draft changes have been made to the CoP and waiting for authorisation.	04/01/2024	15

Outstanding Audit Actions as at 27th June 2024

Action reference	Audit report	Priority Level	Agreed Action	Implementation Target	Action Owner's Update	Date of Update	No of months late
1668	Data Protection/Information Mgt REPLACEMENT ACTION	A	Review the data holdings, indexing, and deletion routines within Anite/Information@Work system. Implement these arrangements, and submit a budget bid or plan outlining the steps to enable us to delete unnecessary historic records.	30/04/2024	1. Steps taken are: <ul style="list-style-type: none"> a. Successful bid made to Ideas Process b. Secured dedicated resource to conduct investigations to confirm whether this remains a risk c. Extensive fieldwork done with services, application support, Information Governance (IG) and the supplier of the software. We have also conducted external benchmarking to see if this risk exists with other Councils and confirmed it does. d. Confirmed that we need to improve our use of the retention modules. We have looked at a number of options (tolerate/manual deletion/automation via AI/use of existing deletion modules) e. Further allocation of time and budget to get the supplier in to conduct an assessment of the ability of the software to schedule deletions f. Supplier resources are being identified, they have escalated within their company - and we expect them on site in June g. From that we intend to be in a position to report back to the IG Board and SLT. It may be that an MTFS bid is needed, this will be confirmed once we are clearer on the ability of the software to meet our requirements. 	22/05/2024	2

Outstanding Audit Actions as at 27th June 2024

Action reference	Audit report	Priority Level	Agreed Action	Implementation Target	Action Owner's Update	Date of Update	No of months late
1669	Section 106 Agreements 21.22 Action 1	A	<p>To commence a review of S106 priorities, processes, roles, responsibilities, governance, reporting and resourcing to ensure HDC are maximising the use of S106. The outcomes of the review and subsequent actions will be agreed by CLT. Recognising the intrinsic link with decision making this will need to be part of the programme of wider improvements to the delivery of the development management service.</p> <p>Implementation will be overseen by the Chief Planning Officer who will be supported in delivery by the Implementation Team Leader and other officers as appropriate.</p>	31/10/2023	Previous update still valid. Action part 1 completed by 31 October 2023 deadline. But progress now halted due to vacant programme manager post. Tasks are being completed where possible within existing resource capabilities.	06/06/2024	8
1672	Social Value in Procurement 22.23 Action 2	A	The Council's Social Value Policy and Framework document will be reviewed and updated to ensure it reflects existing corporate aims and values, and also is aligned with the decisions made as a result of the Business Case document. The policy will clarify coverage of Social Value in procurement, including minimum points available for in tender assessment, and contracting documentation. Any related documentation and templates will be updated as a result of the revised policy.	30/09/2023	Approval to recruit granted, role description grafted, recruitment to commence ASAP	27/06/2024	9
1673	Social Value in Procurement 22.23 Action 3	A	An action plan will be devised to support the introduction of contract management processes which are proportionate to the nature and value of procurement exercises undertaken, and which address social value obligations where relevant.	30/09/2023	Approval to recruit granted, role description grafted, recruitment to commence ASAP	21/05/2024	9
1675	Social Value in Procurement 22.23 Action 5	A	A series of Lunch and Learn sessions, covering key aspects of social value, contracting and procurement will be developed and delivered. Training will be supported by signposting to key documents / sources of information.	30/04/2023	Procurement have adapted SV questions in tendering documents to bespoke more to the specific contract. How this is monitored throughout the life of a contract is still to be determined, but this will form part of further contract management training.	04/01/2024	14

Outstanding Audit Actions as at 27th June 2024

Action reference	Audit report	Priority Level	Agreed Action	Implementation Target	Action Owner's Update	Date of Update	No of months late
1678	Fuel Usage and Payments 22.23 Action 2	A	Once the decision on fuel has been made, the fuel contract will be re-let and listed in the contracts register to allow for corporate oversight by the Procurement Lead.	30/09/2023	HVO trial is still going, the fuel is almost out now, once that has finished we will revert to Fossil Diesel and then prepare the report for cabinet. Should be out in a couple of weeks.	21/05/2024	9
1680	Fuel Usage and Payments 22.23 Action 4	A	The need for the spare 50,000 litre tank will be reviewed in terms of cost and value, and the decision to continue or otherwise made at SLT. It will be made clear to SLT that only limited controls can be applied to this part of the fuel supply.	30/09/2023	This is tied into the HVO Trial, we are currently using this tank for delivery of HVO. Project expected to complete in Early June-24 with a view on whether we use HVO or Fossil diesel to be taken by SLT / Cabinet roughly Jul-24. The outcome of this will determine the need for a second tank.	21/05/2024	9
1690	Debtors Continuous Auditing 22.23 / 1	A	Review and update the Debt Management Policy. Obtain appropriate approval of the revised policy.	30/06/2023	The Director of Finance & Corporate Resources has agreed to draft this policy and to present it for approval.	05/03/2024	12

Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Corporate Risk Register

Meeting/Date: 9th July 2024

Executive Portfolio: Stephen Ferguson, Executive Councillor for Customer Services

Report by: Karen Sutton, Director of Finance & Corporate Resources

Ward(s) affected: All or list individual Ward(s)

Executive Summary:

The Committee has requested the latest version of the Corporate Risk Register be presented at each Committee meeting.

Recommendation(s):

The Cabinet/Committee is

RECOMMENDED

To consider the report, the risks to the organisation and if these are being managed in line with the Risk Management Strategy.

1. PURPOSE OF THE REPORT

- 1.1 To inform the Committee of the Corporate Risk Register.

2. WHY IS THIS REPORT NECESSARY/BACKGROUND

- 2.1 Effective Risk Management is a critical part of the organisation's governance. The Risk Register identifies those areas where the Council should take action to mitigate its exposure and informs the annual plan for Internal Audit. More information on this can be found in the Council's Risk Management Strategy.

The Committee requested that the Corporate Risk Register be presented at each meeting together with heat maps showing:

- The movement between inherent and residual risk for each of the Corporate Risks (see Appendix 2), and
- Details of service risk updates since the previous meeting (see Appendix 3); the software reporting only allows the reporting of current inherent and residual risk scores and not movements from the previous scores.
- Details of new service risks added since the previous meeting (see Appendix 4)

3. REASONS FOR THE RECOMMENDED DECISIONS

- 3.1 The Committee is asked to consider the report, the risks to the organisation, and if these are being managed in line with the Risk Management Strategy to demonstrate its effectiveness.

4. LIST OF APPENDICES INCLUDED

Appendix 1 – Corporate Risk Register – July 2024

Appendix 2 – Heat map of Corporate Risks

Appendix 3 – Service risks updated since April 2024

Appendix 4 – Service risks added since April 2024

Appendix 5 – Explanation of Risk Register terms

CONTACT OFFICER

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Risk Area	Sub Risk Area	Risk Ref	Risk Title	Cause, Event, Effect	Inherent Risk Priority (IL x II)	Risk Control / Mitigation	Residual Risk Priority (RL x RI)	Action Required
Corporate Risks	Financial and Resources	288	Financial strain and uncertainty impacting service delivery	<p>CAUSE: Unprecedented impacts from Covid and Brexit, challenging accurate forecasting of potential shifts in consumer and business behaviour and income projections.</p> <p>EVENT: insufficient resources to make necessary decisions, hindering appropriate planning for service delivery and</p> <p>EFFECT: Fluctuations in income, necessitating a responsive approach to potential reductions of incre</p>	L = 4 I = 4 Very High (16)	<p>Strategic focus on value for money, cost control and income maximisation. Strategic priority to carefully consider expenditure for non-statutory services and maximise income for commercial interests. - Move from net budget reporting to a focus on income and expenditure separately.</p> <p>Regular budget monitoring and escalation is a key control measure.</p> <p>In year this includes an in principal decision to charge for garden waste, and a robust focus on income and numbers in one leisure service plan, alongside the continued commercialisation of traded services such as CCTV, trade waste and the development of new traded services is key. Consider ways of delivering services in more effective</p> <p>Timely monitoring and escalation of variances against income forecasts, for corrective action to budget holders, with appropriate oversight by SLT. That we recognise and respond to the risk of Covid changing behaviours, as well as broader macro economic threats of people having less ability to pay. Better marketing and understanding of consumer priorities to protect and grow income streams.</p>	L = 2 I = 4 High (8)	Regular reporting to SLT, and timely forecasting to service managers.
Corporate Risks	Financial and Resources	289	Increased demand straining council finances	<p>CAUSE: Growing population from housing growth, impacts of an ageing population, economic pressures (inflation, cost of living), and broader effects of covid and brexit.</p> <p>EVENT: Strain on revenue budget, risking overspend, requiring additional resources, or necessitating a reduction in performance standards to manage the surge in demand.</p> <p>EFFECT: Increased strain on the Council's revenue budget.</p>	L = 3 I = 5 Very High (15)	<p>Service planning, monitoring of development activity, active management of demand and the prompt escalation of deviations from the predicted norm.</p> <p>To actively track key risk and high cost services through our refreshed performance management process enabling prompt action to be taken. To actively seek to redesign this via resourcing and leading a key change programme which reviews the way we support residents in need across a range of local providers - Financial vulnerability project. This will see us work with partners to review and define working, particularly around financial distress. Seeking to develop more holistic support which address root causes and prevent issues escalating. Climate Change Strategy Action Plan. Challenge our partners to demonstrate they are tackling these risks in an effective manner to mitigate the risk implications for us.</p>	L = 3 I = 4 High (12)	
Corporate Risks	Financial and Resources	345	Resource Shortage Risk: Hindrance to Housing Ambitions	<p>CAUSE: Council lacks sufficient resources to fulfill housing goals.</p> <p>EVENT: Inadequate resources to achieve the Council's housing plans.</p> <p>EFFECT: Struggle to meet housing targets, potential delays, and unmet housing needs in the community.</p>	L = 3 I = 4 High (12)	To seek opportunities for external funding, to support housing initiatives. To maintain the delivery of affordable properties as part of new developments. To bring forward an updated housing strategy.	L = 3 I = 3 High (9)	

