

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, 25 MARCH 2025** 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 January 2025.

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. EXTERNAL AUDITOR'S ANNUAL REPORT 2023/24 (Pages 13 - 40)

To receive the External Auditor's Annual Report for 2023/2024.

Contact Officer: S Jones - (01480) 388214

4. EXTERNAL AUDIT PLAN

To receive a verbal update on the External Audit Plan.

Contact Officer: S Jones - (01480) 388214

5. CORPORATE RISK REGISTER (Pages 41 - 48)

To receive a report informing the Committee of the approach and work undertaken on the Corporate Risk Register.

Contact Officer: S Jones - (01480) 388214

6. DRAFT INTERNAL AUDIT PLAN 2025/26 (INCLUDING THE INTERNAL AUDIT CHARTER) (Pages 49 - 76)

To receive a report on the Internal Audit Plan 2025/26 and the Internal Audit Charter.

Contact Officer: S Jones - (01480) 388214

7. INTERNAL AUDIT UPDATE REPORT (Pages 77 - 110)

To receive an update on the work of the Internal Audit Service since the last meeting.

Contact Officer: S Jones - (01480) 388214

8. INTERNAL AUDIT ACTIONS UPDATE (Pages 111 - 114)

To receive a report update on Internal Audit Actions.

Contact Officer: S Jones - 388214

9. CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT (Pages 115 - 118)

To receive the Corporate Governance Committee Progress Report.

Contact Officer: Democratic Services - (01480) 388169

17 day of March 2025

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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The District Council also permits filming, recording and the taking of photographs at its meetings that are open to the public. Arrangements for these activities should operate in accordance with [guidelines](#) agreed by the Council.

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.

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HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CORPORATE GOVERNANCE COMMITTEE held in the CIVIC SUITE (LANCASTER/STIRLING ROOMS), PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, CAMBS, PE29 3TN on Wednesday, 29 January 2025

PRESENT: Councillor D J Shaw – Vice-Chair.

Councillors J A Gray, P J Hodgson-Jones, A R Jennings, I P Taylor, P Webb and N Wells.

APOLOGY: An Apology for absence from the meeting was submitted on behalf of Councillor M J Burke.

IN ATTENDANCE: Mr P Webb.

47 MINUTES

The Minutes of the meeting of the Committee held on 27th November 2024 were approved as a correct record and signed by the Vice-Chair.

48 MEMBERS' INTERESTS

No declarations were received.

49 COMMUNITY GOVERNANCE REVIEW - GLATTON AND CONINGTON

Pursuant to Minute No. 24/28, the Committee considered a request from Glatton Parish Council to undertake a Community Governance Review (CGR) to review the parish boundary between Glatton and Conington following the receipt of a valid community governance petition.

In introducing the report, the Elections and Democratic Services Manager reported that a valid community governance petition had been submitted by Glatton Parish Council on 12th November 2024. To be valid, 37.5% of an electorate with less than 500 electors would be required. The petition submitted to the Council represented 54.6% of the electorate. Members attention was then drawn to the original request considered by the Committee at its 25th September 2024 meeting, together with the Notice of Community Governance Review and Terms of Reference outlined in Appendix A. Members were advised that the Community Governance Review must be concluded within 12 months of publication of the Terms of Reference.

Councillor A R Jennings advised that he had made contact with Councillor T Alban as the Ward Member for the area, who had advised that he would be maintaining a neutral stance on the review and would accept the Committee's decision on the matter.

Councillor P J Hodgson-Jones queried what impact the review would have upon the Government's White Paper proposals on Local Government Reorganisation and in doing so, the Elections and Democratic Services Manager responded that final details were awaited from the Government but that Town and Parish Councils would be briefed in due course with further briefings being planned in the autumn. Efforts would be made to ensure communications remained open not only with Town and Parish Councils but with Members also.

A question was then raised by the Vice-Chair querying whether the Community Governance Review would have an impact upon Town and Parish Council elections. Members were advised that all Town and Parish Council elections were scheduled for May 2026 and therefore would not be impacted by the review.

On being put to the vote, the Committee

RESOLVED

- (a) to consider the request from Glatton Parish Council for a Community Governance Review to review the parish boundary between Glatton and Conington;
- (b) to approve the draft terms of reference of the review without amendments, as detailed in Appendix A; and
- (c) to authorise the Elections and Democratic Services Manager to agree a timetable in consultation with Glatton Parish Council and Conington Parish Council.

50 APPROVAL FOR PUBLICATION OF THE ANNUAL GOVERNANCE STATEMENT 2023/24 AND ANNUAL FINANCIAL REPORT 2023/24

At 7:14pm, during discussion on this item, Councillor J A Gray took his seat at the meeting.

Ms C Mellons, Audit Partner and Mr J Camm, Senior Audit Manager, Ernst and Young LLP, were in attendance for consideration of this item.

A report by the Corporate Director (Finance and Resources) was submitted (a copy of which is appended in the Minute Book) which outlined the processes for finalising and publishing the Council's Annual Governance Statement and Annual Financial Report for 2023/24.

In introducing the report, the Corporate Director (Finance and Resources) paid tribute to the Chief Finance Officer and her team for their hard work in finalising the accounts.

Ms C Mellons, the Council's Audit Partner was then provided with an opportunity to present the Audit Results Report for the year ended 31 March 2024. Reference was made to the outstanding areas of audit work yet to be completed, where it was noted that the receipt of assurances from the auditor of the Cambridgeshire County Council Pension Fund was expected by the end of the week. Members were encouraged to note that no further material issues had

been identified at the present time and that the audit opinion would be ready by the end of next week. Attention was then drawn to the audit differences and the value for money findings. In terms of the latter, it was reported that whilst significant weaknesses in governance arrangements for 2023/24 had been identified, the proactive management of addressing this concern had been recognised and reported on to Committee Members during 2024.

In response to a question raised by Councillor I P Taylor, the Audit Manager confirmed that the £1.15m overstatement of income and debtors due to the incorrect coding of cash received from the Department for Work and Pensions did not have any negative impact upon the Council.

Councillor A R Jennings then queried the differences in the figures reported in the Quarter 4 Provisional Outturn Report which had previously been submitted to the Overview and Scrutiny Panel (Performance and Growth) which indicated a £1.7m underspend in comparison to the £4.5m which was now being reported. Having explained to the Committee that there was a difference between how the provisional outturn figures were presented when compared to the Statement of Accounts, the Chief Finance Officer undertook to investigate the matter and circulate a response to Members outside of the meeting.

Whereupon, the Committee

RESOLVED

- (a) to receive and discuss the Completion Report for Those Charged with Governance 2023/24 (Appendix 1);
- (b) to approve the Annual Governance Statement (Appendix 2) and authorise the Executive Leader and Chief Executive Officer to sign the Statement on behalf of the Council;
- (c) to approve the Letter of Representation (Appendix 3) and authorise the Corporate Director (Finance and Resources) as Section 151 Officer to sign it on behalf of the Council;
- (d) to give delegated powers to the Chair of the Committee and the Corporate Director (Finance and Resources), as Section 151 Officer to authorise and sign the Annual Financial Report for 2023/24 (Appendix 4) on behalf of the Council;
- (e) to give delegated powers to the Corporate Director of Finance and Resources, in conjunction with the Chair of the Committee, to ensure that any minor amendments to the statement of accounts are completed before final publication.

51 LOCAL AUDIT STRATEGY UPDATE

A report by the Corporate Director (Finance and Resources) was submitted (a copy of which is appended in the Minute Book) providing an update on Local Audit Reform.

Having been informed by the Corporate Director (Finance and Resources) that the Government had launched a strategy to overhaul the local audit system in England which was currently out for consultation closing on 29 January 2025, Members were advised that a response to the proposals had been submitted by the Corporate Director (Finance and Resources) on behalf of the District Treasurers. Whereupon, it was

RESOLVED

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

52 CORPORATE RISK REGISTER

With the aid of a report prepared by the Corporate Director (Finance and Resources) (a copy of which is appended in the Minute Book) informing the Committee of the approach and work undertaken on the Corporate Risk Register.

In her introductory remarks, the Corporate Director (Finance and Resources) reported that since the last meeting, she had worked with RSM UK and Management Team to assess the current significant risk for the Council. Reference was made to Appendix 2 which outlined the Emerging Risk Themes which would be developed further. The Council's risk management system had recently been updated to a newer version and RSM UK had also completed a benchmarking activity against other authorities.

In response to a question raised by Mr P Webb, the Committee were reminded of the unsuccessful recruitment campaign to the post of Risk and Controls Officer. Consideration currently was being given to resourcing in the longer term as well as where the role might sit within the wider organisation. In terms of the former, the Committee were informed that all options were being considered, which may include a hybrid model of working.

Councillor N Wells then queried who would be leading on the risk themes. The Corporate Director (Finance and Resources) responded that RSM had assisted with collating and grouping them together, but that Management Team had contributed to this work. Following further discussion prompted by Councillor P J Hodgson-Jones, the Committee were informed that risk owners and risk managers would be clearly identified and that the Risk Register would be subject to a monthly governance review by Senior Leadership Team with the Risk and Controls Officer taking responsibility for timely and consistent updates to the risk management system.

Other matters that were discussed and responded to at the meeting included the impact of new procurement legislation together with the Government's proposals for Local Government Reorganisation and their impact upon the Council and the various correlating entries made in the Risk Register and the use of Artificial Intelligence. The former would be considered as part of a later agenda item. In terms of the latter, the Committee were informed that a policy on its use was already in place across Huntingdonshire, South Cambridgeshire and Cambridge City.

RESOLVED

that the proposed approach, the emerging content of the corporate risk register and the strategy for the future development of risk management be noted.

53 INTERNAL AUDIT UPDATE REPORT

Mr D Harris, Partner, RSM, was in attendance for consideration of this item.

A report by the Corporate Director (Finance and Resources) was submitted (a copy of which is appended in the Minute Book) providing an update on the work of the Internal Audit Service since the last meeting.

The Corporate Director (Finance and Resources) reported that at the beginning of this month, she had engaged with RSM UK to provide the Council with immediate support to the Internal Audit function. Mr D Harris, Partner, RSM UK had stepped in and was acting as the Head of Internal Audit in an interim capacity.

Mr D Harris then presented his report as detailed in Appendix 1 and advised that he would be assisting with the production of a 2025/26 internal audit plan, the provision of management, support and oversight of the internal audit team and to prepare the annual report for 2024/25. The Committee were advised that he had met with the Corporate Director (Finance and Resources) as Section 151 Officer, Chair and Executive Councillor for Governance and Democratic Services to understand the latest position with the 2024/25 internal audit plan.

Members were advised that four reviews had been finalised with a further four reviews currently at draft report stage. Attention was then drawn to Appendix A which outlined progress against the Internal Audit Plan 2024/25. 7 audits had not yet commenced, 5 of which were IT related and would require to be delivered by an external IT specialist audit provider. Two additional audits, not included in the original plan would be undertaken this year relating to IT Key Control and Cyber Essentials and Follow up of previous actions/recommendations. It was reported that the Council presently demonstrated a lack of compliance with Public Sector Internal Audit Standards which would place some limitations on the findings of the Annual Report 2024/25. In light of this, a risk-based approach to planning for the 2025/26 Internal Audit Plan would be undertaken and presented to the Committee at its March 2025 meeting.

Following questions raised by Councillor P J Hodgson-Jones, it was confirmed that of the 23 audits originally planned for 2024/25 only 12 would be completed by the end of the financial year. This was attributable to vacancies at both Head of Internal Audit and Internal Auditor level at various points in the year. In response to subsequent questions, assurances were delivered by the Corporate Director (Finance and Resources) that a realistic Internal Audit Plan for 2025/26 would be presented to the Committee at its next meeting.

Councillor J A Gray queried what impact the issues highlighted at tonight's meeting would have upon the 2024/25 final accounts. Ms C Mellons responded that audit standards did not allow the auditors to rely on the work of the Internal Audit Team but that consideration would be given to the overall control environment as well as value for money conclusions.

In response to a question raised by Councillor N Wells, Mr D Harris reported that as no IT related audits had yet been undertaken, it was deemed appropriate to undertake the Cyber Essentials audit which could be undertaken with minimum impact upon the Internal Audit Team. Furthermore, it was acknowledged that as the 3C ICT Shared Services hosting authority, it would be right and proper to complete this audit by the end of 2024/25.

Other matters that were discussed and responded to at the meeting included the DFG Grant Verification audit and how RAG ratings were used to identify the status of audits.

Having acknowledged that work was yet to be undertaken to prioritise the outstanding audits that would not be delivered in 2024/25 which would feed into the proposed Internal Audit Plan for 2025/26, the Committee

RESOLVED

to note the update on work undertaken by Internal Audit in December 2024 / January 2025.

54 PREPARATION OF INTERNAL AUDIT PLAN FOR 2025/26

Mr D Harris, Partner, RSM, was in attendance for consideration of this item.

A report by the Corporate Director (Finance and Resources) was submitted (a copy of which is appended in the Minute Book) providing the Committee with an opportunity to be aware of the approach being adopted by RSM to prepare the 2025/26 Internal Audit Plan and to comment on any areas for inclusion within the Plan.

Mr D Harris explained that a letter of engagement to work with the Council had been signed 4 days before publication of the Committee's agenda and that the list of potential audit areas identified within Appendix 1 were subject to further review. The list included the audit areas deferred from the 2024/25 Plan. He then went on to explain that he would be meeting with Senior Leadership Team at the end of the week to further shape the Audit Plan for 2025/26 and would also be taking a backward look at the areas covered by internal audit over the last 3-4 years.

In response to questions raised by Councillor A R Jennings, the Committee were informed that 4 assurance opinions were delivered with RAG statuses as follows:

- Substantial – Green
- Reasonable – Amber
- Partial – Orange
- Limited – Red

A discussion was then had on external sources of assurance which included Information Commissioner's Office reports and health and safety specialists. It was further acknowledged that as the Corporate Risk Register matured, this would provide a further level of assurance to the Council. In terms of areas for audit review, suggestions were made by Councillor J A Gray which included capital expenditure, specifically in relation to S106 and Community Infrastructure

Levy funding, the Local Government Reorganisation and the Council' insurance practices to include the tendering of insurance services.

Whereupon, it was

RESOLVED

that the approach being adopted to develop the Internal Audit Plan for 2025/26 be noted.

55 OUTSTANDING INTERNAL AUDIT ACTIONS

A report by the Corporate Director (Finance and Resources) was submitted (a copy of which is appended in the Minute Book) presenting the management actions that have been taken on the outstanding overdue actions reported to the Committee at its last meeting in November 2024.

In introducing the report, the Corporate Director (Finance and Resources) drew attention to the actions which were now proposed for closure, those with a new revised target date and those which had been superseded by wider work. This work had also been discussed with RSM UK. Attention was then drawn to Appendix 2 which provided a summary of the approach to preparation for the Procurement Act and Social Value. Members were encouraged to learn that the Council's new Procurement Lead had started in posted and delivered some training internally within the organisation.

A question was then raised by Councillor J A Gray querying what assurances would be delivered on risk and risk management events. The Corporate Director (Finance and Resources) advised of her intention to provide a regular report to the Committee on the Corporate Risk Register indicating actions which have moved, added or proposed for retirement. It was noted that options which might further be considered by the Committee could include Directorate reviews of risk or risk reviews by theme.

Other questions that were raised and responded to at the meeting included the adequacy of reporting and lessons learnt and the proposed action for closure relating to Section 106 Agreements. Whereupon, it was

RESOLVED

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

56 CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

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

Referring to the Constitution Review Working Group and in response to a question raised by Councillor I P Taylor, comment was made that this Group may need to reprioritise its work in light of Local Government Reorganisation and the impending legislative changes to procurement. Councillor P J Hodgson-Jones expressed his view that the work to review the Constitution should continue given

that there would be some form of Council continuing to operate within Huntingdonshire in the future.

57 EXCLUSION OF PRESS AND PUBLIC

RESOLVED

that the press and public be excluded from the meeting because the business to be transacted contains information relating to the financial or business affairs of any particular person (including the authority holding that information).

58 FUTURE INTERNAL AUDIT PROVISION

With the aid of a report by the Corporate Director (Finance and Resources) (a copy of which is appended in the annex to the Minute Book) the Committee had a private discussion with the Corporate Director (Finance and Resources) on future internal audit provision. Questions were raised and responded to at the meeting.