Risk Area	Sub Risk Area	Risk Ref	Risk Title	Cause, Event, Effect	Inherent Risk Priority (IL x II)	Risk Control / Mitigation	Residual Risk Priority (RL x RI)	Action Required
Corporate Risks	Financial and Resources	348	Funding Gaps and Operational Disruptions: Impacts of National Policy Changes	<p>CAUSE: Introduction of new national policies lacking sufficient funding or disrupting council plans.</p> <p>EVENT: Implementation of new national policies affecting various aspects of council.</p> <p>EFFECT: Financial strain, potential disruptions in community services, challenges in achieving council goals, and the risk of legal issues for non-compliance with the introduced policies.</p>	L = 3 = 5 Very High (15)	"Actively monitoring government circulars, and being active members in Green paper consultations (either separately as a district or wider collaboration with CC and/or CPCA), participation in webinars, guidance updates, discussion groups on emerging policy. Working with politicians to lobby for agendas that have the greatest impact on us and take an active role to ensuring policy changes have the least negative or greatest positive impact for Hunts. Consider ways in which we can work jointly with partners to minimise the cost of administering these duties."	L = 3 = 4 High (12)	
Corporate Risks	Legal and Contractual	350	General Election 2025 - Legislative Changes Impact	<p>CAUSE: Potential disruption to program plans due to expected legislation changes being halted, delayed or altered.</p> <p>EVENT: General Election 2025 affecting legislative processes and outcomes.</p> <p>EFFECT: Significant impacts on HDC, potentially leading to disruptions, delays or changes in the implementation of program plans due to altered legislation.</p>	L = 3 = 3 High (9)	<p>Monitor political announcements re potential changes to legislation and discuss potential impacts to the organisation; identify possible mitigations for these.</p> <p>Business cases for future change/investment to also consider possible changes post election.</p>	L = 3 = 3 High (9)	
Corporate Risks**	Financial and Resources	367	General Election 2025 - Local Government funding changes	<p>CAUSE: Outcome of the general election, due before early 2025, results in a change of government and a redistribution of Local Government Finance Settlement funding to other areas.</p> <p>EVENT: General election due before January 2025 resulting in change of government.</p> <p>EFFECT: Potential significant reduction in Local Government Finance Settlement, impacting service affordability for the Council and availability of resources</p>	L = 3 = 5 Very High (15)	<p>Prepare Medium Term Financial Plan on an annual basis.</p> <p>Further develop the Council's financial sustainability away from reliance on central government funding.</p> <p>Robust financial control to ensure the Council is delivering services at the most effective level.</p>	L = 3 = 3 High (9)	

Risk Area	Sub Risk Area	Risk Ref	Risk Title	Cause, Event, Effect	Inherent Risk Priority (IL x II)	Risk Control / Mitigation	Residual Risk Priority (RL x RI)	Action Required
Corporate Risks	Information and Technology	301	Cybersecurity Risk: Growing Threat Landscape and Vulnerabilities	<p>CAUSE: Surge in attempted cyber attacks, identification of high-profile vulnerabilities in our supply chain and integrated applications, and insufficient cybersecurity measures, staff awareness, and training.</p> <p>EVENT: Increasing reliance on technology amplifies the potential impact of a cyber attack on our ability to deliver services, leading to reputational damage, financial penalties, data breaches, and potential significant downtime with data loss or encryption.</p> <p>EFFECT: Substantial consequences on our business operations, including reputational damage, financial losses, potential data breaches, and significant downtime, potentially leading to data loss or encryption.CAUSE: Surge in attempted cyber attacks, identification of high-profile vulnerabilities in our supply chain and integrated applications, and insufficient cybersecurity measures, staff awareness, and..</p>	L = 4 = 5 Very High (20)	<p>1. services to each develop and evidence (via review by ICT/HR and emergency planning) a sound Business Continuity Plan for continued operations in the event of a cyber event that results in a) total loss of all ICT for a period of 2-3 weeks. No laptops, no network, no local applications, no cloud applications, no printing, no mobile CA (just SMS and calls) b) minimal ICT (internet access, some cloud hosted applications and some laptops/printing for 2-3 months) c) longer term BCP for on site hosted applications being out of action for 6 months+ This is to include support services BCP for HR/Payroll (how will we pay staff and support them), Comms (how to plan for external comms around event)</p> <p>Expansion of ICT procurement advice to enforce mandatory minimum cyber requirement for new software. (Not just buy the incumbent providers option if they don't meet cyber requirements)</p> <p>Investment in dedicated cyber security team.</p> <p>Investment in SIEM monitoring software. which is providing additional monitoring and alerting capabilities.</p> <p>See ICT service plan - Work is being undertaken with DLUHC and the Cyber (security) Assessment Framework has progressed well and the new security monitoring solution has completed the installation phase has now moved to the configuration and implementation phases. Continued benchmarking against NCSC ten step approach, and monitoring by dedicated cyber security lead. At an operational level annual staff training and focus on specific actions via the compliance task list, the delivery of lunch and learn sessions and information on intranet pages/ regular reminders in staff communications etc. To bring forward targeted updates on a measured risk basis, if cyber threat incidents or risks emerge. Maintain the CPLRF Cyber Resilience plan with partners and exercise at appropriate intervals</p> <p>Undertaking of cyber breach exercise to test preparedness.</p> <p>Use and monitoring of the NCSC ten step cyber security process. Investment in dedicated cyber security team. Quarterly reports on NCSC 10 steps assessments are circulated to Shared services board, IG board and this quarter (Q2 23/24 - a more detailed briefing / presentation was done for OGC.</p>	L = 3 = 5 Very High (15)	<p>More training and familiarity activity for staff. More BCP planning for services and organisationally.</p> <p>Recruitment and embedding of the dedicated Cyber Security resource + agreeing a programme of work fr the first 12 months.</p> <p>NCSC 10 steps risk management process to be implemented and embedded as part of standard working practices. Reporting to be refined to provide regular information ad updates to Shared Services board and the IG boards.</p> <p>ICT and Procurement teams are working together to ensure ICT requirements - such as cyber security, continuity and availability, etc are covered appropriately as part of procurement processes going forward. This should be a standard ICT requirement / part of the system specification.</p> <p>All service areas have been asked to review and update their BC plans (e.g. in the event of an incident that impacts the availability and security of ICT services). This is being monitored through the current set of service plans which are in the process of being peer reviewed)</p> <p>Investment in to SIEM implementation and adoption - Time, funding and resource is needed for FY 22/23 and beyond.</p>

Risk Area	Sub Risk Area	Risk Ref	Risk Title	Cause, Event, Effect	Inherent Risk Priority (IL x II)	Risk Control / Mitigation	Residual Risk Priority (RL x RI)	Action Required
Corporate Risks	Information and Technology	339	Major ICT Failure Risk: Disruption to Council Operations	<p>CAUSE: Significant failure in the council's information technology (ICT) systems.</p> <p>EVENT: Major breakdown or malfunction in the council's ICT infrastructure or services.</p> <p>EFFECT: Severe disruption to council operations and services, potential data loss, service delays, and communication challenges.</p>	L = 3 = 4 High (12)	To reduce the risk of failure have existing steps & resources in place (dedicated network roles, security systems, UPS and generator power back-up etc)). Delivery of new peices of work that reduce the level of risk (e.g migration to new version of NSX in Q2 23/24 to improve service failover performance). Existing mitigations include, data centre split over 2 separate sites, immutable back-ups in place, separate systems management network to provide resilience in the event of high order failure, contract in place for 4 hour response if hardware replacement required due to faults. Data Centre software support in place. Regular maintenance in place to keep system updated and patched. In the event of failure to have organisational BCP measures and the identification of BCPs in service plans for 23/24. ICT are also performing their own BCP cyber related exercise and the outputs of that will be key to inform what and how services deliver their own BCP.	L = 3 = 3 High (9)	
Corporate Risks	Information and Technology	340	Information Breach Risk: Weakness in Data Security	<p>CAUSE: Potential weakness in the council's data security measures.</p> <p>EVENT: Significant breach of council information, involving unauthorized access or data theft.</p> <p>EFFECT: Exposure of sensitive information, legal consequences, financial losses, and damage to the council's reputation.</p>	L = 3 = 4 High (12)	Refresh of Information Governance arrangements - with focus on in service arrangements. Continued operation of compliance checklist and new assurance board to ensure more focus and accountability on compliance actions. To continue a focus on training, education and support for all staff (perm, FTC, contractors, agency etc) is paramount for mitigating this risk. To refresh IG management plans across all services supported by dedicated IG resource. Monitoring of performance in responding to Fol by SIRO to identify any services areas that present a performance risk and escalate where necessary	L = 3 = 3 High (9)	
Corporate Risks	Legal and Contractual	294	Weak Contract and Account Management Risks Financial Inefficiency and Business Needs	<p>CAUSE: Lack of documented processes, staff training, and consequences for non-compliance with codes/policies, leading to inadequate skills, poor planning, and time pressures.</p> <p>EVENT: Potential for unregulated providers, weak financial appraisals, and inefficient procurement, resulting in poor value for money and risks of non-delivery.</p> <p>EFFECT: Legal action from suppliers, reputational damage, financial penalties, poor value goods/services, and potential danger to customers/community</p>	L = 3 = 3 High (9)	<p>Clearly defined processes.</p> <p>Refresh of our procurement framework. Refresh of our Social value policy. Additional resource placed in procurement. Lunch and learn sessions for staff. Promotion of Code of Procurement, use of TechOne for raising and approving purchase orders and reporting on non compliance around these areas. Promoting the completion of a contracts' register.</p> <p>Routine evaluation of procurement practice through audit activity.</p> <p>Training of all budget holders in procurement practices</p>	L = 2 = 3 Medium (6)	Review procurement training and processes.

Risk Area	Sub Risk Area	Risk Ref	Risk Title	Cause, Event, Effect	Inherent Risk Priority (IL x II)	Risk Control / Mitigation	Residual Risk Priority (RL x RI)	Action Required
Corporate Risks	Legal and Contractual	368	Procurement resources	<p>CAUSE: Procurement legislation is not fully complied with.</p> <p>EVENT: Demand on the organisation's Procurement resources exceeds capacity, resulting in non compliance with procurement regulations</p> <p>EFFECT: organisation is unable to comply with statutory reporting and procurement award processes, resulting in financial penalties and additional costs to the organisation.</p> <p>Organisation will be unable to demonstrate best value control of expenditure and annual external audit will be qualified.</p>	<p>L = 4 I = 4 Very High (16)</p>	<p>Supplement existing procurement resources with additional resource to focus on the new Procurement regulations coming into force Autumn 2024 and changes required to comply with those, to draft the Social Value Procurement policy and to propose changes which may streamline procurement processes.</p>	<p>L = 2 I = 4 High (8)</p>	

Risk Area	Sub Risk Area	Risk Ref	Risk Title	Cause, Event, Effect	Inherent Risk Priority (IL x II)	Risk Control / Mitigation	Residual Risk Priority (RL x RI)	Action Required
Corporate Risks	Operating Environment	305	Unforeseen Events Risk: External Factors and Civil Contingencies	<p>CAUSE: Increasing Cyber Security threats, global pandemics like Covid, and climate change-related weather events pose risks of significant, unplanned events.</p> <p>EVENT: Unforeseen events with a direct impact on the organization or the area, requiring a Council response.</p> <p>EFFECT: Uncertain but potentially significant impacts on resources (income/funding), increased demand, and disruptions to planned methods of delivery (people, process, or technology).</p>	L = 3 = 4 High (12)	<p>good visibility of risk register across organisation.</p> <p>Effective Business Continuity and Emergency Plan. Planning and training for a range of eventualities should hopefully provide us with options for response even if the exact risk is not entirely forecast.</p> <p>Gold, silver duty rotas, training for SLT on duty rota, lessons learnt form bronze response etc To continually reflect and improve emergency planning arrangements. Horizon scanning and planning work via quarterly formal attendance at CPLRF forum at Exec level, allied to monthly attendance at Bronze level for tactical Emergency Planners and direct financial contribution to the CPFRL partnership to fund resources that operate across the partnership</p> <p>Horizon scanning to ensure early sight of any obvious changes</p> <p>Local Resilience Forum training and development, including use of lessons learned</p> <p>Regular review of risk register.</p>	L = 3 = 3 High (9)	
Corporate Risks	Operating Environment	308	Public Sector Partnership Risk: Financial Burdens and Delivery Impact	<p>CAUSE: Reduction in central government funding combined with demographic and other pressures, leading to potential risks of decisions by one partner impacting the costs or sustainability of another.</p> <p>EVENT: Transfer of demand among agencies due to reduced input in communities, creating challenges in controlling additional demand and budget pressures.</p> <p>EFFECT: Financial and capacity impacts on the authority, potential compromise of services to the public, and increased costs falling on the Council, as all partners experience significant changes and pressures.</p>	L = 3 = 5 Very High (15)	<p>Using evidence base to identify areas of greatest need (e.g. Covid impact assessment/ Joint Strategic Needs Assessment).</p> <p>Additional burdens funding sought and chased, pursue closer alignment with partners to understand early these pressures and impacts, strategic alignment with partners to share costs (across neighbouring councils or other public sector organisations), regular review/ analysis of 'state of the district' data and demand on HDC service to be able to track and respond quickly</p> <p>Develop a multi agency approach, working closer with partners, communities and other stakeholders to deliver shared Huntingdonshire priorities.</p> <p>Development of a new Huntingdonshire Place Strategy used to provide shared aims, priorities, outcomes and actions.</p> <p>Identification of partners priorities and their delivery across partnerships e.g. Joint Health and Well Being Strategy.</p> <p>Investing senior officer time in strategic and partnership forums to support delivery of better outcomes & system wide improvements.</p> <p>Investing senior officer time in understanding partner issues, and looking to support partners with these issues (e.g. supporting strategy development, senior recruitment, address budget issues).</p>	L = 3 = 4 High (12)	Huntingdonshire Place Strategy adopted end 22/23.

Risk Area	Sub Risk Area	Risk Ref	Risk Title	Cause, Event, Effect	Inherent Risk Priority (IL x II)	Risk Control / Mitigation	Residual Risk Priority (RL x RI)	Action Required
Corporate Risks	Operating Environment	341	Industrial Action Risk: Disruption to Service Delivery	<p>CAUSE: Workforce dissatisfaction or disagreement on employment issues like wages or working conditions.</p> <p>EVENT: Initiation of industrial action, including strikes or other forms of labor protests.</p> <p>EFFECT: Impact on service delivery and corporate plan objectives due to disruptions caused by the industrial action.</p>	L = 4 = 3 High (12)	Open and transparent conversations about pay with staff and their representatives, being clear on the cost and implications of demands. The development and maintenance of business continuity plans in the event of industrial action, to seek to mitigate the impacts. Proactive communication with residents and communities who could be impacted in the event of the threat of industrial action. The co-production with the workforce of a Workforce Strategy to prepare the Council for the changing skills needed in our future workforce, and to ensure that we can continue to attract, retain and nurture talent.	L = 3 = 3 High (9)	
Corporate Risks	Operating Environment	342	Shared Service Breakdown Risk: Disruption to IT Services	<p>CAUSE: Breakdown in relations between the council and 3C shared service partners.</p> <p>EVENT: Significant deterioration in the working relationship and cooperation between the council and 3C shared services.</p> <p>EFFECT: Disruption of IT services and projects, potentially resulting in IT failures, project delays, and increased costs for the council.</p>	L = 2 = 4 High (8)	Re-baselining of all ICT costs currently underway. Strategic conversations about the future direction of ICT scheduled for 2023, to clarify requirements and service expectations going forward. Active review of partnership working between three councils also being proposed. Regular board meetings between all parties to discuss/resolve issues and ensure services being delivered are still relevant and effective. Dispute resolution protocols.	L = 2 = 3 Medium (6)	
Corporate Risks**	Operating Environment	347	Development Management Risk: Impaired Achievement of Commitments	<p>CAUSE:: Council lacks skills and/or resources for economic growth in the District.</p> <p>EVENT:: Failure to achieve housing, economic growth, and environmental commitments.</p> <p>EFFECT: Non-achievement of NNDR funding growth, unmet resident outcomes, and a threat to the future prosperity of the district.</p>	L = 4 = 4 Very High (16)	Undertake the Development Management Improvement programme to improve the performance of the planning service To continue enhanced performance management activity and focus on maintaing capacity in the team. "	L = 3 = 3 High (9)	
Corporate Risks	People	292	Council capacity and focus risks for corporate plan delivery	<p>CAUSE: inability to effectively manage diverse programmes and change projects, leading to challenges in achieving MTFS financial targets and improved resident outcomes. Causes include ineffective resource management, poor performance monitoring, unclear corporate priorities, and a lack of alignment between work</p>	L = 4 = 4 Very High (16)	<p>* Strengthen linkage between strategic and corporate priorities and programmes and projects delivered.</p> <p>*Ongoing review of Corporate priority programmes, projects & activities, including use of internal audit and external consultants. *Ongoing review of the Council's approach to programme and project management ensuring a significant focus on delivery across the whole Council.</p> <p>*All SLT members advocates and champions of adopted, proportionate and risk based approach. *Ongoing review of corporate officer governance.</p>	L = 3 = 3 High (9)	<p>*Spring 22 SLT restructure</p> <p>* New approach to 22/23 Service Plans established by end March 22.</p> <p>*Q1 22/23 implementation of SLT re-structure.</p> <p>*By end Q322/23 review of internal officer governance completed.</p>

Risk Area	Sub Risk Area	Risk Ref	Risk Title	Cause, Event, Effect	Inherent Risk Priority (IL x II)	Risk Control / Mitigation	Residual Risk Priority (RL x RI)	Action Required
				<p>alignment between these programs and local service plans.</p> <p>EVENT: difficulty unifying and managing various programs, hindering the delivery of MTFS financial targets and improved outcomes. Adverse impacts on the local community, reputational damage, site-based working instead of collaboration, delayed improvements, and resources not allocated strategically.</p>		<p>New corporate plan developed and endorsed by Full Council in line with the clear objectives of the Council and clarity of actions being developed to deliver this, and alignment of MTFS against this. With clear and transparent quarterly reporting regime against this. Refreshed project oversight to monitor and deliver outcomes.</p>		

Risk Area	Sub Risk Area	Risk Ref	Risk Title	Cause, Event, Effect	Inherent Risk Priority (IL x II)	Risk Control / Mitigation	Residual Risk Priority (RL x RI)	Action Required
Corporate Risks	People	346	Workforce Recruitment and Retention Challenge	<p>CAUSE: Council faces difficulties in attracting and retaining well-trained staff.</p> <p>EVENT: Challenges in recruiting and retaining staff with the required skills and training.</p> <p>EFFECT: Potential workforce gaps leading to delays, diminished service quality, and difficulties in fulfilling various duties for the council.</p>	L = 4 = 4 Very High (16)	To deliver a renewed Workforce Strategy to prepare the Council for the changing skills needed in our future workforce, and to ensure that we can continue to attract, retain and nurture talent. To bring forward a new communications strategy which includes consideration of how to market HDC to potential employees. To reinvigorate the Employee Reps group, so that employees have a greater sense of involvement in, and commitment to, the organisation.	L = 4 = 3 High (12)	
Corporate Risks	Policy and Process	343	Resource and Process Deficiencies: Hindrance to Council Objectives	<p>CAUSE: Insufficient allocation, planning, governance, or internal processes within the council.</p> <p>EVENT: Inadequacies lead to challenges in fulfilling the council's objectives or legal responsibilities.</p> <p>EFFECT: Council may struggle to achieve goals or fulfill legal duties, potentially resulting in service disruptions, legal issues, and reduced effectiveness.</p>	L = 2 = 4 High (8)	Review of organisational governance and framework of assurance in place across organisational governance & risk, performance, project and programme delivery, strategic opportunities. ToR and membership reviewed and updated, to ensure Boards have appropriate data to review monthly, are empowered to make mitigation decisions and actively look to review and amend processes in line with emerging impacts, trends and pressures. A refresh of our Emergency Plan and Business Continuity plan activity. Organisation constitution in place that defines delegated authority limits and roles and responsibilities of Officers and Members. To complete senior recruitment .	L = 2 = 3 Medium (6)	
Corporate Risks	Policy and Process	344	Inadequate Internal Reporting: Impeding Timely Response to Resource Challenges	<p>CAUSE: Council's internal reporting lacks speed and coordination.</p> <p>EVENT: Resource shortages or increased demand occur, and the council's reporting systems cannot promptly identify and address issues.</p> <p>EFFECT: Delayed and ineffective responses, making it challenging for the council to address resource shortages or increased demand effectively.</p>	L = 3 = 3 High (9)	Complete refresh of performance management approach which will focus on more strategic measures and active management of cases that step outside agreed risk parameters. To embed greater focus on income and cost and not just net impact at financial reporting. To fully embed Risk Management thinking so that potential issues are monitored proactively.	L = 3 = 3 High (9)	