The meeting concluded at 8:50pm.

Chair

Public
Key Decision – No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: External Auditor's Annual Report 2023/24

Meeting/Date: Corporate Governance Committee
25 March 2025

Executive Portfolio: Executive Councillor for Finance & Resources
Cllr Brett Mickelburgh

Report by: Corporate Director – Finance and Resources

Wards affected: All

Executive Summary:

This report sets out a summary of all of the work undertaken by the external auditors for the audit year 2023/24 and the value for money commentary, including confirmation of the opinion given on the financial statements.

Recommendation:

The Committee is

RECOMMENDED

to comment on and note the Auditor's Annual Report set out at Appendix 1.

1. PURPOSE OF THE REPORT

- 1.1 This report gives the Committee an update of the findings of the external auditors for the audit year 2023/24.

2. BACKGROUND

- 1.1 The purpose of the auditor's annual report is to bring together all of the auditor's work over the year and the value for money commentary, including confirmation of the opinion given on the financial statements.
- 1.2 The commentary aims to draw to the attention of the Council and the wider public, relevant issues from the work undertaken by the auditors, including recommendations arising in the current year, and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

3. LEGAL IMPLICATIONS

- 3.1 None

4. RESOURCE IMPLICATIONS

- 4.1 No additional resource requirements arise from this report.

5. LIST OF APPENDICES INCLUDED

Appendix 1 – Auditor's Annual Report

CONTACT OFFICER

Name/Job Title: Suzanne Jones, Corporate Director – Finance and Resources
Tel No: 01480 388214
Email: suzanne.jones@huntingdonshire.gov.uk

A close-up photograph of a person's hand holding a white pen, pointing at a bar chart displayed on a tablet screen. The chart features several horizontal bars in shades of green, brown, and red. The background is dark, and the lighting is focused on the hand and the tablet.

Huntingdonshire District Council **Auditor's Annual Report**

Year ended 31 March 2024

12 March 2025



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

12 March 2025

Dear Corporate Governance Committee Members

2023/24 Auditor's Annual Report

We are pleased to attach our Auditor's Annual Report including the commentary on the Value for Money (VFM) arrangements for Huntingdonshire District Council. This report and commentary explains the work we have undertaken during the year and highlights any significant weaknesses identified along with recommendations for improvement. The commentary covers our findings for audit year 2023/24.

This report is intended to draw to the attention of the Council to any relevant issues arising from our work. It is not intended for, and should not be used for, any other purpose.

We welcome the opportunity to discuss the contents of this report with you at the Corporate Governance Committee meeting on 25 March 2025.

Yours faithfully





Claire Mellons

Partner

For and on behalf of Ernst & Young LLP

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Contents

01	Executive Summary	02	Audit of the financial statements	03	Value for Money Commentary	04	Appendices
							

Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website ([Statement of responsibilities of auditors and audited bodies \(from 2023/24 audits\) - PSAA](#)). 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 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 in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to 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 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.



01 Executive Summary



Executive Summary

Purpose

The purpose of the auditor's annual report is to bring together all of the auditor's work over the year and the value for money commentary, including confirmation of the opinion given on the financial statements; and, by exception, reference to any reporting by the auditor using their powers under the Local Audit and Accountability Act 2014. In doing so, we comply with the requirements of the 2024 Code of Audit Practice (the Code) published in November 2024 and the supporting guidance of the National Audit Office (NAO) published within their Auditor Guidance Note 3 (AGN 03). This commentary aims to draw to the attention of the Council and the wider public relevant issues from our work including recommendations arising in the current year and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

The 2024 Code paragraph 4.10 has suspended the requirement to issue an auditor's annual report by 30 November. It states that auditors may exercise judgement to determine when to issue their annual report including their commentary on arrangements to secure value for money.

Responsibilities of the appointed auditor

We have undertaken our 2023/24 audit work in accordance with the Audit Plan that we issued on 9 July 2024. We have complied with the NAO's 2024 Code of Audit Practice, other guidance issued by the NAO and International Standards on Auditing (UK).

As auditors we are responsible for:

Expressing an opinion on:

- the 2023/24 financial statements;
- conclusions relation to going concern; and
- the consistency of other information published with the financial statements, including the narrative statement.

Reporting by exception:

- if the annual governance statement does not comply with relevant guidance or is not consistent with our understanding of the Council;
- any significant matters or written recommendations that are in the public interest; and
- if we identify a significant weakness in the Council's arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

Responsibilities of the Council

The Council is responsible for preparing and publishing its financial statements, narrative statement and annual governance statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Executive Summary (continued)

2023/24 Conclusions

<p>Financial statements</p>	<p>The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 required any outstanding accountability statements for years ended 31 March 2015 to 31 March 2023 to be approved not later than 13 December 2024 and the accountability statements for the year ended 31 March 2024 to be approved not later than 28 February 2025 ('the backstop date').</p> <p>The audit of the financial statements for the year ended 31 March 2023 for Huntingdonshire District Council was not completed for the reasons set out in our disclaimer of opinion on those financial statements dated 28 November 2024.</p> <p>Our planned audit work in the current year was focused on transactions in the year and the current year balance sheet.</p> <p>Due to delays in the previous year's audit, we did not have the required resource available and have been unable to complete our audit procedures on other service expenses (23/24 £17.3m, 22/23 £14.3m); transfer & grant payments (23/24 £3.1m, 22/23 £2.8m); support service recharges (23/24 £1.3m, 22/23 £6m), levies (23/24 £2m, 22/23 £11.5m), short-term creditors (23/24 £19.7m, 22/23 £25.6m), long-term debtors (23/24 £2.5m, 22/23 £5.1m), provisions (23/24 £2m, 22/23 £1.2m), and journals processed during the year.</p> <p>As a result of the disclaimer of opinion in the prior year and the backstop date, we also do not have sufficient appropriate audit evidence over the following:</p> <ul style="list-style-type: none"> • in the balance sheet and accompanying notes: the opening balances, closing reserves position and the valuation of property assets held at valuation included in 'other land and buildings' that were not revalued in year. • in the comprehensive income and expenditure account and accompanying notes: comparatives and income and expenditure transactions that are impacted by the opening balances shown in the prior year balance sheet • in the cash flow statement and accompanying notes: opening balances, comparatives and in-year cash flow movements that are calculated <p>We therefore issued a disclaimed 2023/24 audit opinion on 26 February 2025.</p>
<p>Going concern</p>	<p>Because of the disclaimed audit opinion, we did not conclude on whether the Corporate Director of Finance and Resources' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.</p>
<p>Consistency of the other information published with the financial statements</p>	<p>Because of the disclaimed audit opinion, we did not conclude on whether financial information in the narrative statement and published with the financial statements was consistent with the audited accounts.</p>

Executive Summary (continued)

2023/24 Conclusions (continued)

Value for money (VFM)	We have identified a significant weakness in the VFM arrangements for governance. We have included our VFM commentary in Section 03.
Consistency of the annual governance statement	We were satisfied that the annual governance statement was consistent with our understanding of the Council.
Public interest report and other auditor powers	We had no reason to use our auditor powers.
Whole of Government Accounts	We have completed our procedures on the Whole of Government Accounts submission to the NAO and have no matters to report.
Certificate	<p>We cannot formally conclude the audit and issue an audit certificate until the NAO, as group auditor, has confirmed that no further assurances will be required from us as component auditors of Huntingdonshire District Council.</p> <p>Until we have completed these procedures, we are unable to certify that we have completed the audit of the financial statements in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.</p>

Page 21 of 118

Executive Summary (continued)

Value for Money

Scope

As auditors, we are required to be satisfied that Huntingdonshire District Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's opinion on the financial statements. In addition, auditors provide an annual commentary on arrangements published as part of the Auditor's Annual Report.

In undertaking our procedures to understand the body's arrangements against the specified reporting criteria, we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures. AGN 03 sets out considerations for auditors in completing and documenting their work and includes consideration of:

- our cumulative audit knowledge and experience as your auditor;
- reports from internal audit which may provide an indication of arrangements that are not operating effectively;
- our review of Council committee reports;
- meetings with the Corporate Director of Finance & Resources;
- information from external sources; and
- evaluation of associated documentation through our regular engagement with Council management and the finance team.

Executive Summary (continued)

Value for Money (continued)


Reporting

Our commentary for 2023/24 is set in section 03. The commentary on these pages summarises our understanding of the arrangements at the Council based on our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2023/24. We include within the VFM commentary the associated recommendation we have agreed with the Council.

Appendix A includes the detailed arrangements and processes underpinning the reporting criteria. These were reported in our 2022/23 Interim Value for Money Report and have been updated for 2023/24.

In accordance with the NAO's 2024 Code, we are required to report a commentary against the three specified reporting criteria. The table below sets out the three reporting criteria, whether we identified a risk of significant weakness as part of our planning procedures and whether we have concluded that there is a significant weakness in the body's arrangements.

Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weakness identified
Governance: How the Council ensures that it makes informed decisions and properly manages its risks	An independent external review of the internal audit function raised concerns in relation to independence and objectivity; ethics and professionalism, governance, risk management and control processes; engagement workpapers and supervision; and engagement communication.	Significant weakness identified in respect of: <ul style="list-style-type: none"> - how the Council monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud; - how the Council ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee; and - how the Council monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests), and for example where it procures or commissions services.
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	No significant risks identified	No significant weakness identified



Executive Summary (continued)

Independence

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Council, and its members and senior management and its affiliates, including all services provided by us and our network to the Council, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2023 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

EY Transparency Report 2024

Ernst & Young (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 year end 30 June 2024:

[EY UK 2024 Transparency Report | EY - UK](#)



02 Audit of the financial statements

Audit of the financial statements

Key findings

The Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

On 26 February 2025, we issued a disclaimed audit opinion on the financial statements. We reported our audit scope, risks identified and detailed findings to the 29 January 2025 Corporate Governance Committee meeting in our Audit Results Report. We outline below the key issues identified as part of our audit in relation to the significant risk areas. The findings for each of the accounts areas are set out in the Audit Results Report in Appendix A. We reported one internal control recommendation and area for improvement in the control environment in the Audit Results Report.

Significant risk	Conclusion
Misstatements due to fraud or error - Management override of controls	<p>We did not identify any instances of inappropriate judgements being applied, or of any management bias in accounting estimates.</p> <p>We did not identify any transactions which appeared unusual or outside the normal course of business.</p> <p>Due to the proximity to the backstop date in concluding our audit, we were not able to fully execute our journal testing strategy. As a result, we did not have assurance over the journals processed for the year.</p>
Misstatements due to fraud or error - capitalisation of revenue expenditure	<p>The samples tested for Property, Plant and Equipment ('PPE') and Investment Property ('IP') additions in 2023/24 did not identify any instances of incorrect capitalisation.</p> <p>For the samples tested for Revenue Expenditure Funded by Capital Under Statute, we identified a projected overstatement of £0.1m error in relation to VAT elements of an invoice being incorrectly capitalised. We reported this as an unadjusted difference in our final Audit Results Report.</p>
Valuation of land and buildings, and investment property	<p>Included within Surplus assets was item of land, with a value of £2.9m, which was incorrectly classified as surplus assets instead of other land and buildings. Furthermore, when valued as other land and buildings instead of surplus assets, the valuation was overstated by £0.15 million. These errors were adjusted in the final version of the financial statements</p> <p>We also identified an overstatement of £0.37 million in the valuation of one item of investment property which was adjusted in the financial statements.</p> <p>Other than the matters noted above, we did not identify any issues regarding the valuation of land and buildings and investment property.</p>



03

Value for Money Commentary

Value for Money Commentary

Financial Sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services

No significant weakness identified

The Council is required to have arrangements in place to ensure proper resource management and the primary responsibility for these arrangements, and reporting on the design and operation of these arrangements via the Annual Governance Statement, rests with Management. In accordance with the NAO's Code of Audit Practice the focus of our work should be on the arrangements that the Council is expected to have in place during the year ended 31 March 2024. Our risk assessment did not identify any risk of significant weakness in arrangements to secure financial sustainability.

The General Fund revenue outturn position was an underspend of £1.657 million against the revised budget of £23.949 million. There were net underspends on services mainly relating to the Corporate Resources directorate of £2.1 million and the Chief Operating Officer of £0.817 million. The net overspends on services mainly related to the Head of Operations directorate of £0.940 million and the Head of Leisure and Health directorate of £0.275 million. The underspending in the Corporate Resources directorate was largely due to more income from interest received than budgeted. The underspend in the Chief Operating Officer directorate was largely due to government grants, increased taxi applications and court fees recovered, as well as savings from vacancies, shared roles and reduced cost of bad debts. The overspend in the Head of Operations directorate was largely due to subscription service costs charged to 2023/24 instead of 2024/25 and the loss of a revenue stream for street cleansing. In addition, expenditure in payroll related costs as well as agency staff costs increased. In the case of the Head of Leisure and Health directorate, the overspend was driven largely by increased maintenance, gas, contract, marketing and equipment costs.

Throughout the year, the Council continued to revisit and monitor financial plans to ensure they have sufficient resources to deliver services. The latest published financial information shows a balanced budget for the financial years 2024/25 to 2025/26. The Medium Term Financial Plan was reviewed and updated as part of the 2024/25 budget setting process to capture the 2023/24 outturn variations.

The Council no longer finds that the 15% of net expenditure was an appropriate basis for setting the minimum General Fund Reserve balance. Therefore, a fixed General Fund Reserve was agreed and set at £2.175 million by the Council's Section 151 Officer. At the 31 March 2024, the Council held its General Fund Reserve balance of £2.175 million and had further Earmarked General Fund reserves of £33.300 million, which provides a strong level of resource cover, if future savings are not identified or achieved in each of the 5 financial years of the Medium-Term Financial Strategy, allowing the Council to continue to deliver services.

The Council should continue to monitor its financial performance and continue to identify relevant schemes to achieve the annual savings requirements to minimise the use of Earmarked General Fund reserves, which are earmarked for specific priority matters, where possible.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2023/24 to enable it to plan and manage its resources to ensure that it can continue to deliver its services

Value for Money Commentary (continued)

Governance: How the Council ensures that it makes informed decisions and properly manages its risks

Significant weakness identified

The Council is required to have arrangements in place to ensure proper risk management and the primary responsibility for these arrangements and reporting on the design and operation of these arrangements via the Annual Governance Statement, rests with management. In accordance with the NAO's Code of Audit Practice the focus of our work should be on the arrangements that the Council is expected to have in place during the year ended 31 March 2024. We identified one significant weakness in governance arrangements.

The Council have continued to manage governance considerations in response to the current challenges such as the conflict in Ukraine and the cost-of-living crisis, including in partnership working and delivery of services with other local authorities. The Council reviewed the Budget Setting Report and Medium-Term Financial Plan in February 2023, which were prepared on the basis of submissions from the Huntingdonshire Leadership Team and Budget Managers. Performance against the budget and Corporate Plan are then review quarterly to identify areas of risk and mitigation plans.

The Council's Annual Governance Statement sets out the core governance arrangements for the year, including an Action Plan, which demonstrates how the Council's Code of Governance reflects the seven principles of good governance. The Head of Internal Audit concluded that for the 2023/24 financial year, 'reasonable assurance' could be awarded over the adequacy and effectiveness of the Council's overall internal control environment.

As set out in our Audit Planning Report presented to the Corporate Governance Committee in July 2024, we were aware of gaps in the Internal Audit Provision in the 2023/24 financial year. Management also commissioned an external review of the Internal Audit function in May 2024 in preparation for an External Quality Assessment of the services, which raised several high and medium priority areas of concern in relation to the areas of independence & objectivity, ethics & professionalism, governance, risk management and control processes, engagement working papers and supervision, and engagement communication.

We considered each of the areas of concern and determined that, although the review was performed during 2024/25, the findings were relevant to 2023/24 and have assessed there to be a significant weakness in governance arrangements for 2023/24. The absence of an effective internal audit function, including an independent Head of Internal Audit, undermines the ability of the Council to evaluate the effectiveness of its risk management, control and governance processes as required by the Accounts and Audit Regulations 2015.