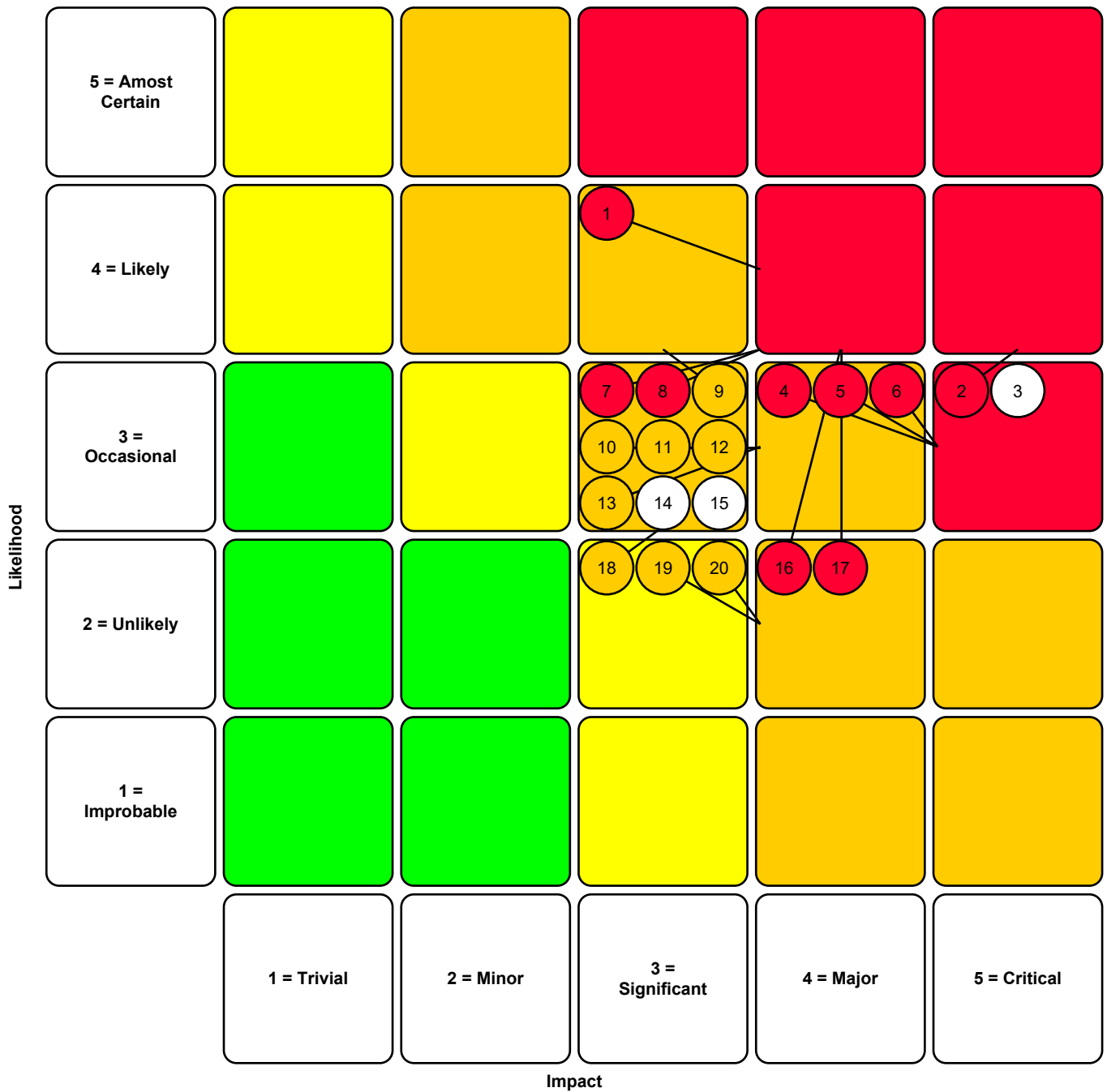
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Risk Movement Report

Report Date	27 Jun 2024
Risk Status	Open
Risk Area	Customer and Reputational, Financial and Resources, Information and Technology, Legal and Contractual, Operating Environment, People, Policy and Process
Risk Level	Corporate

Risk Movement Report

Inherent to Residual movement



Risk Movement Report

Grid #	Risk Ref	Risk Title	Inherent Risk Priority (IL x II)	Residual Risk Priority (RL x RI)
1	346	Workforce Recruitment and Retention Challenge	L = 4 I = 4 Very High (16)	L = 4 I = 3 High (12)
2	301	Cybersecurity Risk: Growing Threat Landscape and Vulnerabilities	L = 4 I = 5 Very High (20)	L = 3 I = 5 Very High (15)
3	367	General Election 2025 - Local Government funding changes	L = 3 I = 5 Very High (15)	
4	308	Public Sector Partnership Risk: Financial Burdens and Delivery Impact	L = 3 I = 5 Very High (15)	L = 3 I = 4 High (12)
5	348	Funding Gaps and Operational Disruptions: Impacts of National Policy Changes	L = 3 I = 5 Very High (15)	L = 3 I = 4 High (12)
6	289	Increased demand straining council finances	L = 3 I = 5 Very High (15)	L = 3 I = 4 High (12)
7	347	Development Management Risk: Impaired Achievement of Commitments	L = 4 I = 4 Very High (16)	L = 3 I = 3 High (9)
8	292	Council capacity and focus risks for corporate plan delivery	L = 4 I = 4 Very High (16)	L = 3 I = 3 High (9)
9	341	Industrial Action Risk: Disruption to Service Delivery	L = 4 I = 3 High (12)	L = 3 I = 3 High (9)
10	340	Information Breach Risk: Weakness in Data Security	L = 3 I = 4 High (12)	L = 3 I = 3 High (9)
11	305	Unforeseen Events Risk: External Factors and Civil Contingencies	L = 3 I = 4 High (12)	L = 3 I = 3 High (9)
12	339	Major ICT Failure Risk: Disruption to Council Operations	L = 3 I = 4 High (12)	L = 3 I = 3 High (9)
13	345	Resource Shortage Risk: Hindrance to Housing Ambitions	L = 3 I = 4 High (12)	L = 3 I = 3 High (9)
14	350	General Election 2025 - Legislative Changes Impact	L = 3 I = 3 High (9)	L = 3 I = 3 High (9)
15	344	Inadequate Internal Reporting: Impeding Timely Response to Resource Challenges	L = 3 I = 3 High (9)	L = 3 I = 3 High (9)
16	288	Financial strain and uncertainty impacting service delivery	L = 4 I = 4 Very High (16)	L = 2 I = 4 High (8)
17	368	Procurement resources	L = 4 I = 4 Very High (16)	L = 2 I = 4 High (8)
18	294	Weak Contract and Account Management Risks Financial Inefficiency and Business Needs	L = 3 I = 3 High (9)	L = 2 I = 3 Medium (6)
19	343	Resource and Process Deficiencies: Hindrance to Council Objectives	L = 2 I = 4 High (8)	L = 2 I = 3 Medium (6)
20	342	Shared Service Breakdown Risk: Disruption to IT Services	L = 2 I = 4 High (8)	L = 2 I = 3 Medium (6)

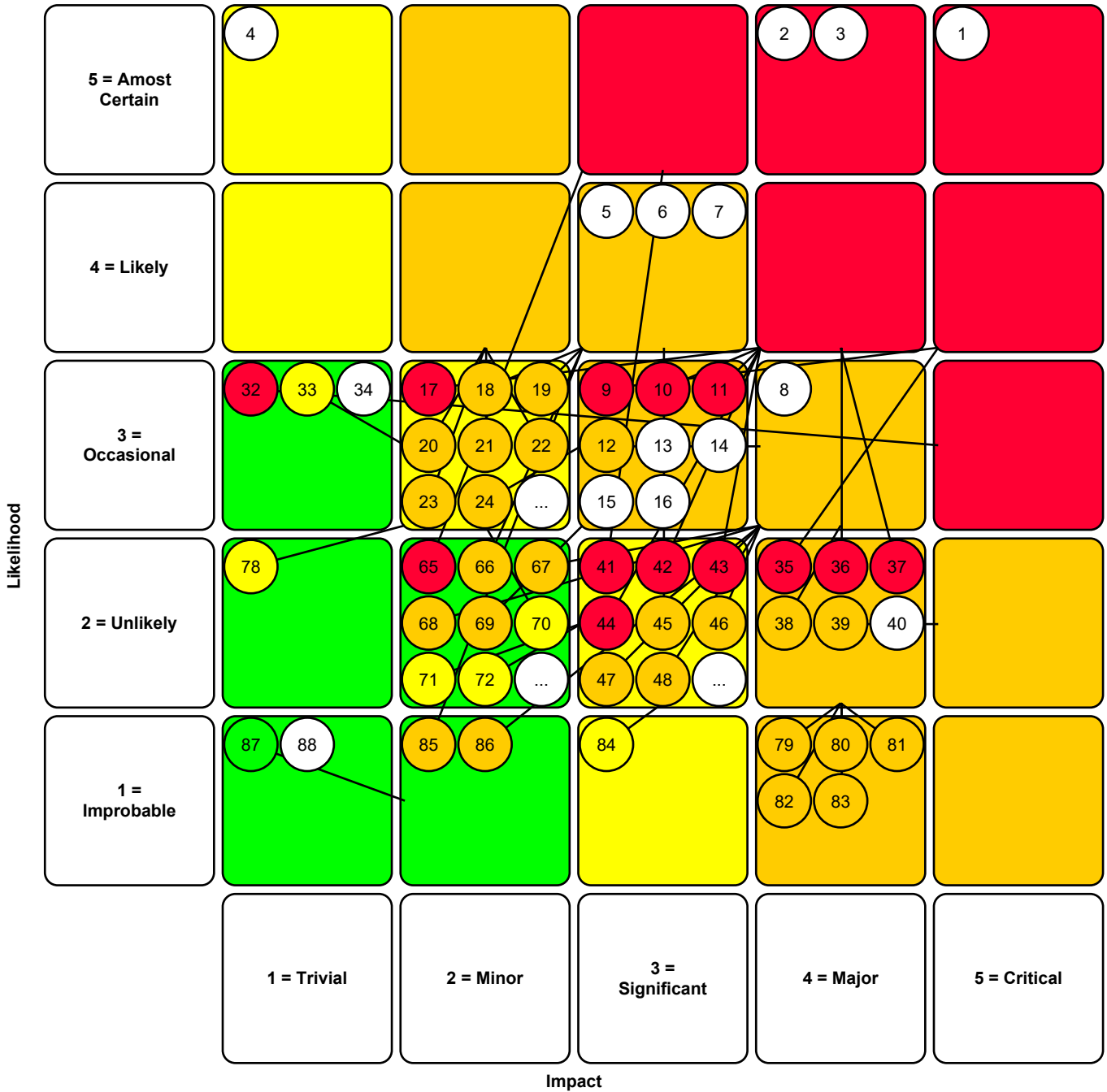
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Risk Movement Report

Report Date	27 Jun 2024
Risk Status	Open
Risk Level	Operational/Service
Risk Last Updated	In the past 3 Month(s)

Risk Movement Report

Inherent to Residual movement



Grid #	Risk Ref	Risk Title	Inherent Risk Priority (IL x II)	Residual Risk Priority (RL x RI)
1	351	Material Recovery Facility Contract	L = 5 I = 5 Very High (25)	
2	254	The DFG budget is not sufficient to meet statutory requirements to award qualifying DFGs.	L = 5 I = 4 Very High (20)	L = 5 I = 4 Very High (20)
3	366	Outgrowing Eastfield House	L = 5 I = 4 Very High (20)	
4	355	Unstaffed Gym	L = 5 I = 1 Medium (5)	L = 5 I = 1 Medium (5)
5	353	Increased damage to tree stock due to climate change	L = 4 I = 3 High (12)	
6	357	Continuing achievement of promoting physical activity and sport is reduced because of the loss of funding.	L = 4 I = 3 High (12)	
7	352	Flooding risk increased due to climate change	L = 4 I = 3 High (12)	

Risk Movement Report

Grid #	Risk Ref	Risk Title	Inherent Risk Priority (IL x II)	Residual Risk Priority (RL x RI)
8	358	A member of the public is injured during one of the Sports Development sessions.	L = 3 I = 4 High (12)	
9	15	ICT Security is breached causing both the loss of data and a loss of confidence in the integrity of the data being held.	L = 4 I = 5 Very High (20)	L = 3 I = 3 High (9)
10	313	Safeguarding Risk: Insufficient Arrangements and Procedures	L = 4 I = 4 Very High (16)	L = 3 I = 3 High (9)
11	264	Cotton Farm Wind Farm - Noise Compliance	L = 4 I = 4 Very High (16)	L = 3 I = 3 High (9)
12	168	Insurers will not accept liability for a loss, because the Council is unable to provide policy documentation, resulting in unexpected costs.	L = 3 I = 4 High (12)	L = 3 I = 3 High (9)
13	369	Alarm Response Not Robust to 10 sites	L = 3 I = 3 High (9)	
14	323	Spatial Plotting Risk: Land Charges Search Inaccuracies	L = 3 I = 3 High (9)	
15	359	Projects are not delivered on time or within budget.	L = 3 I = 3 High (9)	
16	360	Safeguarding issue at a children's activity session.	L = 3 I = 3 High (9)	
17	186	Failure to maintain Council's assets , results in assets not fit for purpose and/or possible accidental injury to users/occupiers.	L = 4 I = 4 Very High (16)	L = 3 I = 2 Medium (6)
18	144	Fraud goes undetected leading to loss of funds from public purse	L = 4 I = 3 High (12)	L = 3 I = 2 Medium (6)
19	275	Increase in Planning Appeals and potential cost implications for Department if appeals are lost	L = 4 I = 3 High (12)	L = 3 I = 2 Medium (6)
20	259	Planning decisions not to allow removal/significant works to a TPO tree lead to the Council having to pay Statutory Compensation	L = 4 I = 2 High (8)	L = 3 I = 2 Medium (6)
21	183	Financial interfaces become unstable and business systems are not updated resulting in decisions based on poor or absent data.	L = 4 I = 2 High (8)	L = 3 I = 2 Medium (6)
22	263	The implementation of the Universal Credit System is not well managed leading to increased poverty on the local community	L = 4 I = 2 High (8)	L = 3 I = 2 Medium (6)
23	322	Risk of insufficient resources impacting service delivery	L = 4 I = 2 High (8)	L = 3 I = 2 Medium (6)
24	253	Costs of processing recycle increases	L = 3 I = 3 High (9)	L = 3 I = 2 Medium (6)
25	325	Ageing workforce	L = 3 I = 3 High (9)	L = 3 I = 2 Medium (6)
26	62	Capital projects are not delivered on time or within budget leading to delays in service improvements and unplanned increases in council tax or cuts in other services.	L = 3 I = 3 High (9)	L = 3 I = 2 Medium (6)
27	25	The Council becomes over reliant upon a limited number of key Information Technology & Systems specialists leading to the loss of information or IT related services when these staff are unavailable or should they leave the Council	L = 3 I = 3 High (9)	L = 3 I = 2 Medium (6)
28	209	Lack of compliance with Data Quality Strategy leading to a potential for wrong decisions being made based on inaccurate information.	L = 3 I = 3 High (9)	L = 3 I = 2 Medium (6)
29	361	Work van breaking down.	L = 3 I = 2 Medium (6)	
30	314	Contact Centre recording of payment card details	L = 3 I = 2 Medium (6)	L = 3 I = 2 Medium (6)
31	194	Risk of reduced promotion of Active Lifestyles and increased health inequalities.	L = 3 I = 2 Medium (6)	L = 3 I = 2 Medium (6)
32	327	Vehicle Maintenance Staff retirement	L = 3 I = 5 Very High (15)	L = 3 I = 1 Low (3)
33	354	Threat to Service Delivery	L = 3 I = 2 Medium (6)	L = 3 I = 1 Low (3)
34	370	Non compliance with recycling and waste legislation and contracts	L = 3 I = 1 Low (3)	L = 3 I = 1 Low (3)
35	58	Information Security Policy is not followed leading to an inability to provide an appropriate service, litigation against the Council and a failure to respond to requests for information	L = 4 I = 5 Very High (20)	L = 2 I = 4 High (8)

Risk Movement Report

Grid #	Risk Ref	Risk Title	Inherent Risk Priority (IL x II)	Residual Risk Priority (RL x RI)
36	332	Death caused by drowning while using a One Leisure Swimming Pool	L = 4 I = 4 Very High (16)	L = 2 I = 4 High (8)
37	40	Planning policy may be insufficient to meet government requirements and the Government intervenes to write the Plan	L = 4 I = 4 Very High (16)	L = 2 I = 4 High (8)
38	333	A member of public is seriously injured or killed resulting from crush injury while using free weight Olympic bars or smith machines	L = 3 I = 4 High (12)	L = 2 I = 4 High (8)
39	329	Fire caused by arson, non-compliant inspections of fixed wiring, storage of combustible material or other means. Causing death or deaths, serious injury and significant damage to property	L = 2 I = 5 High (10)	L = 2 I = 4 High (8)
40	328	Mixing of pool chemicals resulting in serious injury or death to one or more people	L = 2 I = 4 High (8)	L = 2 I = 4 High (8)
41	208	Section 106 Agreements may not be adequately monitored resulting in non-compliance with the conditions of the agreement and financial contributions not collected and used in accordance with the agreement.	L = 5 I = 3 Very High (15)	L = 2 I = 3 Medium (6)
42	217	Personal data is not processed in accordance with the rights of data subjects and the Council's Notification of processing purposes to the Information Commissioner under the Data Protection Act, resulting in complaints or litigation against the Council	L = 4 I = 4 Very High (16)	L = 2 I = 3 Medium (6)
43	236	Community Infrastructure Levy (CIL) liabilities may not be adequately monitored resulting in non-compliance with regulations and non collection of financial contributions payable to the Council	L = 4 I = 4 Very High (16)	L = 2 I = 3 Medium (6)
44	230	Forming Joint CCTV Service with CCC risk of loss of Financial contributions from partners leading to a reduction in CCTV cover	L = 4 I = 4 Very High (16)	L = 2 I = 3 Medium (6)
45	75	Fraud, financial or other irregularities (including bribery) occur leading to additional financial costs, unforeseen investigation costs & reputation damage.	L = 4 I = 3 High (12)	L = 2 I = 3 Medium (6)
46	53	The Council is unable to deliver sustained economic growth for the District leading to (over a period of time) reducing employment prospects and declining prosperity.	L = 3 I = 4 High (12)	L = 2 I = 3 Medium (6)
47	24	Estimates made as part of the budget setting process are incorrect	L = 3 I = 4 High (12)	L = 2 I = 3 Medium (6)
48	42	Decisions that support the Council's budget are not scrutinised robustly enough leading to budgets being set that don't reflect the needs of the whole District.	L = 3 I = 4 High (12)	L = 2 I = 3 Medium (6)
49	56	Communications and marketing of services with employees, local residents, visitors and stakeholders is poor, leading to rumours and / or incorrect information being circulated, damaging staff morale and lower use of services and local reputation.	L = 3 I = 4 High (12)	L = 2 I = 3 Medium (6)
50	55	Leisure Centres do not keep pace with the changing expectations of their customers resulting in a loss of customers and income.	L = 3 I = 4 High (12)	L = 2 I = 3 Medium (6)
51	37	Governance of the Council is weak resulting in poor and ineffective decision making.	L = 3 I = 4 High (12)	L = 2 I = 3 Medium (6)
52	59	The Council does not react to local transport issues, developments, and needs, leading to increased chance of adverse economic impact on the District.	L = 3 I = 3 High (9)	L = 2 I = 3 Medium (6)
53	200	Inability to access eFin results in disruption to services leading to invoices not being paid correctly or on time and delayed income collection	L = 3 I = 3 High (9)	L = 2 I = 3 Medium (6)
54	60	Corporate Systems are not managed or developed correctly leading to errors in service delivery or poor local reputation.	L = 3 I = 3 High (9)	L = 2 I = 3 Medium (6)
55	86	Orphaned contaminated sites may fall to HDC to manage long-term high revenue costs	L = 3 I = 3 High (9)	L = 2 I = 3 Medium (6)
56	34	Sufficiently late or inaccurate provision of financial advice to managers or Members may lead to significantly incorrect decisions being made.	L = 3 I = 3 High (9)	L = 2 I = 3 Medium (6)
57	61	The Complaints procedures (incl at service level) are not robust enough so not all complaints are acted on and we fail to learn lessons from complaints leading to maladministration and loss of reputation.	L = 3 I = 3 High (9)	L = 2 I = 3 Medium (6)