We do, however, recognise that since receiving this report in 2024 management have been proactive in addressing the areas of concern highlighted and reporting progress to the Corporate Governance Committee.

Value for Money Commentary (continued)

Governance: How the Council ensures that it makes informed decisions and properly manages its risks

Significant weakness identified

Conclusion: This matters reported in relation to the effectiveness of the Internal Audit function are evidence of weaknesses in proper arrangements for governance, including how the Council ensures it makes informed decisions and properly manages its risk, specifically how the Council:

- monitors and assesses risk and gains assurance over the proper operation of controls
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including arrangements for effective challenge from those charged with governance/audit committee; and
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards

Recommendation: The Council should implement the action plan developed in response to the findings of the independent review of internal audit, within the agreed timeframes, and report progress to the Corporate Governance Committee.

Value for Money Commentary (continued)

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

No significant weakness identified

The Council is required to have arrangements in place to ensure economy, efficiency and effectiveness, and the responsibility for these arrangements and reporting on the design and operation of these arrangements via the annual governance statement, rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the Council is expected to have in place during the year ended 31 March 2024. In 2023/24, we did not identify a risk of significant weakness in arrangements in place to ensure economy, efficiency and effectiveness.

The Council developed a Corporate Plan for 2023-2028, which was approved at the 21 March 2023 Cabinet meeting and the 29 March 2023 Council meeting. The Corporate Plan sets out key priorities and assigns key actions to be monitored against. These actions are updated each year as part of Cabinet review of the corporate plan.

Performance reporting is maintained against these key priorities, with regular reporting on performance and finances taken to the Cabinet throughout the year to continuously monitor performance. This performance information is available to the public, but also allows for key information to be considered as part of decision making on service delivery.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2023/24 to enable it to use information about its costs and performance to improve the way it manages and delivers its services.



04

Appendices

Appendix A - Summary of arrangements

Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	The Section 151 Officer prepares and submits a Medium-Term Financial Plan ('MTFP') to the Council and Cabinet. The MTFP provides a projection of the costs of delivering services over the proceeding 4 years. It also identifies any budget gaps that the Council will need to address through savings plans or the generation of additional income. The MTFP considers key assumptions including Council Tax and Business Rates, payroll, inflation, government grants, revenue contribution to capital, housing benefit, capital financing budget and short-term growth. The MTFP is designed to ensure that council maintains a prudent level of general fund reserves. The 2023/24 budget forecasted a breakeven position, with positive contributions forecasted in the MTFP for 2024/25 through to 2026/27.
How the body plans to bridge its funding gaps and identifies achievable savings	Funding gaps are identified as part of the MTFP and annual budget setting process. Service area heads consider saving items and efficiencies within their budget submissions. The Council also develops an efficiency plan covering a four-year period which focuses on the generation of additional income through financial levers including council tax, commercial investment, and fees and charges. The Council engages in quarterly performance reporting to identify variances between the budget and forecast that can result in financial resilience risks and determines mitigating actions as required.
How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	The Council has a Corporate Plan which sets out its priorities over a five-year period. The delivery of the plan is monitored through quarterly performance reporting to the Cabinet. Resources to ensure delivery of the plan are allocated to prioritised areas through the MTFP and annual budget setting process. The Corporate Plan is reviewed on an annual basis to ensure the relevance of key activities and measures within it.

Appendix A - Summary of arrangements

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system	The Council prepares a MTFP that aligns with the Corporate Plan to ensure that financial resources are assigned to the delivery of the Council's service priorities. The MTFP addresses revenue and capital expenditure over the medium term encapsulating the treasury management strategy, commercial investment strategy, and capital strategy. These strategies are all reviewed annually for alignment as part of the budget setting process.
How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans	Risk management is embedded throughout the Council and in its partnership working arrangements. The Council maintains a Risk Management Strategy and Risk Registers that identify the potential risk, level of risk based on probability and impact, owner of the risk, and mitigation actions. These risk registers are reviewed by the Overview & Scrutiny Panel and then presented to Cabinet. Financial performance reports are further created and delivered to Cabinet on a quarterly basis for discussion. The reports identify variances between budget and forecast at a directorate level. The Council also maintains a robust Treasury Management Strategy addressing risks related to liquidity, interest rate exposure, and maturity of borrowings. Treasury reports are given to the Cabinet twice per year.

Appendix A - Summary of arrangements

Governance

We set out below the arrangements for the governance criteria covering the year 2023/24.

Reporting criteria considerations

Arrangements in place

How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

The Council employs a Risk Management Strategy and Corporate Risk Registers that are aligned with the Corporate Plan. The Council has a Risk and Controls Officer who runs the Risk and Controls Group. The Council's Internal Audit (IA) function measures and assess areas for inclusion in the Audit Plan, by looking at risk indicators including number of transactions, number of staff, turnover of staff, performance of staff and service delivery, known issues, intelligence from other councils, and intelligence provided by the Risks and Controls Group. IA carry out an annual programme of audits based on the findings from review of risk indicators. These audits test the sufficiency of internal controls and consider potential for fraud throughout the audits. The Council is also part of the National Fraud Initiative and completes submissions regularly back to central government. The Council reports on the design and operations of its governance arrangements through Annual Governance Statements (AGS).

How the body approaches and carries out its annual budget setting process

The budget is prepared by the Chief Financial Officer on the basis of submissions from the Huntingdonshire Leadership Team and Budget Managers. Consideration is given to the existing Corporate Plan and MTFP to ensure updates are made as required for changes in assumptions, existing delivery plans, and the general public environment. The budget is provided to Cabinet and subject to public consultation before proposals are made to the Council for approval.

How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed

The Cabinet makes recommendations to the Council on the budget and policy framework. It is also responsible to oversee the Council's overall financial performance. Budget managers are responsible to manage income and expenditure within their areas and to monitor performance. Detailed budget monitoring is undertaken by budget managers monthly and, as part of the budgetary control responsibilities, significant budget variations are investigated by the budget managers. The Chief Finance Officer (CFO) is responsible for preparing and submitting quarterly reports to the Cabinet on the Council's projected income and expenditure compared with the budget and the action required where relevant. Non-financial information such as corporate performance and risk monitoring report is also submitted to the Cabinet on a quarterly basis. The report sets out progress against the delivery of the corporate plan priorities and key performance indicators as well as an update on corporate risk register.

Appendix A - Summary of arrangements

Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2023/24.

Reporting criteria considerations

How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee

How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)

Arrangements in place

Full Council is the key decision-making body of the Council. The Cabinet is responsible for day-to-day decisions and makes recommendations to Full Council. Committee papers for all meetings are required to be made available 10 working days in advance of the meeting to allow time for appropriate review and challenge by members. The Council also consults with members of the public through a number of avenues from workshops, telephone calls, social media channels and the website, to gauge public opinion issues. Non-cabinet members as well as the public are also permitted to speak at meetings on any matter of the agenda.

The Council sets out the "Code of Conduct" and the "Gifts and Hospitality for Councillors" within its Constitution. The Council maintains the Register of Disclosures and Interests and Register of Gifts and Hospitality which are held by Democratic Services.

The Monitoring Officer is legally responsible for monitoring the compliance of the Council's policies and acts as the Council's chief legal and governance advisor to ensure it operates lawfully and within the agreed Constitution. The Monitoring Officer deals with any complaints that are raised, and is also able to engage an independent person, if needed, to conduct investigations into alleged breaches of the Member Code of Conduct.

In addition, the Council also has a formal anti-fraud and corruption strategy and a whistleblowing policy in place to ensure that staff operate in accordance with relevant legislative and regulatory requires, including the acceptance of gifts and hospitality.

Appendix A - Summary of arrangements

Improving economy, efficiency and effectiveness

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How financial and performance information has been used to assess performance to identify areas for improvement	On a quarterly basis the Cabinet is provided with performance reports. These reports are reviewed and discussed at the meetings with appropriate challenge raised by members. Variances between actual and budgeted expenditure are identified and mitigating savings plan developed as required.
How the body evaluates the services it provides to assess performance and identify areas for improvement	The Council identifies priorities in its Corporate Plan to assess the performance in achievement of the stated strategic initiatives. These measures are reported on a quarterly basis to the Cabinet. In preparation of the Annual Budget the Council considers adjustments to the services provided to achieved a balanced budget through adjustments of service or identification of new income generation streams.
How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve	The Council has joint arrangements with other local authorities to exercise the Council's Executive and/or Non-Executive functions. Where the arrangements are to exercise the Council's statutory functions, the terms of reference and functions of these joint committees are set out within the Constitution. The Council also maintains Partnership Agreements, Service Level Agreements, or Memorandums of Understanding for each significant partnership that is monitored through day-to-day operational functions and reviewed and reported on at Board Meetings or Performance Meetings.

Appendix A - Summary of arrangements

Improving economy, efficiency and effectiveness (continued)

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2023/24.

Reporting criteria considerations

How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits

Arrangements in place

The Council's procurement procedures are set out in the constitution and those responsible for purchasing must comply with these procedures. In addition, the procurement processes, policies and arrangements are also available on the Council's intranet while the procurement activities are published on the Council's website for transparency.

The Council has a Procurement Lead Officer who oversees the Council's procurement activities to ensure the compliance with Council policies and applicable legislation. The Officer is also responsible to maintain the contract register for the Council.

The outcomes of the procurement process are built into the Council's ongoing budget monitoring arrangements and any savings that are not being achieved will be highlighted as budget overspend.

Appendix B – Summary of recommendations

Recommendations

The table below sets out the recommendations arising from the value for money work in the year(s) covered in this report for the year 2023/24. All recommendations have been agreed by management.

Issue	Recommendation	Management response
Governance	Implement the action plan developed in response to the findings of the independent review of internal audit, within the agreed timeframes, and report progress to the Corporate Governance Committee.	The Council's Constitution details Directors' responsibilities for the maintenance of controls within their departments. The system of internal control is subject to regular review by Internal Audit. The work of the service is informed by the Council's risk register, with the allocation of audit resources controlled through an annual risk-based operational plan, which is agreed by Corporate Governance Committee. In addition to these arrangements the Council receives and responds to reports from other review and assurance mechanisms.

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ED None

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Public
Key Decision – No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Corporate Risk Register

Meeting/Date: Corporate Governance Committee
25 March 2025

Executive Portfolio: Executive Councillor for Resident Services and
Corporate Performance – Cllr Stephen Ferguson

Report by: Corporate Director – Finance and Resources

Wards affected: All

Executive Summary:

This report provides an update on the Corporate Risk Register, shows the current heat map relating to the current residual risk scores and a summary report. It provides the Committee with the opportunity to comment on and offer challenge to the Corporate Leadership Team as part of the active management of risks.

The Committee is

RECOMMENDED

To comment on the reports in the appendices and note the next steps in relation to the further development of risk management.

1. PURPOSE OF THE REPORT

- 1.1 This report informs the committee of the approach and work undertaken on the Corporate Risk Register including the latest heat map of the residual scores associated with the current risks.

2. WHY IS THIS REPORT NECESSARY

- 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.
- 2.2 Presenting the Risk Register to each meeting of the Committee is an integral part of the overall governance process as set out in the Council's Risk Management Strategy

3. ANALYSIS

- 3.1 Building on the road map that was presented to the Committee in January 2025, the Corporate Leadership Team have each reviewed the risks that they own, considered the causes and effects and determined initial scores. Further work will be done to review actions for each risk, some of which have been assigned to officers who have specialist technical expertise, for example Health and Safety.
- 3.2 Reporting is being further developed to allow for future reports to show changes between reports to this Committee.

4. KEY IMPACTS

- 4.1 An up to date corporate risk register enables the organisation to ensure it is focusing on the key risks and that the work of internal audit is informed by the register. This ensures that internal audit activity can give sound assurance and adds value to the organisation and its corporate governance.

5. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION

- 5.1 The next steps are for corporate risk owners to review further actions associated with those risks, with appropriate target dates.
- 5.2 Further work will be undertaken with Heads of Service to do the same exercise relating to each service area / function in order to develop service and function risks, scores, maps and actions.

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

- 6.1 Ensuring we are a customer focused and service led Council – to become more business-like and efficient in the way we deliver services. Effective management of corporate risks is a demonstrate of this approach.

7. RESOURCE IMPLICATIONS

- 7.1 RSM are providing capacity and facilitation to support this activity and during the first quarter of 2025/26, the Corporate Director will assess the resource requirements for this activity and the use of the Risk & Controls Officer post.

8. LIST OF APPENDICES INCLUDED

Appendix 1 – Heat Map and Residual Risk Scores

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Risks - Live Environment					
Prefix	Risk Title	Risk Description	Risk Owner	Inherent Priority	Residual Priority
CORP0001	Cyber	Successful / serious cyber security attack on the Council	Corporate Director (Finance and Resources) Section 151 Officer	Very High (5:4=20)	High (5:2=10)
CORP0002	Service Quality	Unable to maintain and build quality and consistency in service provision by the Council	Corporate Director (People)	Very High (4:4=16)	High (3:3=9)
CORP0003	Political	Unable to effectively respond to changes in political priorities and policies	Chief Executive	High (3:4=12)	Medium (3:2=6)
CORP0004	Financial	Failure to preserve Council's financial position	Corporate Director (Finance and Resources) Section 151 Officer	Very High (4:4=16)	Medium (3:1=3)
CORP0005	Governance	Governance failure	Chief Executive	High (4:3=12)	Medium (3:2=6)
CORP0006	Resilience	Inability to effectively respond to a major disruption / critical event	Corporate Director (People)	High (4:3=12)	High (3:3=9)
CORP0007	Health & Safety	Serious health, safety, and well-being failure by the Council	Chief Executive	Very High (5:3=15)	High (5:2=10)
CORP0008	Regulatory	Unable to meet requirements of new regulations and legislation affecting the Council	Chief Executive	Very High (4:4=16)	High (3:3=9)
CORP0009	Fraud	Significant fraud/ theft successfully committed against the Council	Corporate Director (Finance and Resources) Section 151 Officer	High (4:3=12)	Medium (3:2=6)
CORP0010	Data Protection	Major confidentiality breach on the part of the Council.	Corporate Director (Finance and Resources) Section 151 Officer	Very High (4:4=16)	Medium (3:2=6)
CORP0011	Environmental	Failure to effectively respond to the climate change agenda in the required timeframe	Corporate Director (Place)	High (4:3=12)	High (4:2=8)
CORP0012	Staffing	Failure to recruit, develop, support and retain high quality / calibre staff across all Council services.	Chief Executive	Very High (4:4=16)	High (3:3=9)
CORP0013	Partnerships / Collaboration	Not maintaining and developing fruitful partnerships and collaborations	Chief Executive	Very High (4:4=16)	Medium (3:2=6)
CORP0014	Stakeholder Engagement	Not effectively engaging with our key external stakeholders	Chief Executive	Very High (4:4=16)	Medium (3:2=6)
CORP0015	Housing and Infrastructure	Failing to effectively plan for and manage the current and future housing demands and infrastructure development - resulting in a barrier to growth and investment, or detrimental impact on communities.	Corporate Director (Place)	Very High (4:4=16)	High (4:2=8)
CORP0016	Transformation	The Council fails to manage its transformation strategy (including digital)	Corporate Director (People)	Very High (4:4=16)	High (3:3=9)
CORP0017	Safeguarding	Failure to ensure there are robust systems in place to address safeguarding and prevent duty concerns	Chief Executive	High (4:3=12)	High (3:3=9)
CORP0018	Equality, Diversity and Inclusion	The Council fails to support and embed its equality, diversity and inclusion ethos.	Chief Executive	High (4:3=12)	Medium (2:3=6)
CORP0019	Local Government Reorganisation (LGR)	Failure to effectively plan for Local Government Reorganisation (LGR)	Chief Executive	Very High (4:4=16)	High (3:4=12)



CORPORATE RISK REGISTER – Heat Map based on Residual Scores

Note – Colour of Dot indicates the score without any mitigation actions.