Risk Movement Report

Grid #	Risk Ref	Risk Title	Inherent Risk Priority (IL x II)	Residual Risk Priority (RL x RI)
58	17	A member of the public is seriously injured or killed whilst visiting or using Leisure Centre facilities because the Council has not provided a safe environment or its staff with sufficient and adequate training.	L = 2 I = 4 High (8)	L = 2 I = 3 Medium (6)
59	126	Risk of damage to life and property from trees	L = 2 I = 3 Medium (6)	L = 2 I = 3 Medium (6)
60	269	closure of facilities due to security of tenure not being formalised	L = 2 I = 3 Medium (6)	L = 2 I = 3 Medium (6)
61	145	Loss of access to or loss of physical structure of all or part of Pathfinder House following a significant event - fire, flood, act or omission by a third party.	L = 2 I = 3 Medium (6)	L = 2 I = 3 Medium (6)
62	330	A member or members of the public or staff are made ill or killed from food poisoning/contamination or allergies resulting in anaphylactic shock	L = 2 I = 3 Medium (6)	L = 2 I = 3 Medium (6)
63	334	Physical assault to a member of staff or customer from another customer or non user of the leisure centre resulting in serious harm	L = 2 I = 3 Medium (6)	L = 2 I = 3 Medium (6)
64	276	Reduction in planning application numbers and fee income	L = 2 I = 3 Medium (6)	L = 2 I = 3 Medium (6)
65	338	3C Legal Capacity & Resource to Progress Charge Notices	L = 5 I = 3 Very High (15)	L = 2 I = 2 Low (4)
66	257	Variable hours staff review may result in a reduction in service and loss of income	L = 4 I = 3 High (12)	L = 2 I = 2 Low (4)
67	72	Insufficient consideration given to contract terms & conditions or system users' needs prior to IT solutions being sought, leading to delays in procurement process and soft/hardware being purchased that isn't appropriate for service needs	L = 3 I = 4 High (12)	L = 2 I = 2 Low (4)
68	172	Loss of IT systems result in inability to deal with customer enquiries and/or accept payments	L = 3 I = 4 High (12)	L = 2 I = 2 Low (4)
69	280	Failure to effectively manage contracts	L = 3 I = 3 High (9)	L = 2 I = 2 Low (4)
70	32	Ineffective site security arrangements at Eastfield House leads to the theft and/or loss of 'assets' and employees being concerned for their safety.	L = 3 I = 2 Medium (6)	L = 2 I = 2 Low (4)
71	57	The Council's equipment and plant in Operational Services is not properly maintained, leading to its failure resulting in injury to staff or customers or reduction in service provision.	L = 2 I = 3 Medium (6)	L = 2 I = 2 Low (4)
72	203	Document Centre services affected by a major IT failure or breakdown resulting in printing/scanning requests not completed and possible additional costs.	L = 2 I = 3 Medium (6)	L = 2 I = 2 Low (4)
73	11	The Council is unable to collect household and trade waste on a regular basis resulting in both environmental and health & safety concerns and a reduction in the quality of life of residents.	L = 2 I = 3 Medium (6)	L = 2 I = 2 Low (4)
74	373	Risk of possible negative impact on HDC reputation	L = 2 I = 2 Low (4)	
75	337	Theft of monies held on site	L = 2 I = 2 Low (4)	L = 2 I = 2 Low (4)
76	372	Loss of secured contracts delivering physical activity to improve people's health	L = 2 I = 2 Low (4)	
77	320	CCTV Security Risk: Potential Intrusion by Chinese Government	L = 2 I = 2 Low (4)	L = 2 I = 2 Low (4)
78	189	Housing allocations delayed because of partial or total loss of IT systems.	L = 3 I = 2 Medium (6)	L = 2 I = 1 Low (2)
79	266	Building Foundations for Growth - Capital Grant Administration or Compliance issues	L = 2 I = 4 High (8)	L = 1 I = 4 High (4)
80	336	Structural failure causing serious injury or death to one or more people	L = 2 I = 4 High (8)	L = 1 I = 4 High (4)
81	335	Serious injury or death caused by electrocution	L = 2 I = 4 High (8)	L = 1 I = 4 High (4)
82	29	Deficiencies in the administration of election processes leads to results being challenged and the Council being unable to operate effectively.	L = 2 I = 4 High (8)	L = 1 I = 4 High (4)
83	331	Loss or abduction of a child or vulnerable person using One Leisure resulting in harm or death	L = 2 I = 4 High (8)	L = 1 I = 4 High (4)

Risk Movement Report

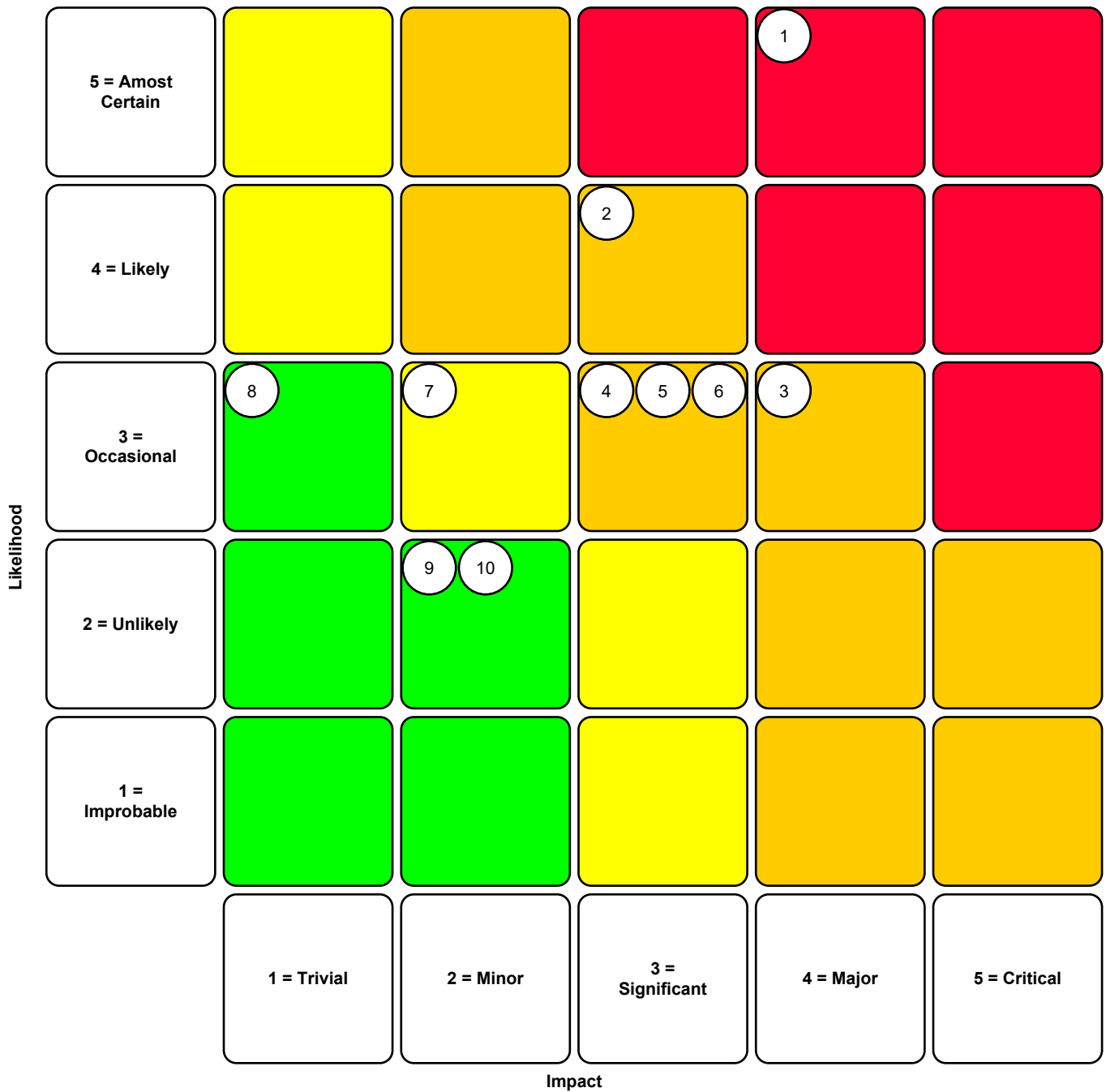
Grid #	Risk Ref	Risk Title	Inherent Risk Priority (IL x II)	Residual Risk Priority (RL x RI)
84	192	Criteria for holding an "O" Licence are not met and the licence is revoked by the Traffic Commissioner resulting in an inability to deploy fleet and significant impact on services	L = 2 I = 3 Medium (6)	L = 1 I = 3 Medium (3)
85	177	Power loss to main server rooms causes significant failure or loss of IT systems including telephony, data systems, software and hardware.	L = 4 I = 3 High (12)	L = 1 I = 2 Low (2)
86	319	Diesel Unavailable	L = 3 I = 4 High (12)	L = 1 I = 2 Low (2)
87	9	Inadequate civil contingency arrangements result in failure to respond appropriately to a major incident.	L = 1 I = 2 Low (2)	L = 1 I = 1 Low (1)
88	349	Test 1	L = 1 I = 1 Low (1)	L = 1 I = 1 Low (1)

Risk Movement Report

Report Date	27 Jun 2024
Risk Status	Open
Risk Level	Operational/Service
Risk Created	In the past 3 Month(s)

Risk Movement Report

Inherent to Residual movement



Risk Movement Report

Grid #	Risk Ref	Risk Title	Inherent Risk Priority (IL x II)	Residual Risk Priority (RL x RI)
1	366	Outgrowing Eastfield House	L = 5 I = 4 Very High (20)	
2	357	Continuing achievement of promoting physical activity and sport is reduced because of the loss of funding.	L = 4 I = 3 High (12)	
3	358	A member of the public is injured during one of the Sports Development sessions.	L = 3 I = 4 High (12)	
4	369	Alarm Response Not Robust to 10 sites	L = 3 I = 3 High (9)	
5	359	Projects are not delivered on time or within budget.	L = 3 I = 3 High (9)	
6	360	Safeguarding issue at a children's activity session.	L = 3 I = 3 High (9)	
7	361	Work van breaking down.	L = 3 I = 2 Medium (6)	
8	370	Non compliance with recycling and waste legislation and contracts	L = 3 I = 1 Low (3)	L = 3 I = 1 Low (3)
9	373	Risk of possible negative impact on HDC reputation	L = 2 I = 2 Low (4)	
10	372	Loss of secured contracts delivering physical activity to improve people's health	L = 2 I = 2 Low (4)	

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Appendix B

Understanding the Risk Register, A Guide to Terms Used

Term	Meaning
Cause	This describes why a risk might happen e.g., a driver of a car not paying sufficient attention to their driving.
Event	This is what is likely to trigger a risk event e.g., in the same example, this could be the driver hitting another car.
Effect	This describes what is envisaged to happen if the risk occurs e.g., if the driver hit another car, it could cause physical damage and possibly injury to occupants.
Inherent Risk	The inherent risk score is what the risk would be if the organisation did nothing.
Residual Risk	This is what the risk score is anticipated to be once the organisation has taken action to reduce the likelihood or impact of a risk.
Risk Control/Mitigation	<p>This describes the action taken by the organisation to move from the inherent “do nothing” risk to the residual risk e.g., introduce driver awareness and skills training. If risk control action is taken, this is expected to lessen the likelihood or impact of a risk and therefore the residual risk score should be less than the inherent risk score.</p> <p>NB. It is not always possible to take action to mitigate a risk, or the cost of taking mitigating action might exceed the anticipated financial impact of the risk arising.</p>
Risk Score	To help assess the severity of a risk, scores are allocated to it depending upon the expected likelihood or impact, the table below describes these.

Risk Assessment Scoring Matrix:

Likelihood / Frequency	Almost Certain	5	Medium	High	Very High	Very High	Very High
	Likely	4	Medium	High	High	Very High	Very High
	Occasional	3	Low	Medium	High	High	Very High
	Unlikely	2	Low	Low	Medium	High	High
	Improbable	1	Low	Low	Medium	High	High
			1	2	3	4	5
			Trivial	Minor	Significant	Major	Critical
			Impact				

Likelihood / Frequency

Alternatively this could be expressed as likely to happen within the next:

- | | | |
|---------------------------|--|----------|
| 5 = Almost Certain | Will definitely occur, possibly frequently. | Month |
| 4 = Likely | Is likely to occur, but not persistently. | Year |
| 3 = Occasional | May occur only occasionally. | 3 years |
| 2 = Unlikely | Do not expect it to happen but it is possible. | 10 years |
| 1 = Improbable | Can't believe that this will ever happen, but it may occur in exceptional circumstances. | 20 years |

When considering Health & Safety related risks, the likelihood should be expressed as being likely to happen within the next:

- | | |
|-----------------------|---------|
| 4 = Likely | Monthly |
| 3 = Occasional | Yearly |
| 2 = Unlikely | 5 years |

Further advice on assessing Health & Safety risks can be obtained from the Health & Safety Manager

Impact

Risks will be evaluated against the following scale. If a risk meets conditions for more than one category, a judgement will need to be made as to which level is the most appropriate. For example, if a particular health and safety risk was significant, could result in minor short-term adverse publicity in the local media but had only a trivial financial impact, it might still be categorised as significant.

1 = Trivial event or loss, which is likely to:

- cause minor disruption to service delivery on one or two consecutive days, not noticeable to customers.
- increase the Council's net cost over the 5 year medium term financial strategy (MTFS) period by £50,000 or less.
- be managed with no reporting in the local media.
- cause localised (one or two streets) environmental or social impact.

2 = Minor event or loss, which is likely to:

- cause minor, noticeable disruption to service delivery on one or two consecutive days.
- increase the Council's net cost over the 5 year MTFS period by more than £50,000 but less than £100,000.
- result in minor short-term (up to a fortnight) adverse publicity in the local media
- * be a Health and Safety (H&S) concern that results in an injury but 7 days or less off work
- have a short term effect on the environment i.e. noise, fumes, odour, dust emissions etc., but with no lasting detrimental impact

3 = Significant event or loss, which is likely to:

- cause disruption for between one and four weeks to the delivery of a specific service which can be managed under normal circumstances.
- affect service delivery in the longer term.
- increase the Council's net cost over the 5 year MTFS period by more than £100,000 but less than £250,000.
- result in significant adverse publicity in the national or local media.
- * be a Health and Safety concern that results in more than 7 days off work or is a specified injury, dangerous occurrence or disease that is required to be reported to the H&S Executive in accordance with 'Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013' (RIDDOR)
- has a short term local effect on the environment, or a social impact, that requires remedial action.

4 = Major event or loss, which is likely to:

- have an immediate impact on the majority of services provided or a specific service within one area, so that it requires Managing Director involvement.

- increase the Council's net cost over the 5 year MTFS period by more than £250,000 but less than £500,000.
- raise concerns about the corporate governance of the authority and / or the achievement of the Corporate Plan
- cause sustained adverse publicity in the national media.
- significantly affect the local reputation of the Council both in the long and short term
- * results in the fatality of an employee or any other person
- have a long term detrimental environmental or social impact e.g. chronic and / or significant discharge of pollutant

5 = Critical event or loss, which is likely to:

- have an immediate impact on the Council's established routines and its ability to provide any services and cause a total shutdown of operations.
- increase the Council's net cost over the 5 year MTFS period by more than £500,000.
- have an adverse impact on the national reputation of the Council both in the long and short term.
- have a detrimental impact on the environment and the community in the long term e.g., catastrophic and / or extensive discharge of persistent hazardous pollutant.

Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Annual Report of the Corporate Governance Committee
Meeting/Date:	Corporate Governance Committee – 9th July 2024 Council – 17th July 2024
Executive Portfolio:	Councillor J Harvey - Executive Councillor for Governance and Democratic Services
Report by:	Chair of the Corporate Governance Committee 2023/24
Ward(s) affected:	All Wards

Executive Summary:

The Committee presents an annual report to the Council on the work that it has undertaken each year.

The draft annual report in respect of the 2023/24 is attached at Appendix 1. It has been prepared by Councillor Nic Wells, who was Chair of the Corporate Governance Committee during the period covered by the report. It summarises the work undertaken by the Committee during 2023/24 together with any issues that relate to the year.

If, after considering the draft report, the Committee wish to make any changes, it is proposed that the Chair be given authority to agree any amendments. The report will be presented to the next Full Council meeting.

The report will be uploaded onto the Council's website once it has been approved.

Recommendation(s):

It is recommended that the Committee:

1. Review the draft Annual Report and decide what changes, if any, they wish to make; and
2. Authorise the Chair of the Committee to approve any amendments to the draft report.

Appendix 1

1. PURPOSE OF THE REPORT

- 1.1 This is an annual report of the Committee which summarises the work it has undertaken during 2023/24 and any issues that arose in the year.
- 1.2 Once the draft report is approved by Committee it will be presented by the Chair of Committee at Council.

2. BACKGROUND

- 2.1 The Committee is required to discharge the functions of the Council in relation to both the corporate governance of the Council and the conduct of elected Members. This annual report sets to inform Council of the activities Committee has undertaken in discharging these functions.
- 2.2 It has been prepared by the Chair of the Corporate Governance Committee during the period covered by the report. It details matters that have been considered together with membership and attendance throughout the year.

3. REASONS FOR THE RECOMMENDED DECISIONS

- 3.1 Committee is required to review the draft report and approve that it is an accurate representation/reflection of the year.

4. LIST OF APPENDICES INCLUDED

Appendix 1 - Corporate Governance Committee: Chair's Annual Report to Council for the year ending 31st March 2024

CONTACT OFFICER

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Corporate Governance Committee

**Chair's Annual Report to Council
for the year ending 31st March 2024**

Introduction by the Chair of the Corporate Governance Committee

This report summarises both the Committee's activities during 2023/24 and issues that arose in that financial year. It is intended to:

- reassure the Council and other stakeholders that the committee is undertaking its responsibilities properly and in a way that allows it to exercise effective oversight; and
- demonstrate to the District's residents and other stakeholders the importance that the Council places on good governance, openness and probity in public life. The report sets out the contribution the Committee makes to achieving those aims. The Committee's meetings are open to the public and its report are available on the Council's website.

This is the end of my second year as Chair of the Committee, which has continued its focus on the following key issues:

1. Play a key role in the responding to the findings of the Local Government Association Peer Review of Internal Audit, focusing particularly on those aspects that relate directly to the activities of the Corporate Governance Committee.
2. Continue to make progress in resolving issues raised in previous Annual Governance Statements, and to increase the rate of progress during the year.
3. Identify lessons to be learned and applied from those issues.
4. Receive assurance that business continuity plans are in place and up to date.
5. Continue to increase the percentage of internal Audit actions completed on time.
6. Continually review and enhance the controls necessary to deal with cyberattacks and to manage Cloud services effectively.

Over the year the increasing focus on the Risks that exist for the organisation, and the role that Internal Audit plays in assessing the standard of management of these Risks, has continued. The Committee has asked for and received updates to the Corporate Risk Register at each meeting, and the ongoing scrutiny of Risk in the context of Audit continues to be a key objective of the Committee going forward.

To this end, the Chair and Vice Chair have worked with the Executive Councillor for Corporate & Shared Services to investigate ways of increasing the Council's effectiveness in Risk management, and the role that the Corporate Governance Committee can play in this. We have greatly appreciated the valuable input into this initiative from the Internal Audit team led by the Internal Audit manager.

Reassessment of some of the key audit actions has continued during the year, after it had become apparent that those actions needed to be reviewed in light of changed circumstances. It was agreed with the pertinent Corporate Director that changes be made to the relevant outstanding Audit actions to reflect the necessary changes.

The Chair and Vice Chair took part in the review of the LGA Audit Peer Challenge in March 2024. The LGA team identified a need to progress those of the 17 recommendations from the Challenge that were not yet complete with a deadline of May 2024 when the LGA Governance Review was scheduled to take place. We

have worked with HDC senior management and the Internal Audit team to ensure that all 17 recommendations are implemented, including those that relate to the Committee's activities.

One of the key actions focused on was the review of the Terms of Reference of the Committee. These were revised by reference to the CIPFA model terms of reference, supplemented by those terms relating to those areas of focus of the Committee which sit outside of its core Audit functions. The revised Terms of Reference will be presented for approval by Full Council in May 2024.

Another key action that has been addressed was to complete a skills matrix of committee members, to assist in assessing members' experience and potential training needs and the overall capability level of the committee. I would like to thank all those committee members who completed the skills matrix.

In light of the Government's stated intention to require local government audit committees to include one or more Independent non-voting members, the Committee has successfully undertaken an initiative to recruit Independent members to the Committee, with the result that two Independent members will join the committee from May 2024 subject to the approval of Full Council.

I would like to thank those Officers who have supported the Committee's activities over the Corporate year 2023-24; the Members who served on the Committee during the Corporate year, and in particular for Members' contributions to the Committee's oversight of all aspects of Corporate Governance.

I would also like to express my thanks to the Shared Services Cyber and Information Security Lead, for his presentation to members of the committee on 3C Shared Services' ICT provision to the Council in informal closed session in November 2023 and to the Strategic HR Manager, for presenting on the subject of HR training in closed session before the start of the Committee meeting in March 2024.

Councillor Nic Wells, Chair, Corporate Governance Committee

May 2024

ANNUAL REPORT OF THE CORPORATE GOVERNANCE COMMITTEE

YEAR ENDED 31ST MARCH 2024

This is the report to Council of the Corporate Governance Committee to summarise activities undertaken during 2023/24 demonstrating compliance with the *CIPFA Audit Committee Position Statement 2022 (CACPS)*, discharging its responsibilities and providing an assessment of its performance.