Matrix Id	Reference	Risk Title	Inherent	Residual	Target
1	CORP0001	Cyber	Very High	High	High
2	CORP0019	Local Government Reorganisation (LGR)	Very High	High	High
3	CORP0016	Transformation	Very High	High	High
4	CORP0002	Service Quality	Very High	High	High
5	CORP0008	Regulatory	Very High	High	Medium
6	CORP0012	Staffing	Very High	High	Low
7	CORP0015	Housing and Infrastructure	Very High	High	High
8	CORP0013	Partnerships / Collaboration	Very High	Medium	Medium
9	CORP0014	Stakeholder Engagement	Very High	Medium	Medium
10	CORP0010	Data Protection	Very High	Medium	Medium
11	CORP0004	Financial	Very High	Medium	Medium
12	CORP0007	Health & Safety	Very High	High	High
13	CORP0006	Resilience	High	High	Medium
14	CORP0017	Safeguarding	High	High	Medium
15	CORP0011	Environmental	High	High	High
16	CORP0005	Governance	High	Medium	Medium
17	CORP0003	Political	High	Medium	Medium
18	CORP0009	Fraud	High	Medium	Low
19	CORP0018	Equality, Diversity and Inclusion	High	Medium	Low

This table sets out the Corporate Risks showing

1. Inherent Score without any mitigation / actions
2. Residual Score with mitigation / actions
3. Target Score – subject to further actions being put in place

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Public
Key Decision – No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Draft Internal Audit Plan for 2025/26 and Internal Audit Charter

Meeting/Date: Corporate Governance Committee
29 March 2025

Executive Portfolio: Executive Councillor for Governance & Democratic Services
Cllr Jo Harvey

Report by: Corporate Director – Finance and Resources

Wards affected: All

Executive Summary:

RSM have prepared an internal audit plan for 2025/26 with input from the Corporate Leadership. The plan will be presented by RSM together with the Internal Audit Charter which is a key document as part of effective delivery of Internal Audit.

The plan has been based on the intention to complete sufficient coverage in 2025/26 to give a full Head of Internal Audit Opinion.

Recommendation:

The Committee is

RECOMMENDED

to note, comment on and accept the Internal Audit Plan for 2025/26.

1. PURPOSE OF THE REPORT

- 1.1 This report sets out for the Committee the Internal Audit Plan for 2025/26 which has been prepared by RSM following discussions with Corporate Leadership Team, reference to the Corporate Risks and the professional judgement of the partner from RSM acting in the capacity of Head of Internal Audit.

2. BACKGROUND

- 1.1 The activities of the Internal Audit team are pivotal to the organisation's governance, risk management and control processes. The findings of audit reviews demonstrate compliance with controls and processes or identify where improvements need to be made. This is an inherent element of Priority 3 of the Corporate Plan (2023-2028) which is about 'doing our core work well' through 'delivering good quality, high value-for-money services with good control and compliance with statutory obligations'.
- 1.2 RSM have prepared their Internal Audit Plan for 2025/26 with the aim of having sufficient coverage to provide a full Head of Internal Audit Opinion at the end of 2025/26.
- 1.3 The plan is appended to this report and will be present to the Committee by RSM.

3. LEGAL IMPLICATIONS

- 3.1 None

4. RESOURCE IMPLICATIONS

- 4.1 No additional resource requirements arise from this report.

5. LIST OF APPENDICES INCLUDED

Appendix 1 – Internal Audit Plan for 2025/26 prepared by RSM LLP

CONTACT OFFICER

Name/Job Title: Suzanne Jones, Corporate Director – Finance and Resources
Tel No: 01480 388214
Email: suzanne.jones@huntingdonshire.gov.uk



HUNTINGDONSHIRE DISTRICT COUNCIL

Internal Audit Strategy 2022/23 – 2027/28 (Including Internal Audit Plan for 2025/26)

Presented at the Corporate Governance Committee meeting of: 25 March 2025

This report is solely for the use of the persons to whom it is addressed.

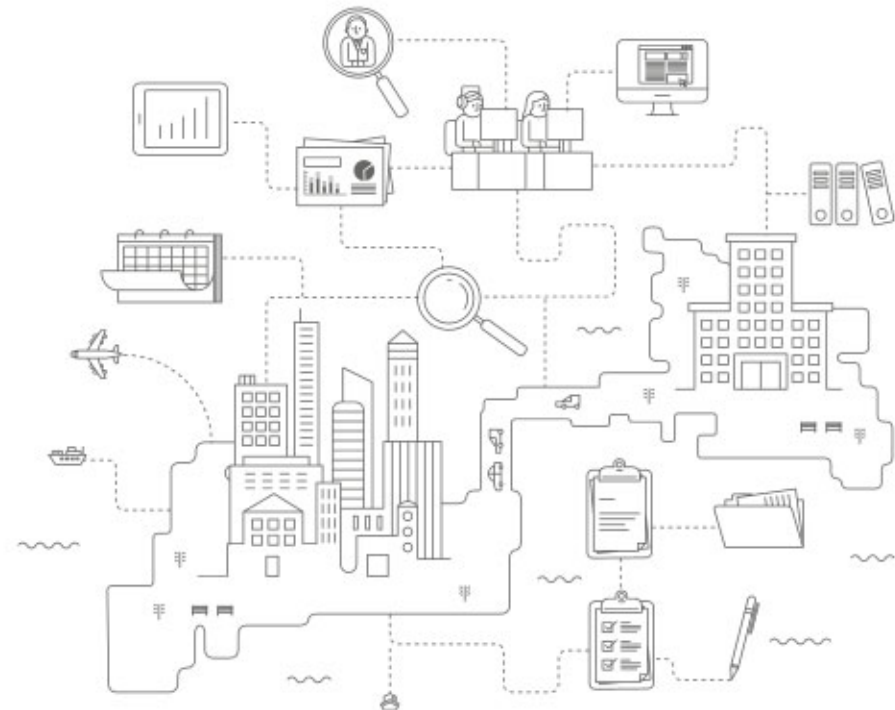
To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.

CONTENTS

Executive summary	3
1.1 Internal Audit Plan 2025/26	5
1.2 Internal Audit Methodology	10

Appendices

2.1 Internal Audit Strategy 2022/23 -2027/28	12
3.1 Your Internal Audit Service	17
3.2 Internal Audit Charter	18



EXECUTIVE SUMMARY

Our approach to developing your internal audit plan is based on analysing your corporate objectives, risk profile and assurance framework as well as other factors affecting Huntingdonshire District Council in the year ahead, including changes within the sector.

Our Internal Audit Plan for Huntingdonshire District Council is presented for approval by the Corporate Governance Committee (CGC) at this meeting. The Committee are asked to approve the Internal Audit Plan and associated Internal Audit Charter. During the year, we will continue to work with management and hold regular meetings to deliver an internal audit programme which remains flexible and agile to ensure it meets your needs.

The key points to note from our plan are:



Your core team are Dan Harris (Partner and Head of Internal Audit) and Alastair Foster (Managing Consultant) who are supported by specialists, as required.



Number of deliverables 25 including two Follow Up reviews. 3 audits will include delivery by specialist Technology Risk Assurance Staff.

We will also provide an annual opinion, an audit plan, clients briefings, attend 4 CGC meetings, hold regular update meetings with the S151 and attend the SLT.



Flexible and agile approach to deliver in order to respond to your needs.



We will complete c417 days coverage in 2025/26. This will allow us to provide a range of audits, supervise the work of 2 members of staff within the in-house team and provide coaching and development to the team. It also includes an allocation for ongoing advice and assistance to Chief Officers.



Technology toolkit – 4 questionnaires, Alteryx, PowerBi

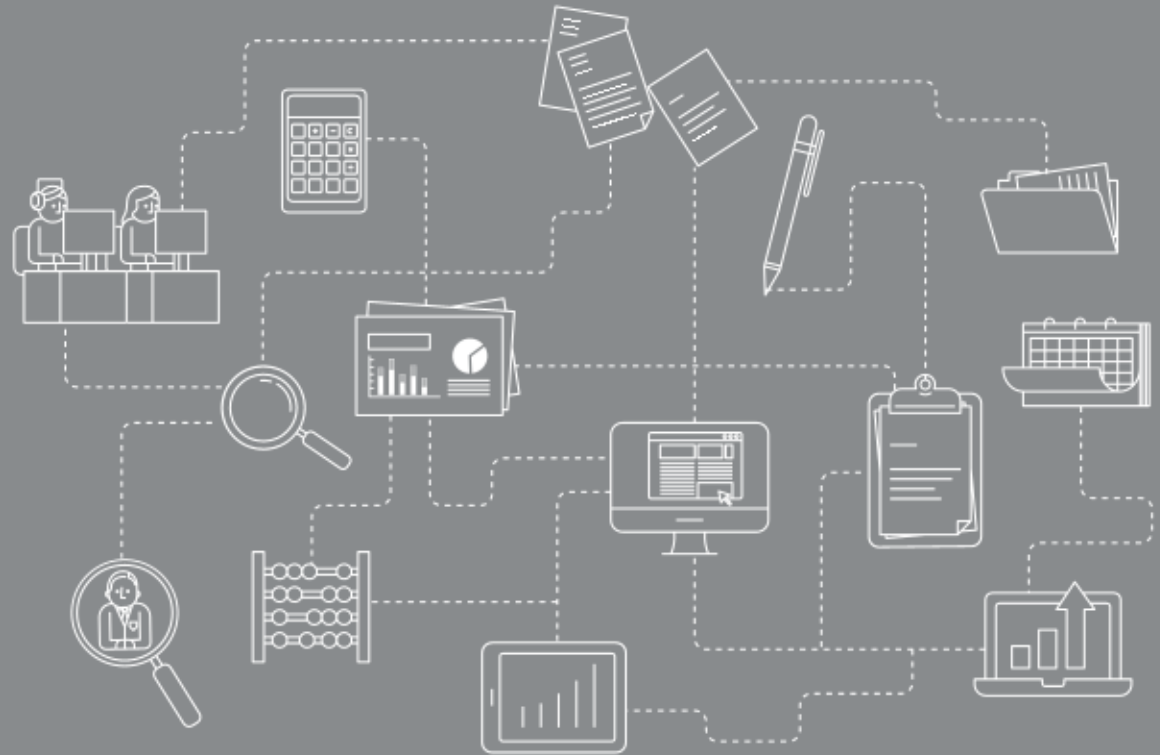


Internal Audit Charter, at Section 3.2.

'RSM generally conforms to the requirements of the IIA Standards' and RSM IA also generally conforms with the other Professional Standards and the IIA Code of Ethics'.

Annual Internal Audit Plan and Methodology

01



1.1 INTERNAL AUDIT PLAN 2025/26

The table below shows each of the reviews that we propose to undertake as part of the internal audit plan for 2025/26. The table details the strategic risks which have focused our internal audit coverage. This review of your risks allows us to ensure that the proposed plan aligns with the organisation's assurance needs for the forthcoming and future years.

	Audit approach	RSM or In-house Team	Proposed timing	Proposed CGC Reporting
Risk Driven Coverage				
Risk Management Required for Head of IA opinion on risk management. This review will cover how risks are identified, assessed, scored, monitored and reviewed. We will consider how risk is used to information decision-making and for assurance processes, including how risk appetite is defined and applied, and how risks are monitored within the governance structure. Risk 5: Governance failure	System based	RSM	Q1 2025	Q2 2025
Contract Management We will assess how effective the Council's framework is for contract management and ensuring value for money is obtained from a selection of key contracts. This will include establishing if contracts are signed and monitored, with KPIs reporting on and contract management meetings taking place as required. Risk 4: Failure to ensure the Council's financial resilience	System based	RSM	Q2 2025	Q3 2025
Procurement To examine key financial controls relating to purchases, value for money and procurement of goods and services. Risk 9: Significant fraud/theft successfully committed against the Council	System based	RSM	Q3 2025	Q4 2025
Creditors Coverage to provide assurance to the S151 Officer that robust systems of financial control are in place and being complied with in relation to the creditors / accounts payable function. This will include the controls in place for purchase orders, goods receipting, access to the systems and authorisation of invoices and payment batches. Risk 4: Failure to ensure the Council's financial resilience	System based	In-House Team	Q3 2025	Q4 2025

	Audit approach	RSM or In-house Team	Proposed timing	Proposed CGC Reporting
<p>General Ledger Coverage to provide assurance to the S151 Officer that robust systems of financial control are in place and being complied with, relating to the operation of the general ledger. This will include controls in place relating to journals, changes to the chart of accounts, access to the financial system, as well as control account reconciliations and clearance of suspense accounts..</p> <p>Risk 4: Failure to ensure the Council's financial resilience</p>	System based	In-House Team	Q3 2025	Q4 2025
<p>Capacity Planning A review of policies and practices to ensure the Council does not over commit its resources. This will include review of corporate plan and service plans to ensure these are effective.</p> <p>Risk 2: Unable to maintain and build quality and consistency in service provision by the Council Risk 3: Unable to effectively respond to changes in political priorities and policies</p>	Risk based	In-House Team	Q2 2025	Q3 2025
<p>Capital Expenditure To review key controls and governance arrangements in place to prioritise the capital plan and monitor delivery and financials.</p> <p>Risk 4: Failure to ensure the Council's financial resilience</p>	Risk based	In-House Team	Q2 2025	Q3 2025
<p>Human Resources Key controls review could cover areas such as:</p> <ul style="list-style-type: none"> - Mandatory Training - Appraisals and Performance Management - Absence Management - HR Policies and Procedures - Recruitment and Retention <p>Risk 12: Failure to recruit, develop, support and retain high quality / calibre staff across all Council services.</p>	Risk based	RSM	Q1 2025	Q2 2025

	Audit approach	RSM or In-house Team	Proposed timing	Proposed CGC Reporting
<p>Effectiveness of Chief Digital Information Officer Role</p> <p>To establish if the introduction of CDIO role across the three partner organisations has been effective in assisting the Council meet their overall strategy and objectives, and whether this has had a measurable impact on improving service provision. To consider if success criteria as determined by the TVI review are being met.</p> <p>Risk 1: Successful / serious cyber security attack on the Council</p>	Risk based	RSM	Q3 2025	Q4 2025
<p>Workforce Development Strategy</p> <p>This review will focus on the Workforce Development Strategy assessing how it links to the Council's overall strategy and objectives, whether it is complete and comprehensive, as well as an assessment on delivery and implementation of the strategy.</p> <p>Risk 12: Failure to recruit, develop, support and retain high quality / calibre staff across all Council services.</p>	Risk based	RSM	Q4 2025	Q4 2025
<p>General Data Protection Regulations (GDPR)</p> <p>Our work could assess the controls the Council has in place to comply with the GDPR requirements.</p> <p>The review will review the Council strategy/policies/procedures in place, training and sample test arrangements in place and the knowledge of staff in relation to compliance with the regulations and reporting of breaches. This review will be undertaken by our specialist Technology Risk Consulting Team.</p> <p>Risk 10: Major confidentiality breach on the part of the Council.</p>	Advisory	RSM	Q4 2025	Q4 2025
<p>Transformation</p> <p>Key programme and project management review to assess how Transformation projects are developed and plans delivered, how benefits are tracked and realised and if stakeholders are assured on progress of the transformation agenda.</p> <p>Risk 16: The Council fails to manage its transformation strategy (including digital)</p>	Risk based	RSM	Q2 2025	Q3 2025
Core Internal Audit Activity				
<p>Council Tax</p> <p>We will examine key controls in place within the Council to provide an effective and efficient Council Tax billing, collection and recovery operation.</p>	System based	In-House Team	Q2 2025	Q3 2025

	Audit approach	RSM or In-house Team	Proposed timing	Proposed CGC Reporting
<p>Housing Benefits The Council is required to ensure that the community are appropriately assisted in their housing needs through the payment of housing benefits. We will seek to review key controls in this area.</p>	System based	In-House Team	Q2 2025	Q3 2025
<p>Business Rates We will examine key controls in place within the Council to provide of an effective and efficient Business Rates, billing, collection and recovery service.</p>	System based	In-house team	Q3 2025	Q4 2025
<p>Complaints and Compliments Management To review the complaints and compliments management policies and procedures, overall ownership of the complaints process, how complaints and compliments are reviewed and monitored through the governance structure, in addition to how themes are identified and lessons learnt identified and acted on.</p>	System based	RSM	Q4 2025	Q4 2025
<p>Artificial Intelligence (AI) To consider strategy, policies and controls in place for the deployment of AI within Council operations. To include governance arrangements for roll out.</p>	Advisory	RSM	Q3 2025	Q4 2025
<p>Data Quality and Performance Management The audit will focus on how performance data is collated, reviewed and reported. This will include review of the Data Quality Policy and associated procedures, assessing whether it is fit for purpose and understood, whether governance of data quality is clear and adhered to, and whether it is followed within the KPIs. For a specific sample of data, we will substantiate the data back to source.</p>	System based	In-House Team	Q2 2025	Q3 2025
<p>Payroll To review key payroll controls including processing of starters, leavers and changes documentation, monthly checks and approval of the payroll, management and recovery of over-payments and the timeliness and accuracy of processing.</p>	System based	RSM	Q1 2025	Q2 2025
<p>Democratic Services To consider governance arrangements and controls to ensure democratic services are effective and policies and complied with in practice.</p>	System based	In-House Team	Q4 2025	Q4 2025

	Audit approach	RSM or In-house Team	Proposed timing	Proposed CGC Reporting
Market Towns Programme To examine the project management approach to the Market Towns Programme (regeneration) as the Council is moving from project conception to managing delivery. This review will establish if the Council is completing monitoring and evaluation and whether the major capital project is being managed effectively.	System based	In-House Team	Q3 2025	Q4 2025
Other Internal Audit Activity				
Advice and Assistance An allocation to provide ongoing advice, support and assistance to the SLT.	Advisory	RSM	Ongoing	Ongoing
Disabled Facility Grant (DFG) Verification Annual verification of DFG Grant to allow Section 151 Officer to sign off the submission.	Grant Verification	In-House Team	Q1 2025	Q2 2025
Follow Ups To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.	Follow Up	RSM and In-House	Q4 2025	Q4 2025
Management This will include: <ul style="list-style-type: none"> • Annual planning • Preparation for, and attendance at, CGC • Regular liaison and progress updates • Liaison with external audit and other assurance providers • Preparation of the annual opinion. 	N/A	RSM	Throughout the year	Q1 2025

A detailed planning process will be completed for each review, and the final scope will be documented in an Assignment Planning Sheet. This will be issued to the key stakeholders for each review.