The CACPS sets out the purpose, model, core functions and membership of the Corporate Governance committee (CGC). It details outputs that must be established and evidenced:

- Purpose of CGC.
- Independent and effective model.
- Core functions, including specific responsibilities for:
 - Maintenance of governance, risk and control arrangements.
 - Financial and governance reporting.
 - Establishing appropriate and effective arrangements for audit and assurance.
- Audit committee membership.
- Engagement and outputs.
- Impact.

These areas are explored in the following report and the activities and achievements noted.

1. Purpose of CGC

The committee's purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. Its role in ensuring there is sufficient assurance over governance, risk and control gives greater confidence to all those charged with governance that those arrangements are effective.

The committee has oversight of both internal and external audit, together with the financial and governance reports, helping to ensure there are adequate arrangements in place for both internal challenge and public accountability.

In March 2024, the Committee agreed a revision of its Terms of Reference (ToR) which clarified its responsibilities and position in the governance structure of the authority.

2. Independent and Effective Model

The committee is an apolitical non decision making forum; it is an advisory committee that has sufficient importance in the authority, so that its recommendations and opinions carry weight and have influence with the

leadership team and those charged with governance. It is directly accountable to Council and is independent of the scrutiny and executive functions but has rights of access to and engagement with other committees or functions.

As part of the Local Government peer review of Internal Audit, the effectiveness of CGC was considered and, whilst it felt the committee was supportive of the work of Internal Audit, some recommendations were made to improve the effectiveness of this; these included the review of ToR, skills and training needs assessments and to consider using task groups to enable greater coverage of work. Skills assessments were undertaken and training plans to complement these are under development.

During the year, the committee approved the recruitment of up to two Independent Members to bolster the independence and skills of the committee. Two new independent members were recruited and will participate in the committee from May 2024 onwards.

The review of ToR also considered the committee size, and this has subsequently reduced to seven members plus up to two independent members for 2024/25.

3. Core Functions

3.1. Maintenance of governance, risk and control arrangements.

The committee considers updates from the organisation on the operation of its governance, risk and control arrangements. During 2023/24, this included:

- Recommending the approval to Council of the revised Risk Management Strategy.
- Reviewing and endorsing the Local Code of Corporate Governance update.
- Receiving regular updates on the organisation's Corporate Risk register, debating the risks included upon it, the mitigating actions proposed to control exposure to adverse impacts should those risks materialise and recommending further areas for consideration.
- Monitoring actions arising from Internal Audit reviews and receiving updates on actions not implemented by the agreed target dates.
- Reviewing new policies and policy updates and recommending these for approval to Council. During the year, the following policies were reviewed:
 - Whistleblowing
 - Risk Management Strategy
 - Disposals and Acquisitions policy, Land and Property – update on thresholds.
- Receiving and noting the Annual Review of Fraud Investigation activity report.
- Receiving and noting the Annual Complaints report.
- Receiving and noting the Polling Districts and Polling Place Review.
- Receiving an update on the organisation's compliance with the Information Rights Act and Information Governance.
- Receiving the LGA Peer Review of Internal Audit Report, agreeing the recommended actions and monitoring completion of these.

- Recommending the appointment of Lead and Deputy Independent Persons.
- Considering a report by the Elections and Democratic Services Manager on the Code of Conduct and Register of Disclosable Pecuniary Interests.
- Considering the annual review of the Benefits Risk Based Verification Policy.

3.2. Financial and governance reporting.

The committee received the audited Statements of Accounts for 2021/22 and draft Statements of Accounts for 2022/23 during the year, together with the supporting Annual Governance Statements (AGS) for the respective years and agreed publication of such having satisfied itself they properly reflect the risk environment, any actions required to improve it, and to demonstrate how governance supports the achievement of the authority's objectives.

The organisation's external auditors attended committee meetings in April 2023 and September 2023 to feedback observations from their reviews and to give committee members an opportunity to ask questions of the independent review and gain assurance on the organisation's control and governance framework.

3.3. Establishing appropriate and effective arrangements for audit and assurance

The committee reviews and approves the Internal Audit Charter on an annual basis alongside the Annual Internal Audit Plan. The Charter, which was significantly revised in May 2024 to align with CIPFA's and PSIAS's recommendations, defines the purpose, authority and responsibility of internal audit activity, establishes the Internal Audit Service's position within the organisation; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

The Annual Internal Audit Plan details the expected activities for the Internal Audit Team over the coming year and is based upon the outputs of the Risk Management Strategy. It aims to be able to provide assurance that the controls in place to protect the organisation are deployed effectively and monitored regularly.

The following Internal Audit activity was undertaken during 2023/24, and confirmed to committee:

Audit Area/Opinion	Date report issued	Actions Arising	
		Red	Amber
<u>Substantial Assurance:</u>			
None			
<u>Reasonable Assurance:</u>			
CIPFA Financial Management Code	April 2024	0	0
Safeguarding	January 2024	0	16
Tree Management	April 2024	0	8
Disabled Facilities Grants annual declaration	n/a	0	0
Climate - carbon data	draft	0	4
<u>Limited Assurance:</u>			
None			
<u>Position statement only:</u>			
Business Continuity Planning	May 2024	n/a	n/a
People Capacity	May 2024	n/a	n/a
GDPR – Health Check Improvement Action Plan	draft	n/a	n/a
<u>Key Controls:</u>			
Council Tax	February 2024	0	0
NNDR	February 2024	0	0
Creditors	November 2023	0	0
Debtors	December 2023	0	0
Main Accounting System	December 2023	0	0

The committee receives regular reports on the completion of audit actions, in particular, actions which are not implemented by the agreed due date. The reports to committee update on the reasons for non-implementation and the work being undertaken to achieve completion. During the year, the committee noted a number of actions related to Procurement activities (although not all of these rested with the Procurement team) and asked that resource capacity in this area was reviewed; additional Procurement resources have been approved to assist services across the organisation.

4. Audit committee membership

The terms of reference for the committee were reviewed in March 2024 to ensure CIPFA's requirements for an audit committee were met. Whilst CIPFA's model terms of reference was used as a basis for the review, the committee's terms of reference also include responsibility for Constitutional, Conduct and Regulatory Arrangements. The review included a proposal to reduce the committee

membership to seven members plus up to two independent members. This was agreed at Council in April 2024.

Two independent non-voting members were recruited and approved to committee in April 2024, to complement the skills of the existing committee members.

An assessment of members' governance skills was undertaken and will be used to inform the member training programme for the current year.

5. Engagement and outputs

During 2023/24 the committee met on seven occasions.

Committee meetings were regularly attended by the Internal Audit Manager, the Director of Finance and Corporate Resources, the Managing Director/Chief Executive and other officers as required. The Chair and Vice Chair were able to meet the officers outside of committee, if required.

The organisation's external auditors attended committee meetings on two occasions to discuss audit progress and were able to meet independently with the Chair.

Committee members were invited to contribute to the LGA Peer Review of Internal Audit, and their opinions noted in the final report.

6. Impact

As part of the LGA Peer Review of Internal Audit, the committee was asked to consider its role in the organisation's governance and assurance processes, and suggestions made for change, such as:

- Reviewing membership committee size and membership.
- Recruiting Independent Members.
- Reviewing its Terms of Reference
- Assessing its skills and considering areas for improvement through training.

As already noted, these have all been undertaken during the year and the committee now more closely aligns itself with CIPFA's Audit Committee Position Statement 2022.

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CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

Committee	Decisions	Date for Action	Action Taken	Officer Responsible	Delete from future list
24/01/2024	<p>The Code of Procurement Waiver Procedure</p> <p>Digest of all uses of the waiver procedure to be presented to the Committee.</p>		<p>Action completed.</p> <p>Procedure established to be used at future meetings as required.</p>	Procurement Lead	Yes
26/04/2023	<p>Shadow Cabinet Members</p> <p>Raised by Councillor J A Gray. Elections & Democratic Services Manager undertook to take this forward in conjunction with the Managing Director (Interim) outside of the meeting.</p>	25/09/2024	<p>Constitutional Review Working Group appointed at Annual Council on 22 May 2024 to take forward a review and update as appropriate of the Constitution.</p> <p>First meeting to be held 18 July 2024.</p>	Elections & Democratic Services Manager	Yes
27/09/2023	<p>Risk Management Strategy</p> <p>Suggestions to reduce the number of risks within the register and ordered based on priority, as well as consideration of</p>	29/05/2024	<p>Agreed to submit Corporate Risk Register to future meetings.</p>	Director of Finance and Corporate Resources	Yes

CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

Committee	Decisions	Date for Action	Action Taken	Officer Responsible	Delete from future list
	<p>modernising the Risk Management Strategy.</p> <p>Review out of date risks and suggested standardisation throughout the document of risk assessing likelihood/impact and formatting.</p> <p>Suggested that Councillors and Officers collaborate on the Risk Management Reporting Framework.</p>				
12/07/2023	<p>Internal Audit Progress Report</p> <p>Information requested on an update on Ref.1638, Debtors Action, which had been put on hold.</p>	29/05/2024		Director of Finance and Corporate Resources	No
27/09/2023	<p>Unaudited Statement of Accounts 2022/23</p> <p>Information requested on why the pension deficit/surplus had seen significant change due to War in Ukraine; whether it</p>			Director of Finance and Corporate Resources	No

CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

Committee	Decisions	Date for Action	Action Taken	Officer Responsible	Delete from future list
	<p>had been impacted by the stock market in 2022; and whether the Pension Surplus was likely to continue for the next two years.</p> <p>Discussed widening the point to monitoring of Pension fund performance against other local authority funds over a five-year period.</p>				
<p>29/05/24</p>	<p>Internal Audit Manager</p> <p>Information to be circulated to Members on communications about the Internal Audit Manager,</p>		<p>Information circulated.</p>	<p>Director of Finance and Corporate Resources</p>	<p>Yes</p>
<p>29/05/24</p>	<p>External Audit Plan</p> <p>Plan to be submitted for approval to the next meeting.</p>	<p>9/07/24</p>	<p>See item elsewhere on the Agenda.</p>	<p>Director of Finance and Corporate Resources</p>	<p>Yes</p>

CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

Committee	Decisions	Date for Action	Action Taken	Officer Responsible	Delete from future list
29/05/24	<p>Corporate Risk Register Heat and Movement maps to be included in the report.</p> <p>Report requested for future meeting on monitoring and acting on risk events</p>	9/07/24	See report elsewhere on the Agenda.	Director of Finance and Corporate Resources	Yes

By virtue of paragraph(s) 7 of Part 1 of Schedule 12A of the Local Government Act 1972.

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