Working with other assurance providers

The CGC is reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not, seek to cover all risks and processes within the organisation.

We will however continue to work closely with other assurance providers, such as external audit to ensure that duplication is minimised, and a suitable breadth of assurance obtained.

1.2 INTERNAL AUDIT METHODOLOGY

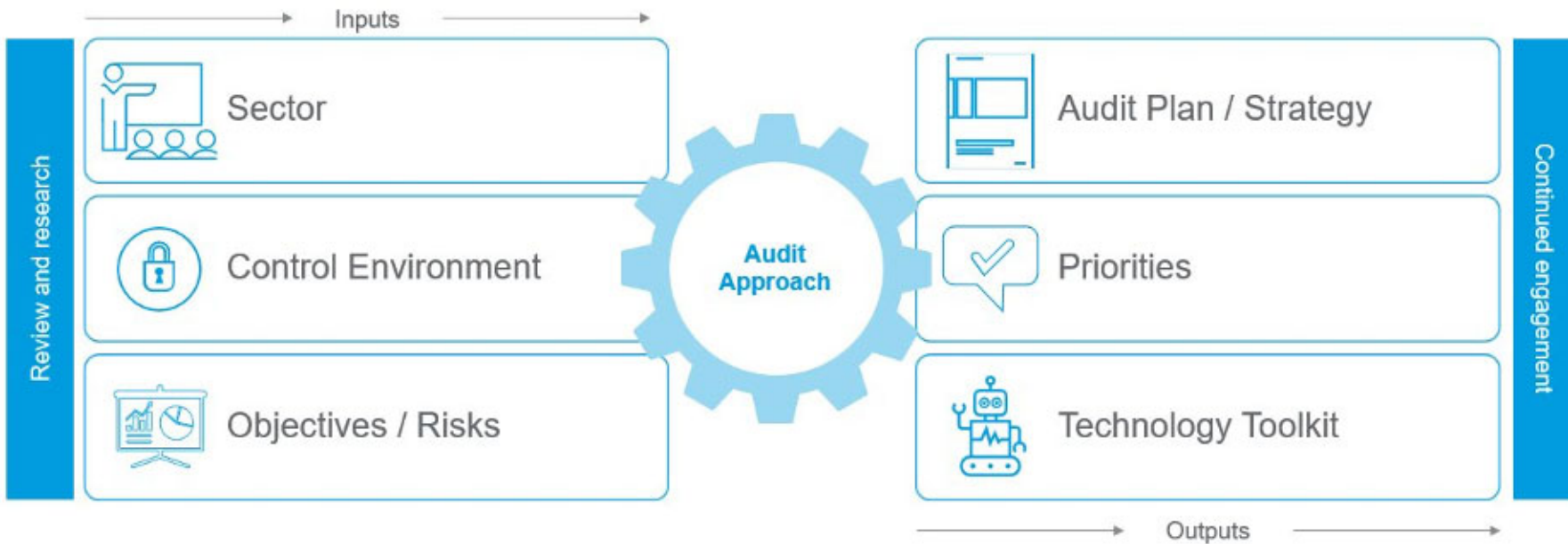
Our approach to developing your internal audit plan is based on analysing your organisational objectives, risk profile and assurance framework as well as other factors affecting Huntingdonshire District Council in the year ahead, including changes within the sector. We also discuss audit priorities and coverage with management and the CGC.

Risk management processes

We have not evaluated your risk management processes and propose we do so in Q1 of 2025/26 to enable RSM to consider that we can place reliance on your risk registers / assurance framework, to inform the internal audit strategy. We do however note that there has been a previous limitation of scope placed on internal audit annual opinions in the area of risk management for the previous financial years.

We have used various sources of information (see Figure A below) and discussed priorities for internal audit coverage with senior management and the CGC to develop your annual audit plan and high-level strategic plan (See Section 2.1 and 3.2).

Figure A: Audit considerations when developing the Internal Audit Strategy.



Your Internal Audit Strategy 2022/23 – 2027/28

02



2.1 INTERNAL AUDIT STRATEGY 2022/23 -2027/28

The table below shows an overview of the audit coverage to be provided through RSM's delivery of the internal audit strategy. This has been derived from the process outlined in Section 1.1 above, as well as our own view of the risks facing the sector as a whole.

Audit Area	Strategic / Operational Risk	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Data Quality and Performance Management					✓		✓
Corporate Governance / Scheme of Delegation / Committee Structure	Risk 5			✓		✓	
Council Tax				✓	✓	✓	
Housing Benefits					✓		✓
Business Rates					✓		✓
Community Engagement	Risk 14					✓	
Partnerships / Stakeholder Management	Risk 13 / Risk 14						✓
Capacity Planning	Risk 2 / Risk 3				✓		
Capital Expenditure	Risk 4				✓		✓
Workforce Development Strategy	Risk 12				✓		✓
Complaints and Compliments Management					✓		
Transformation / Digital Transformation	Risk 16				✓	✓	
Artificial Intelligence (AI)					✓		
Insurance					✓		

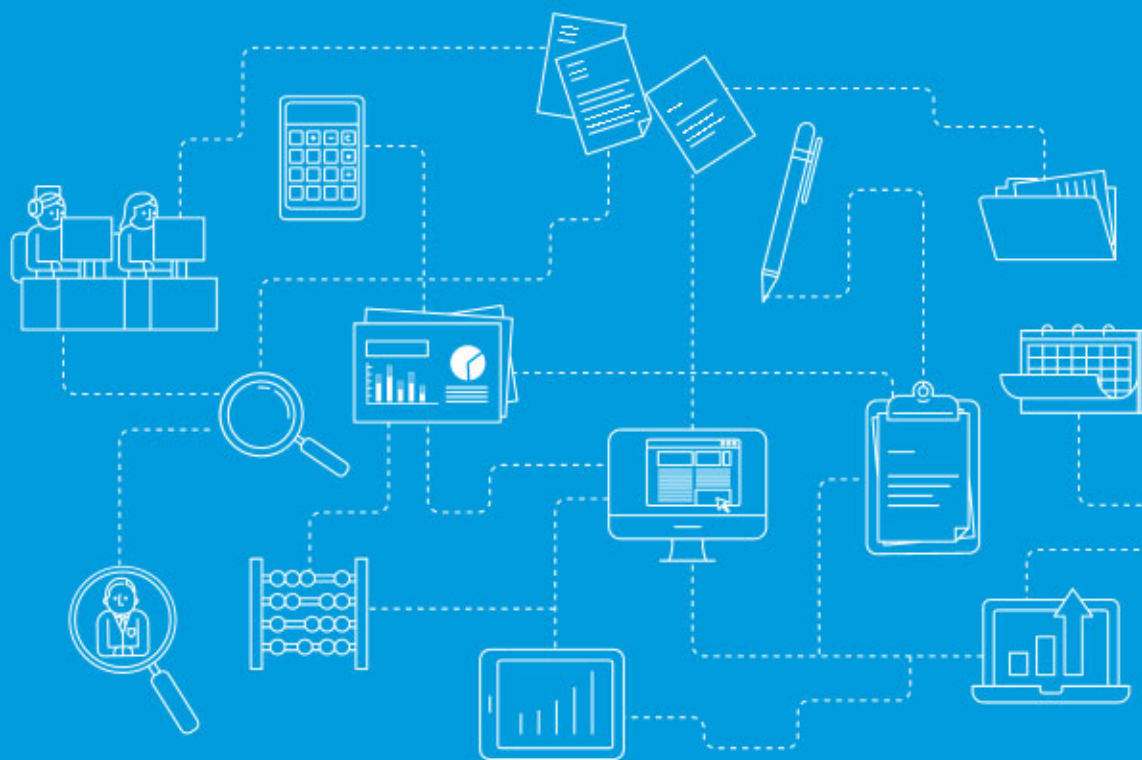
Audit Area	Strategic / Operational Risk	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Licensing						✓	
Effectiveness of Chief Digital Information Officer (CDIO) Role	Risk 1				✓		
Democratic Services					✓		
Market Towns Programme					✓		
Waste Management						✓	
Shadow IT / Service-procured Systems	Risk 1		Adequate				
Fuel Usage & Payments			Adequate				✓
Car Parking						✓	
Payroll			Adequate		✓	✓	✓
Planning Applications KPIs			Adequate				✓
Shared Service ICT Cost Allocations	Risk 1		Adequate				
Section 106 Agreements / Planning			Adequate			✓	
Risk Management	All risks		Limited		✓	✓	✓
Social Value (in Procurement) / Contract Management	Risk 9		Limited		✓		✓
Purchasing Cards / Procurement	Risk 9		Limited		✓		✓
CIPFA Financial Management Code	Risk 4			Adequate			
Safeguarding	Risk 17			Adequate			✓

Audit Area	Strategic / Operational Risk	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Tree Management			Adequate				
Disabled Facilities Grants Annual Declaration			✓	✓	✓	✓	✓
Climate - Carbon Data / Environment	Risk 11		Adequate				✓
Business Continuity Planning	Risk 6		Advisory			✓	
IT Audit / IT Procurement and Contract Management / Critical Application Security	Risk 1		Advisory			✓	✓
People Capacity / People / Human Resources	Risk 12		Advisory		✓	✓	✓
Freedom of Information (FOI)						✓	
GDPR Healthcheck	Risk 10		Advisory		✓		✓
Budgetary Control / Medium Term Financial Planning	Risk 4			Reasonable		✓	
Operational Vehicles Maintenance Process				Reasonable			✓
One Leisure, Pool Operation Records / Leisure Provision				✓		✓	
Review of Commercial Estates rent review processes and invoicing / Estates Management				✓			✓

Audit Area	Strategic / Operational Risk	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Green Bin Implementation and transfer to BAU operations				✓			
Key Financial Controls	Risk 4 / Risk 9			✓	✓	✓	✓
Housing / Homelessness / Temporary Accommodation	Risk 15					✓	
Equality and Diversity	Risk 18						✓
Staff Mental Health and Wellbeing	Risk 7					✓	
Home / Hybrid Working	Risk 7			✓			✓
Health and Safety	Risk 7					✓	
Follow Up	All risks			✓	✓	✓	✓

Your Internal Audit Service and Internal Audit Charter

03



3.1 YOUR INTERNAL AUDIT SERVICE

Conformance with internal auditing standards

RSM affirms that our internal audit services are designed to conform to the Global Internal Audit Standards in the UK Public Sector. Our next external quality assessment (EQA) will take place in 2026.

Under the Standards, internal audit services are required to have an EQA every five years. Our risk assurance service line commissioned an external independent review of our internal audit services in 2021 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF), and the Internal Audit Code of Practice, as published by the Global Institute of Internal Auditors (IIA) and the Chartered IIA.

The external review concluded that RSM 'generally conforms*' to the requirements of the IIA Standards' and that 'RSM IA also generally conforms with the other Professional Standards and the IIA Code of Ethics. There were no instances of non-conformance with any of the Professional Standards'.

* The rating of 'generally conforms' is the highest rating that can be achieved, in line with the IIA's EQA assessment model.

3.2 INTERNAL AUDIT CHARTER

Need for the charter

This charter establishes the purpose, mandate, authority, role and responsibilities for the internal audit service for Huntingdonshire District Council. The establishment of a charter is a requirement of the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. Our internal audit services are designed to conform with the Global Internal Audit Standards in the UK Public Sector.

Approval of the charter is the responsibility of the CGC.

The internal audit service is provided by RSM UK Risk Assurance Services LLP ('RSM').

Purpose

The purpose of the internal audit function is to strengthen Huntingdonshire District Council's ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight. We plan and perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisation has in place, focusing in particular on how these arrangements help you to achieve its objectives.

Mandate

Authority

In approving this Charter, Huntingdonshire District Council grants RSM the mandate to provide the board and senior management with objective assurance, advice, insight and foresight.

The internal audit team is authorised by the board to:

- Have full and unrestricted access to all functions, records, data, information, property and personnel which it considers necessary to fulfil its role.
- Have full and free access to the Board.
- Allocate resources, set timeframes, define review areas, develop scopes of work and apply techniques to accomplish the overall internal audit objectives.
- Obtain the required assistance from personnel within the organisation where audits will be performed, including other specialised services from within or outside the organisation.

The head of internal audit and internal audit staff are not authorised to:

- Perform any operational duties associated with the organisation.

- Initiate or approve accounting transactions on behalf of the organisation.
- Direct the activities of any employee not employed by RSM unless specifically seconded to internal audit.

Independence and ethics

To provide for the independence of internal audit, its personnel report directly to the Dan Harris (acting as your interim head of internal audit). The independence of RSM is assured by the internal audit service reporting to the chief executive, with further reporting lines to the Section 151 Officer and Chief Executive Officer.

Through this charter, RSM confirms the organisational independence of internal audit annually. Should any changes in governance structure arise during the year, limiting independence, this will be brought to attention and the safeguards put in place communicated.

Circumstances may justify a follow-up discussion between the head of internal audit, board, and senior management on the internal audit mandate or other aspects of the charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant acquisition or reorganisation within the organisation.
- Significant changes in the head of internal audit, board, and/or senior management.
- Significant changes to the organisation's strategies, objectives, risk profile, or the environment in which the organisation operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

To assist the assessment; RSM is able to remain independent for the following reasons:

- As an outsourced provider of internal audit services to Huntingdonshire District Council, independence is inherent in our delivery and audit methodology.
- Our internal auditors do not have any operational responsibilities across Huntingdonshire District Council.
- No member of the audit team is employed by Huntingdonshire District Council.
- The head of internal audit reports to the Chief Executive and CGC Chair.
- RSM methodology includes a second partner review (by another head of internal audit who does not work on Huntingdonshire District Council of the annual plan, the year-end annual report and opinion.
- The Internal Audit Charter details our role and responsibilities and the authority we have which enables us to undertake our internal audit service.

The head of internal audit has unrestricted access to the Chair of CGC to whom all significant concerns relating to the adequacy and effectiveness of risk management activities, internal control and governance are reported.

Internal audit conforms with the Global Internal Audit Standards which includes the principles and standards of ethics and professionalism. Internal auditors maintain an unbiased mental attitude. This allows auditors to perform engagements objectively, and without their judgment on audit matters impacted by others, either in fact or appearance.

Conflicts of interest may arise where RSM provides services other than internal audit to Civil Nuclear Police Authority. Steps will be taken to avoid or manage transparently and openly such conflicts of interest so that there is no real or perceived threat or impairment to independence in providing the internal audit service. If a potential conflict arises through the provision of other services, disclosure will be reported to the Board. The nature of the disclosure will depend upon the potential impairment, and it is important that our role does not appear to be compromised in reporting the matter to the Board. Equally we do not want the organisation to be deprived of wider RSM expertise and will therefore raise awareness without compromising our independence.

RSM have provided Risk Management Support to the Authority in Q4 2024/25 by supporting you to refresh your risk registers We also continue to provide the 4Risk Risk Management software to the Authority. All of these engagements have been undertaken through a separate letter of engagement. We have put in place separate reporting lines and engagement partners, with the Head of Internal Audit having no direct involvement in these engagements. We are therefore actively managing any potential conflict of interest, and we have actively managed any potential self-review threat and conflicts ahead of accepting any of these engagements

Board oversight

In establishing the internal audit function, ensuring it is positioned independently and overseeing performance, the board will:

- Support and champion the mandate of internal audit, enabling it to fulfil its objectives, and working with senior management, enable unrestricted access to information and records.
- Discuss with the head of internal audit and senior management internal audit's authority, role, responsibilities, scope and types of services (assurance / advisory).
- Establish and protect the internal audit function's independence and ensure a direct reporting relationship, allowing the head of internal audit to discuss matters with the board without senior management present.
- Review, discuss other topics for inclusion, and approve annually the internal audit charter. This includes approving the mandate, the scope and internal audit services.
- Participate in discussions with the head of internal audit and senior management about the 'essential conditions' in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
- Review the internal audit charter annually with the head of internal audit to consider changes affecting the organisation, such as changes in the type, severity, and interdependencies of risks.
- Approve the risk-based internal audit plan.

- Appoint and remove the internal audit function and approve our fee.
- Collaborate with senior management to determine the competencies, experience and qualifications required of the head of internal audit.
- Review internal audit performance and receive communications from the head of internal audit on performance relative to plan.
- Discuss the quality assurance and improvement programme (QAIP) and review the QAIP annual briefing sharing themes and learning from reviews undertaken across our client base.
- In collaboration with senior management, ensure internal audit has the resource to fulfil the mandate and internal audit plan. At least annually, discuss with the head of internal audit whether internal audit scope and resource is sufficient.

Internal audit responsibilities

In providing your outsourced internal audit service, RSM has a responsibility to:

- Develop a flexible and risk based internal audit strategy with more detailed annual audit plans. The plan will be submitted to the Board and senior management for review. The plan will be approved each year before work commences on delivery of that plan.
- Implement the internal audit plan as approved, including any additional tasks requested by management and the Board. The plan will be updated in response to organisational changes including risks, operations, programmes, systems and controls. All significant changes are communicated to the Board and senior management.
- Ensure the internal audit team consists of professional audit staff with the competencies, knowledge, skills, and experience to meet the requirements of the Global Internal Audit Standards in the UK Public Sector and enable internal audit to fulfil its mandate.
- Establish a quality assurance and improvement programme to ensure the quality and effective operation of internal audit activities.
- Perform advisory activities where appropriate, beyond internal audit's assurance services, to assist management in meeting its objectives and improving the efficiency of governance, risk management and internal control processes.
- Bring a systematic disciplined approach to evaluate and report on the effectiveness of risk management, internal control and governance processes.
- Highlight control weaknesses and required associated improvements together with corrective action recommended to management based on an acceptable and practicable timeframe.
- Undertake follow up reviews to ensure management has implemented agreed internal control improvements within specified and agreed timeframes.
- Identify themes, trends and emerging issues that could impact the organisation and where appropriate communicate matters to the board and senior management.
- Communicate the impact of resource limitations on the internal audit plan to the board and senior management.

- Report regularly to the board to demonstrate the performance of the internal audit service.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the head of internal audit cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the board.

For clarity, we have included the definition of 'internal audit', 'senior management' and 'board'.

- Internal audit – a department, division, team of consultant, or other practitioner(s) that provides independent, objective assurance and consulting services designed to add value and improve an organisation's operations. The internal audit activity helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.
- Senior management who are the team of individuals at the highest level of organisational management who have the day-to-day responsibilities for managing the organisation.
- CGC - The highest-level governing body charged with the responsibility to direct and/or oversee the organisation's activities and hold organisational management accountable. Furthermore, 'board' may refer to a committee or another body to which the governing body has delegated certain functions (eg an Audit Committee).

Client care standards

In delivering our services we require full cooperation from key stakeholders and relevant business areas to ensure a smooth delivery of the plan. We proposed the following KPIs for monitoring the delivery of the internal audit service:

- Discussions with senior staff at the client take place to confirm the scope six weeks before the agreed audit start date.
- Key information such as the draft assignment planning sheet are issued by RSM to the key auditee six weeks before the agreed start date.
- The lead auditor to contact the client to confirm logistical arrangements at least 15 working days before the commencement of the audit fieldwork to confirm practical arrangements, appointments, debrief date etc.
- Fieldwork takes place on agreed dates with key issues flagged up immediately.
- A debrief meeting will be held with audit sponsor at the end of fieldwork or within a reasonable time frame.
- Draft reports will be issued within 10 working days of the debrief meeting and will be issued by RSM to the agreed distribution list / client portal.
- Management responses to the draft report should be submitted to RSM.
- Within three working days of receipt of client responses the final report will be issued by RSM to the assignment sponsor and any other agreed recipients of the report.

Reporting

An assignment report will be issued following each internal audit assignment. The report will be issued in draft for comment by management, and then issued as a final report to management, with the executive summary being provided to the Board. The final report will contain an action plan agreed with management to address any weaknesses identified by internal audit.

The internal audit service will issue progress reports to the Board and management summarising outcomes of audit activities, including follow up reviews.

As your internal audit provider, the assignment opinions that RSM provides the organisation during the year are part of the framework of assurances that assist the board in taking decisions and managing its risks.

As the provider of the internal audit service, we are required to provide an annual opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. In giving our opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the board is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The annual opinion will be provided to the organisation by RSM UK Risk Assurance Services LLP at the financial year end. The results of internal audit reviews, and the annual opinion, should be used by management and the Board to inform the organisation's annual governance statement.

Data protection

Internal audit files need to include sufficient, reliable, relevant and useful evidence in order to support our findings and conclusions. Personal data is not shared with unauthorised persons unless there is a valid and lawful requirement to do so. We are authorised as providers of internal audit services to our clients (through the firm's terms of business and our engagement letter) to have access to all necessary documentation from our clients needed to carry out our duties. Internal auditors are accountable for confidentiality and safeguarding records and information.

Quality Assurance and Improvement

As your external service provider of internal audit services, we have the responsibility for maintaining an effective internal audit activity. We have in place a quality assurance and improvement programme, consisting of both internal and external assessments. Internal assessments are led by a dedicated Quality Assurance Department who undertake these reviews. Under the standards, internal audit services are required to have an external quality assessment every five years. This ensures continuous improvement of our internal audit services.

Any areas which we believe warrant bringing to your attention, which may have the potential to have an impact on the quality of the service we provide to you, will be raised in our progress reports to the Board.

The head of internal audit will report annually to the board and senior management regarding the internal audit function's conformance with the Standards, which is assessed through a quality assurance and improvement programme. Themes and learning from Quality Assurance Department reviews undertaken across our client base will be shared. This includes how the principles in the Internal Audit Code of Practice have been applied.

Fraud

The Board recognises that management is responsible for controls to reasonably prevent and detect fraud. Furthermore, the Board recognises that internal audit is not responsible for identifying fraud; however internal audit will be aware of the risk of fraud when planning and undertaking any assignments.

Approval of the internal audit charter

By approving this document, the internal audit strategy, the CGC is also approving the internal audit charter.

FOR FURTHER INFORMATION CONTACT



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We are committed to delivering an excellent client experience every time we work with you. If you have any comments or suggestions on the quality of our service and would be happy to complete a short feedback questionnaire, please contact your RSM client manager or email admin.south.rm@rsmuk.com.

The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of Huntingdonshire District Council and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM UK Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

RSM UK Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.

Public
Key Decision – No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Internal Audit Update Report

Meeting/Date: Corporate Governance Committee
25 March 2025

Executive Portfolio: Executive Councillor for Governance &
Democratic Services
Cllr Jo Harvey

Report by: Corporate Director – Finance and Resources

Wards affected: All

Executive Summary:

This report sets out a summary of the work undertaken by the Internal Audit Service since the Committee last met in January 2025. RSM have prepared the update which will be presented by them.

Recommendation:

The Committee is

RECOMMENDED

to comment on and note the update on work undertaken by Internal Audit in the period from late January to mid March 2025

1. PURPOSE OF THE REPORT

- 1.1 This report gives the Committee an update of the work of the Internal Audit Service since the last meeting.

2. BACKGROUND

- 1.1 The activities of the Internal Audit team are pivotal to the organisation's governance and control processes. The findings of audit reviews demonstrate compliance with controls and processes or identify where improvements need to be made. This is an inherent element of Priority 3 of the Corporate Plan (2023-2028) which is about 'doing our core work well' through 'delivering good quality, high value-for-money services with good control and compliance with statutory obligations'.
- 1.2 RSM will, in the capacity of Head of Internal Audit be at the meeting to present the update on the work that had been carried out.

3. LEGAL IMPLICATIONS

- 3.1 None

4. RESOURCE IMPLICATIONS

- 4.1 No additional resource requirements arise from this report.

5. LIST OF APPENDICES INCLUDED

Appendix 1 – Internal Update Report from RSM LLP

CONTACT OFFICER

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Email: suzanne.jones@huntingdonshire.gov.uk



Page 79 of 116

HUNTINGDONSHIRE DISTRICT COUNCIL

Internal Audit Progress Report

Corporate Governance Committee – 25 March 2025

This report is solely for the use of the persons to whom it is addressed.
To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.

CONTENTS

Key messages..... 3

1. Final reports 5

Appendices

Appendix A: Progress against the internal audit plan 2024/25..... 8

Appendix B: Other matters 10

KEY MESSAGES

The internal audit plan for 2024/25 was approved by the Corporate Governance Committee (CGC) on 29 May 2024. This report provides an update on progress against that plan and summarises the results of the work completed by the in-house internal audit team to date.

RSM have been appointed in an interim capacity from January 2025 to assist the in-house team in the production of a 2025/26 internal audit plan, the provision of management, support and oversight of the in-house team and to prepare an annual report for 2024/25.

Since the last CGC meeting in January 2025, we have finalised the following internal audit reports:

These are:

- **Code of Procurement (Limited Assurance)**
- **Green Bin Implementation – Transfer to BAU Operations (Reasonable Assurance)**
- **Key Financial Controls (Limited Assurance)**
- **One Leisure, Poor Operation Records (Limited Assurance) [to note]**

A summary of the outcome of these reviews, are included in this report at Section 1.1 below

The following report is currently at **draft** report stage:

- Commercial Estates Rent Review Processes and Invoicing.

This report has been discussed with Officers and needs further discussion at CLT ahead of being finalised. This will be presented in final at the next meeting. **[to note]**

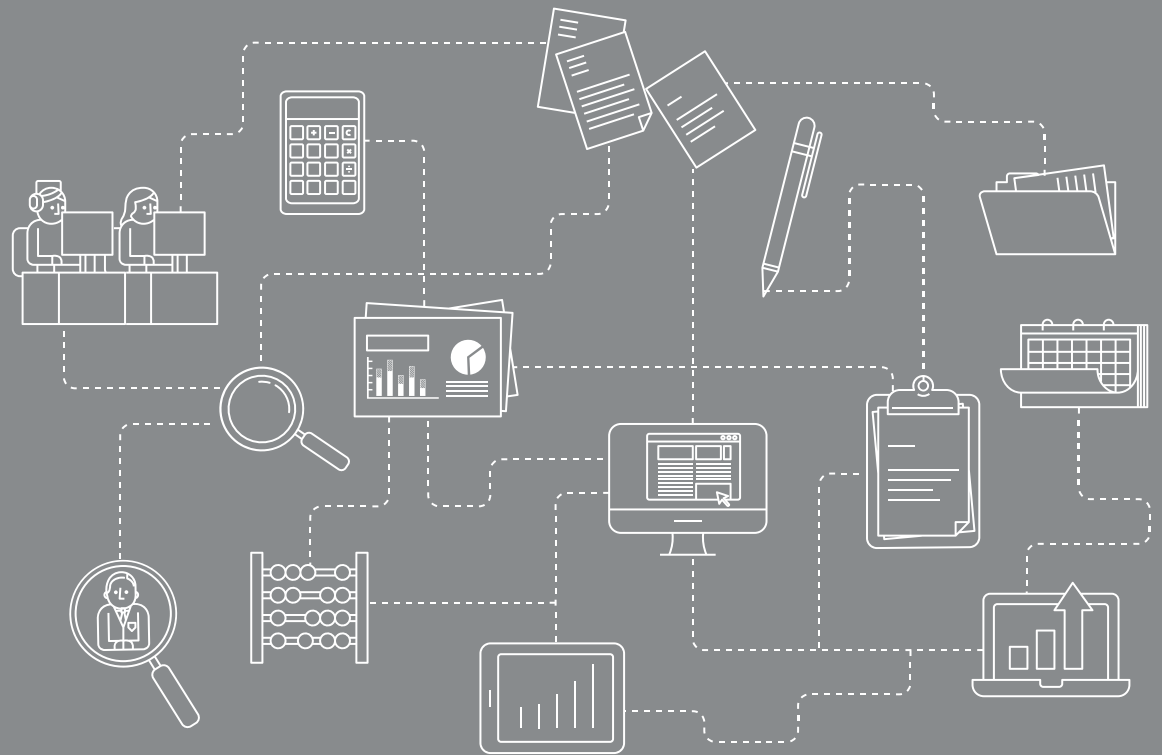
Details of the progress made against the 2024/25 internal audit plan are included at Appendix A. **[To note]**

We have completed the annual planning process for the 2025/26 internal audit plan and there is a separate paper on this item is on the agenda today. **[To note]**

Final Reports

Page 82 of 118

01



1. FINAL REPORTS

1.1 Summary of the key issues arising from the final reports being presented to this Committee

This section summarises the reports that have been finalised since the last meeting.

Page 83 of 118

Assignment	Opinion issued	Actions agreed		
		L	M	H
<p>Code of Procurement</p> <p>The main issues identified from the audit are as follows:</p> <ul style="list-style-type: none"> Code of procurement and procurement procedures require review and updating in line with the new procurement act. Limited awareness of Code of procurement requirements and a lack of adequate interaction between the service teams and the procurement lead during the procurement and contract award process. Gaps in completeness of the internal contracts register. Sample checks are not periodically performed on purchases to check that sufficient written quotes have been obtained. We noted management plans to ensure all waivers and contracts let without sufficient quotes to be flagged as non-compliant for the attention of the Procurement Board. No centralised, periodic check by procurement team to review how contracts are managed post award. Formal PO approval, invitation to tender and contract award hierarchy document not evident. Procurement team is understaffed resulting in several key control activities not being performed. 	Limited Assurance	0	3	4
<p>Green Bin Implementation – Transfer to BAU Operations</p> <p>The main issues identified from the audit were as follows:</p> <ul style="list-style-type: none"> There are no process notes to cover the green bin subscription fee process from start to finish. There are no identified risks recorded on the risk register. Management we unable to locate all contracts in the contracts register. The Operations team are unaware of backup plan should the there be a break in the technology. Some specific examples of good practice we identified 	Reasonable Assurance	0	3	0

Assignment	Opinion issued	Actions agreed		
		L	M	H

Key Financial Controls

The main issues identified from the audit are as follows:

- Accounts Receivable is not balancing, with discrepancies fluctuating between £54,000 to £86,000 each month. This is a known and ongoing issue.
- A significant portion of aged debt continues to increase, with debt over 90 days rising from £2.86m in April to £3.71m in August. This indicates that older debts are not being effectively managed or collected.
- The approval process for journals over £850k occurs at month-end after the journals have already been posted, allowing unapproved high-value journals to impact financial records before they are formally reviewed.

Limited Assurance

4

7

2

One Leisure Pool Operation Records

Of 42 actions relating to pool and plant room health and safety, 25 were reported as implemented, 12 were reported as part-implemented and 2 were not implemented. 3 actions had no status update.

- 8 actions were selected from the high priority actions included within the 2023/2024 health and safety audits which related to pool and plant room health and safety providing 27% coverage. Of the 8:
- 4 actions were reported on the action plan as 'complete', however evidence of completion could not be provided for 2 actions.
- 3 actions were reported as 'in progress' however 2 were verified as complete. 1 action remains underway despite an original due date for completion of 15/1/24.
- 1 action had no status update however this was confirmed 'complete'. The 2024/25 follow up health and safety audits reported the same findings for the 8 actions.

Limited Assurance

0

2

2

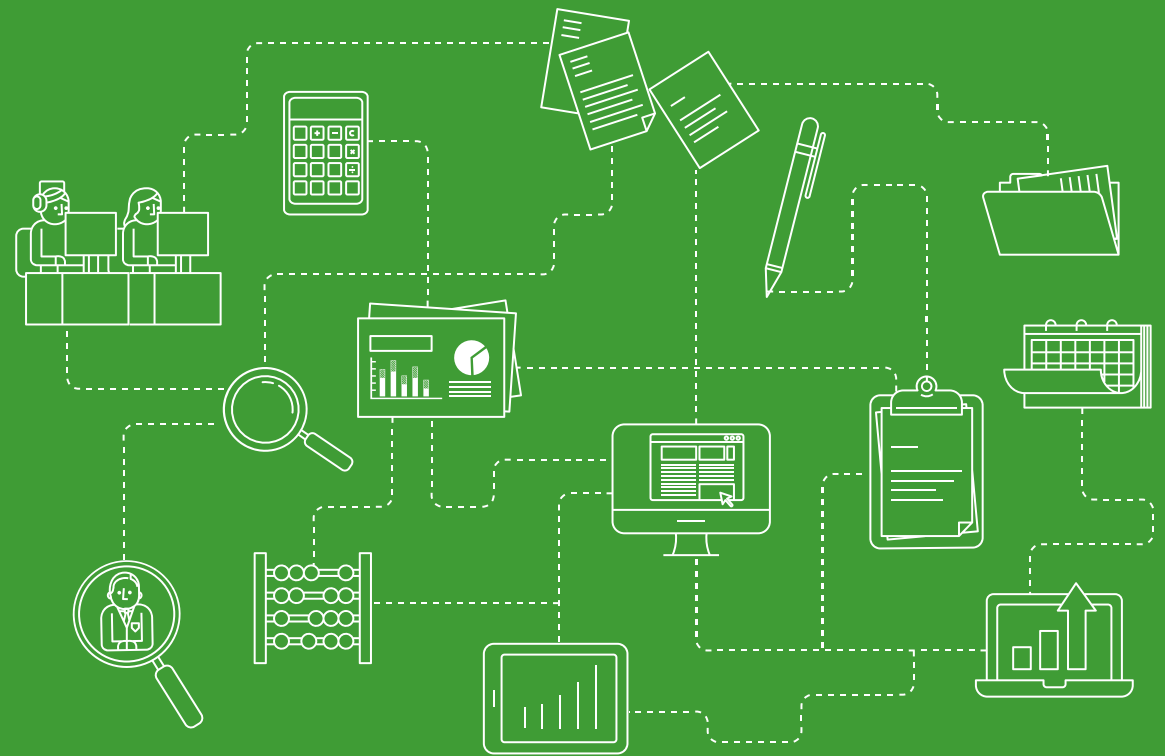
Whilst the 2024/25 follow up health and safety audits reported an overall improvement in scores across the One Leisure sites, 289 actions were recommended, of which 31 were rated major risk and 156 were rated high risk.

There has been limited oversight and reporting over the implementation of the action plan, creating the risk that failures to address identified health and safety weaknesses are not promptly identified, escalated and remediated. During the audit, we were advised that the Business and Compliance Support Manager, who coordinated the action plan, is currently on secondment and there are no plans to fill this role.

Appendices

Page 85 of 118

02



APPENDIX A: PROGRESS AGAINST THE INTERNAL AUDIT PLAN 2024/25

Reviews shown in bold below have been finalised since the last CGC meeting.

No.	Assignment	Status / Opinion issued / Start date	Actions agreed			Original and Target CGC for final report	Actual CGC meeting
			Red	Amber	Green		
#1	Risk Management, implementation of strategy & follow up of previous actions	Deferral to 2025/26 *				-	-
#2	Minor works follow up - now Medium Term Civils Contract procurement	Final Report (No opinion) – Follow Up Assignment	0	3	0	July 2024	July 2024
#3	Budget Management; financial sustainability	Final Report - Reasonable Assurance	0	6	0	July 2024	July 2024
#4	Corp Gov Scheme of Delegations	Deferral to 2025/26 *				-	-
#5	Partnership Working	Deferral to 2025/26 *				-	-
#6	Development Management	Replaced and removed from the 2024/25 plan				-	-
#7	Home Improvement Agency	Deferral to 2025/26 *				-	-
#8	Operations Vehicle Maintenance Processes	Final Report – Reasonable Assurance	0	5	0	July 2024	July 2024
#9	All Services, Contract Management	Deferral to 2025/26 *				-	-
#10	Data Quality Standard Compliance	Deferral to 2025/26 *				-	-
#11	One Leisure, Pool Operation Records	Final Report – Limited Assurance	2	2	0	March 2025	March 2025
#12	Review of Asset Management Records, HDC properties	Replaced and removed from the 2024/25 plan				-	-
#13	Review of Commercial Estates rent review processes and invoicing	Draft Report – Discussion on findings required at CLT ahead of finalisation				March 2025	June 2025
#14	DFG Grant Verification	Final Report - No opinion as Grant Review (no report available)	0	0	0	n/a	n/a
#15	Green Bin Implementation and transfer to BAU operations	Final Report – Reasonable Assurance	0	3	0	March 2025	March 2025
#16	Green Credentials on projects already implemented	Audit removed from the plan				March 2025	-

Page 86 of 118

No.	Assignment	Status / Opinion issued / Start date	Actions agreed			Original and Target CGC for final report	Actual CGC meeting
			Red	Amber	Green		
#17	Code of Procurement	Final Report – Limited Assurance	4	3	0	March 2025	March 2025
#18	Facilities Management and ICT	Not commenced **				-	-
#19	Key Financial Controls	Final Report – Limited Assurance	2	4	7	March 2025	March 2025
#20	Critical Application Security	Not commenced **				-	-
#21	Follow ups, previous ICT actions	Not commenced **				-	-
#22	Immutable Back ups	Not commenced **				-	-
#23	IT Governance and Strategy	Not commenced **				-	-
#24	Home and Hybrid Working	Fieldwork in progress				June 2025	-
#25	Committee Governance Structure	Fieldwork in progress				June 2025	-
#26	Follow Up	Fieldwork in progress				June 2025	-
#27	Cyber Essentials Readiness	Fieldwork in progress				June 2025	-

Page 87 of 118

* These reviews have been deferred by the previous Internal Audit Manager (Head of Internal Audit) prior to RSM commencing our role. We understand that these changes have not been reported through to the CGC for information or approval.

** These IT reviews have not been completed during this financial year. RSM has been informed that historically IT reviews were completed by an outsourced provider, however for the current financial year they have not been delivered.

APPENDIX B: OTHER MATTERS

Detailed below are the changes to the 2024/25 internal audit plan since the previous meeting of the CGC in January 2025:

Note	Auditable area	Reason for change
1	Home and Hybrid Working Advisory Review (replaces the Development Management)	The CEO and Section 151 Officer requested we complete this review as it would add more value than the audit contained within the original 2024/25 IA plan.
2	Committee Governance Structure (replaces Asset Management Records, HDC properties)	The CEO and Section 151 Officer requested we complete this review as it would add more value than the audit contained within the original 2024/25 IA plan.

Detailed below are the changes to the 2024/25 internal audit plan reported to the previous meeting of the CGC in January 2025:

Note	Auditable area	Reason for change
1	<p>Audits deferred from 2024/25 plan:</p> <ul style="list-style-type: none"> Risk Management, implementation of strategy & follow up of previous actions Corp Gov Scheme of Delegations All Services, Contract Management Partnership Working All Services, Contract Management Data Quality Standard Compliance 	<p>RSM has been informed that six audits from 2024/25 have been (informally) deferred by the previous internal audit manager during the current financial year.</p> <p>Of these six reviews, four had previously been deferred from the 2023/24 internal audit plan.</p>
2	<p>Audits not commissioned from external specialists from 2024/25 plan:</p> <ul style="list-style-type: none"> Facilities Management and ICT Critical Application Security Follow Ups, previous ICT actions Immutable Backups IT Governance and Strategy 	<p>Five IT reviews previously planned have not yet been delivered during 2024/25. Historically HDC commissioned these reviews externally.</p> <p>RSM is currently in discussions with the Section 151 Officer with regards to provision of a technology risk assignment for the 2024/25 internal audit plan.</p>
3	<p>Additional Audits to be delivered in Q4 2024/25:</p> <ul style="list-style-type: none"> IT Key Control / Cyber Essentials Follow Up of previous actions / recommendations 	<p>RSM have agreed with the Section 151 Officer to undertake two reviews in Q4 of 2024/25 to provide some assurance around the key IT / Cyber controls in place at the Council and to undertake an independent review of previously agreed management actions / recommendations and provide some assurance that these issues and risks identified are being mitigated.</p>

Compliance with Public Sector Internal Audit Standards (PSIAS)

Previously reported to the January 2025 CGC meeting:

Each Local Authority (and the internal audit team) is required to comply with the PSIAS. Under the standards, internal audit services are required to have an external quality assessment (EQA) every five years. We understand from our enquiries and review of previous CGC papers that two different self-assessments were undertaken by previous in-house Heads of Internal Audit, and that the Local Government Association (LGA) also undertook a peer review of governance processes in 2023/24, assessed against CIPFA's "Unlocking Internal Audit Potential" report, to provide insight into the effectiveness of the Council's arrangements', including an independent review of the internal audit service. However, from our enquiries we do not believe that a formal EQA has been commissioned for at least seven years. The peer review was reported to the CGC in July 2024 and highlighted some important areas that have historically come under the responsibility of Internal Audit but should be considered for separation in order that Internal Audit is able to independently review and report (for example, Whistleblowing, AGS)).

We understand that the Council commissioned an independent EQA readiness review in 2024/25 (final report issued in August 2024). This identified a number of significant gaps with EQA readiness in key areas, raising four high and two medium actions. It also concluded that these improvement areas needed to be addressed in preparation for an EQA. We have been advised that a number of these actions and improvement areas remain outstanding.

We have already concluded, based on the EQA readiness assessment report produced by BDO and the gaps identified that the team have not fully met the Public Sector Internal Audit Standards (PSIAS) in 2024/25 (for example we are not aware that any of the 4 high and 2 medium recommendations have been implemented).

We have already flagged a clarification point we need to discuss and resolve with the S151 Officer in relation to compliance with the PSIAS in 2025/26 (and new Global Internal Audit Standards – effective 1 January 2025). RSM audits will be fully compliant with the new standards, but we need to hold further discussions in relation to the work delivered by the in-house team, and how to ensure compliance with the standards in 2025/26.

Please note that in relation to work delivered by RSM:

The RSM UK Risk Assurance service line commissioned an external independent review of our internal audit services in 2021, to provide assurance as to whether our approach continues to meet the requirements. The external review concluded that RSM 'generally conforms* to the requirements of the IIA Standards' and that 'RSM IA also generally conforms with the other Professional Standards and the IIA Code of Ethics. There were no instances of non-conformance with any of the Professional Standards'.

* The rating of 'generally conforms' is the highest rating that can be achieved, in line with the IIA's EQA assessment model.

Annual Report 2024/25

Previously reported to the January 2025 CGC meeting:

We understand from reviewing the previous three financial years annual reports that 'Limitations of Scope' have been applied to the Head of Internal Audit opinions and the annual reports. Some of these limitations of scope have been due to resourcing (ie a lack of resource to undertake enough work to provide an opinion on risk management and governance).

The above prior year limitation of scopes, combined with the limited amount of work delivered to date in relation to the 2024/25 internal audit plan, the number of reviews deferred to 2025/26 (some of which were deferred from 2023/24) and the likely non-compliance during 2024/25 with PSIAS has resulted in our advice to the S151 Officer and wider Executive Team that we will issue a limitation of scope position statement within the 2024/25 annual report across Risk Management, Governance and Internal Control.

We have developed a risk-based plan of work for 2025/26 that will commence in April 2025. It is submitted for approval by the committee at the March 2025 meeting.

Information and briefings

RSM has appended the following client briefings as information for members and officers:

- Emerging Risk Radar – Spring 2025
- Global Internal Audit Standards – January 2025 briefing
- Failure to Prevent Fraud Briefing

FOR FURTHER INFORMATION CONTACT



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Emerging Risk Radar

Emerging risk considerations

Spring 2025



Emerging Risk Radar – Spring 2025

Given your strategic objectives, what do you see as the **emerging events or threats that could impact on your business**, either negatively or positively, and that you believe should be watched?

We received **129 survey responses** from board members across all industries/sectors as well as drawing on our current emerging risk knowledge.

Page 93 of 118

Key emerging risks in summary

There are 24 emerging risks identified, an increase of 6 since the last publication. New emerging risks in the form of **increasing levels of regulation, technology resilience, access to markets, technology fraud, shifts in business culture and potential for an epidemic** – impacting both private, public and not for profit sectors. In addition, there have been updates in previous emerging risks.

5 emerging risks identified as more prevalent (4 less since the last emerging risk radar publication), with **geo-political instability, change in government priorities, cyber attacks, continued economic slow down** and **financial planning uncertainties**. No change in these emerging risks since the previous emerging risk publication.

The top 3 most prevalent emerging risks:

01

Changes in government priorities

Change in government priorities resulting in new or changes to laws, policies, regulations affecting businesses.

02

Geo-political instability

Geo-political change and instability, including potential for trade wars, fall-out from and expansion of armed conflicts and the impact on businesses and society.

03

Cyber attacks increasing

Cyber-attacks increasing in frequency and complexity. Unable to sufficiently invest in defence – attacks more disabling, coupled with loss of data in serious targeted attacks.

Emerging risk – why and what?

Why?

The board should establish and keep under review the risk and internal control framework and determine the nature and extent of the emerging and principal risks it is willing to take to achieve its strategic objectives.



What?

An emerging risk might be defined as: “a new or unforeseen level of uncertainty driven by external events – the risk may still be forming, and it may not be clear as to the implications for the business, be these negative or positive.”

To be watchful of these emerging risks and how they might play through is an important element of preparedness and the business management of risk.

We have framed the emerging risks as:

- **Most prevalent:** risk themes that were more regularly identified in responses and discussions;
- **Keep monitoring:** to represent the risk themes that had a moderate prevalence in responses and discussions;
- **Worth watching:** those emerging risk themes that were less prevalent.

These risk themes are constantly evolving and shifting, so are all worthy of consideration.



Emerging Risk Considerations

01

What do you see as the emerging risks?

02

How far will these emerging risks affect your business?

03

How far will these emerging risks play through into your existing strategic risks?

04

How far will they change the way you currently manage your strategic risks?

05

How will you respond?
How will you continue to review the emerging risks?



Emerging areas of risk – Spring 2025

Consistent >
 Increasing <>
 Decreasing <

Direction of travel since previous emerging risk radar publication.

Most prevalent	
2.1	Change in government priorities resulting in new or changes to laws, policies, regulations affecting businesses. >
2.2	Geo-political change and instability, including potential for trade wars, fall-out from and expansion of armed conflicts and the impact on businesses and society. >
4.1	Cyber-attacks increasing in frequency and complexity. Unable to sufficiently invest in defence – attacks more disruptive and disabling, coupled with loss / theft of data in serious targeted attacks. >
5.1	Continued economic slow-down. Reduced spending by consumers and reduced / changes in spending by Government. >
6.1	Shifts in employee costs, energy costs etc. Creating financial pressure, forecasting and planning uncertainties >

Page 96 of 118



Emerging areas of risk – Spring 2025

Direction of travel since previous emerging risk radar publication.

Page 97 of 118

Keep monitoring		
2.3	NEW: Increasing level of regulation, compliance and inspection. e.g. Economic Crime and Corporate Transparency Act etc.	New
3.1	Ability to effectively engage with and leverage off the sustainability agenda, including ability to meet green agenda targets (coupled with potential for Green Washing).	✓
3.2	Increasing weather pattern shifts / extreme weather impacting the UK (and globally) – storms, floods, temperature changes impacting supply chains, productivity and continuity / recovery of operations.	➤
4.2	Digital transformation including impact of artificial intelligence on business – capacity, capabilities and funding available to understand, keep-up with, explore and develop digital.	✓
4.3	NEW: Operational resilience of technology e.g. power outage, IT infrastructure age, sabotage etc	New
5.2	Reduced investment in research and development - businesses take a short-term approach and focus on business as usual (reducing agility and innovation) due to macro-economic conditions including geo-political challenges.	✓
7.1	Shortages in skills and experience – reduced investment in staff development / apprenticeships, temporary contracts more frequent, reduced pool of skilled / experienced staff available with movement between employers.	✓
6.2	Supply chain resilience across all ranges of goods and services.	➤
6.3	Access to and availability of finance and funding – impacting both private, public and not for profit sectors, including cost of finance, funding changes - including funding and grants provided by Government.	➤
8.2	Developing the board member capacity and capability - fitness for future, including availability of non-executives for appointment and holding modern world insights.	✓



Emerging areas of risk – Spring 2025

Direction of travel since previous emerging risk radar publication.

Worth watching		
1.1	Availability and effectiveness of public services are reduced due to under investment, lack of resources and increased demand from the public.	➤
1.2	Increasing awareness of mental health and physical well-being issues impacting individuals stemming from post pandemic fall-out, increasing poverty etc. Impacting on public services and employers (as well as having potential duty of care implications).	➤
1.3	Societal tensions stemming from, by example, racial, ethnicity, diversity, wealth, age, and cultural extremes.	➤
1.4	Access to affordable housing, homelessness and poor housing conditions. e.g. damp and mould hazards. Access to affordable housing and the impact on individuals, families, society more widely and business in the form of access to / availability of staff.	➤
1.5	NEW: Epidemic / further pandemic impacting public health / productivity.	New
5.3	NEW: Access to markets - global trade embargos, restrictions, tariffs and competition.	New
6.4	NEW: Increasing levels of fraudulent activity making use of technology as a tool for doing so.	New
8.1	Tick box governance – lip service to standards / codes, lack of transparency in decision making, conflicts of interest justified, and loss of accountability creating a loss of trust.	▼
8.3	NEW: Shifts in business culture due to external influence and attitudes.	New

Page 98 of 118



Emerging Risk Radar Spring 2025

Societal and Community

- 1.1 – Availability and effectiveness of public services are reduced.
- 1.2 – Increasing awareness of mental health and physical well-being issues.
- 1.3 – Societal tensions stemming from, by example, racial, ethnicity, diversity, wealth, age, and cultural extremes.
- 1.4 – Access to affordable housing, homelessness and poor housing conditions.
- 1.5 – Epidemic / further pandemic impacting public health / productivity.

Governance

- 8.1 – Tick box governance – lip service to standards / codes, lack of transparency in decision making, conflicts of interest justified, and loss of accountability.
- 8.2 – Developing the board capacity and capability – fitness for future.
- 8.3 – Shifts in business culture due to external influence and attitudes.

Economic and Financial

- 6.1 – Shifts in employee costs, energy costs etc.
- 6.2 – Supply chain resilience across all ranges of goods and services.
- 6.3 – Access to and availability of finance and funding including cost of finance and funding changes.
- 6.4 – Increasing levels of fraudulent activity making use of technology as a tool for doing so.

People Resources

- 7.1 – Shortages in skills and experience – reduced investment in staff development / apprenticeships, temporary contracts more frequent, reduced pool of skilled / experienced staff available with movement between employers.

Political, Policy and Regulation

- 2.1 – Change in government priorities resulting in new or changes to laws, policies, regulations affecting businesses.
- 2.2 – Geo-political change and instability, including potential for trade wars, fall-out from and expansion of armed conflicts and the influence on society and business.
- 2.3 – Increasing level of regulation, compliance and inspection.

Environmental

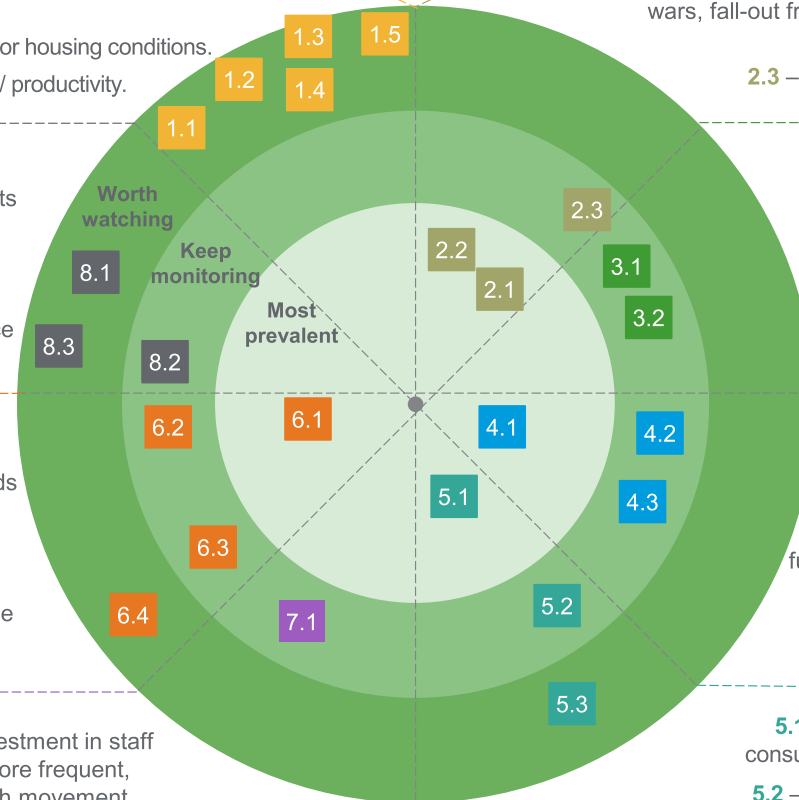
- 3.1 – Ability to effectively engage with and leverage off the sustainability agenda.
- 3.2 – Increasing weather pattern shifts / extreme weather impacting businesses and supply chain (nationally and globally).

Technological

- 4.1 – Cyber-attacks increasing in frequency and complexity.
- 4.2 – Digital transformation including Impact of artificial intelligence on business – capacity, capabilities and funding available to understand, keep-up with, explore and develop digital.
- 4.3 – Operational resilience of technology e.g. power outage, IT infrastructure age, sabotage etc.

Commercial

- 5.1 – Continued economic slow-down. Reduced spending by consumers and reduced / changes in spending by Government.
- 5.2 – Reduced investment in research and development due to macro-economic conditions.
- 5.3 – Access to markets - global trade embargos, restrictions, tariffs and competition.



Previous Emerging Risk Radar Summer 2024

Societal and Community

- 1.1 – Availability and effectiveness of public services are reduced.
- 1.2 – Increasing awareness of mental health and physical well-being issues.
- 1.3 – Societal tensions stemming from, by example, racial, ethnicity, diversity, wealth, age, and cultural extremes.
- 1.4 – Homelessness and poor housing conditions.

Political, Policy and Regulation

- 2.1 – Change in government priorities resulting in new or changes to laws, policies, regulations affecting businesses.
- 2.2 – Geo-political instability, including fall-out from and expansion of conflicts and the influence on society.

Governance

- 8.1 – Tick box governance. Lack of transparency in decision making, conflicts of interest justified, and loss of accountability and trust.
- 8.2 – Maintaining board member capacity and capability – fitness for future.

Environmental

- 3.1 – Ability to effectively engage and leverage off the sustainability agenda.
- 3.2 – Increasing weather pattern shifts / extreme weather impacting the UK (and globally).

Economic and Financial

- 6.1 – Shifts in inflation, interest rates, salaries and wages, energy costs.
- 6.2 – Availability of supplies leading to increased costs across all ranges of materials.
- 6.3 – Access to and availability of finance and funding including cost of finance and funding changes

Technological

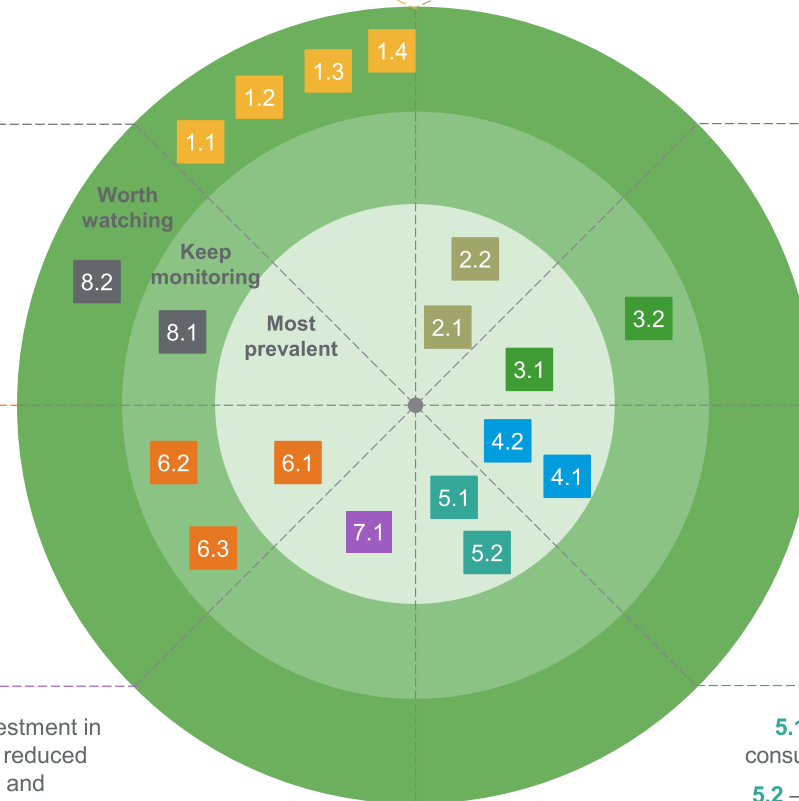
- 4.1 – Cyber-attacks increasing in frequency and complexity.
- 4.2 – Impact of artificial intelligence both positive and negative implications.

People Resources

- 7.1 – Shortages in skills and experience – reduced investment in staff development, temporary contracts more frequent, reduced pool of skilled staff with movement between employers and increasing lack of commitment to longer term career.

Commercial

- 5.1 – Continued economic slow-down. Reduced spending by consumers and reduced / changes in spending by Government.
- 5.2 – Reduced investment in research and development due to macro-economic conditions.



Further insights



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4risk: <https://youtu.be/12NyJhSNK3o>

4action: <https://youtu.be/xEuFSwzbzvw>

4policies: <https://youtu.be/ufXYt1juwhA>

4questionnaires: <https://youtu.be/NW17EoRJsjs>

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If you would like to participate in the next emerging risk radar survey, please contact matthew.humphrey@rsmuk.com

Note re contents of the emerging risk radar:

- This is not subject to any form of validation. RSM cannot guarantee the completeness, accuracy or validity of the contents.
- The content is based on the views of board members and others with whom RSM have interacted as part of this process with the information gathered being collated, interpreted and summarised by RSM.
- The views are not necessarily representative of all sectors.
- There is no relationship of any kind created between RSM and the recipient / user of the emerging risk radar publication. The publication is for purposes of reference, compare, contrast and discussion as required by the recipient / user.

Application Note Global Internal Audit Standards in the UK Public Sector

January 2025

Global Internal Audit Standards in the UK Public Sector

The Application Note 'Global Internal Audit Standards in the UK Public Sector' is being adopted by the Relevant Internal Audit Standard Setters (RIASS) from 1 April 2025. It follows a period of consultation, and on the advice of the UK Public Sector Internal Audit Standards Advisory Board (IASAB), the Application Note should be applied in conjunction with the Global Internal Audit Standards published by the Institute of Internal Auditors. It includes key requirements and interpretations that are crucial for implementing the Standards within the practice of internal audit in the UK public sector.

Overview of the Standards

The RIASS have determined the Global Internal Audit Standards are 'a suitable basis for the practice of internal auditing', subject to interpretations and requirements. Whilst the section on 'Applying the Global Internal Audit Standards in the Public sector' is welcome, the Application Note provides UK public sector specific context and additional requirements.

Internal auditors must adhere to the requirements of the Global Internal Audit Standards and the International Professional Practices Framework. Throughout 2024, internal audit providers have been transitioning to the Standards, which became effective on 9 January 2025. The current Public Sector Internal Audit Standards have been in place since 2017. From 1 April 2025, auditors in the public sector must adhere to the Application Note, in addition to the requirements of the Global Internal Audit Standards.

The IASAB will periodically review the Application Note. This includes consideration of any Topical Requirements that are relevant to the public sector.

We have published several client briefings on the Global Internal Audit Standards and the requirements.

- Overview of the Global Internal Audit Standards.
- Quality Assurance and Improvement Programme.
- Key Stakeholder Requirements in Domain III.
- Assessing Readiness and Action Plans.

Please get in touch with your usual RSM contact to request a copy.

Global Internal Audit Standards in the UK Public Sector

Key interpretations and requirements

The Application Note includes several requirements and interpretations in the context of the UK public sector, summarised as follows.

- Alongside the requirements in the Global Internal Audit Standards in Domain II: Ethics and Professionalism, internal auditors must apply the Seven Principles of Public Life (the 'Nolan Principles').
- Auditors in the UK public sector need to understand when they are required to share or publish information. They should be familiar with their organisation's policies and procedures for publishing certain information, as well as any statutory obligations to do so.

In meeting the requirements of Standard 9.1 Understanding Governance, Risk Management and Control Processes and Standard 13.4 Evaluation Criteria, auditors must recognise the importance of value for money.

With the legal and regulatory structures across the public sector, where the chief audit executive is unable to co-ordinate with other assurance providers, the barriers must be set out to the board.

- Where a board does not have authority over budgets, this can hinder the chief audit executive's ability to seek additional funding due to other organisational priorities. To comply with Standard 8.2 Resources, the chief audit executive should develop a resource strategy that proposes practical solutions for the board's consideration.
- Where the chief audit executive is unable to develop a strategy to obtain sufficient resource to address shortfalls, there is no expectation to comply with Standards 10.1 to 10.3, Principle 10 Manage Resources. The chief audit executive must inform the board of the effect of insufficient resources and highlight any options to mitigate the impact. If internal audit's ability to fulfil its mandate is at risk, the board must also be informed.

- The chief audit executive must provide an overall conclusion on governance, risk management and control annually, with the conclusion informing internal audit planning in alignment with Standard 9.4.
- The results of internal quality assessments are to be reported annually and include any action plans to address non-conformance.
- The chief audit executive is to be qualified, holding a professional qualification such as CMIIA, CCAB or other equivalent qualification that includes training on the practice of internal audit. They should also have suitable experience.
- At least one individual within the external quality assessment (EQA) team should hold the skills and qualifications as that required of the chief audit executive. An EQA assessor is expected to understand the Global Internal Audit Standards in line with an individual with the Certified Internal Auditor designation, including how the standards are applied to the UK public sector.

Domain III Governing the Internal Audit Function sets out important 'essential conditions' for the board and senior management. When implemented they enable the internal audit function to be effective and fulfil its purpose. Given the unique governance and organisational structures in the public sector, internal audit functions may need to adapt some standards to achieve the same outcomes. These alternatives must be approved by the board or audit committee and, if permanent, must be explained in the Charter.

Global Internal Audit Standards in the UK Public Sector

Our internal audit services

In transitioning to the Global Internal Audit Standards, during 2024 we have updated our manuals, reports, charter and mandate, and trained our people. This ensured our preparedness and conformance with the new standards.

As a leading provider of internal audit services to the public sector we have carefully considered the requirements of the Application Note Global Internal Audit Standards in the UK Public Sector. With the Public Sector Internal Audit Standards being replaced, our charter and reports will be updated, applicable from 1 April 2025.

Having reviewed the interpretations and requirements, our internal audit services align with the intent of the Global Internal Audit Standards in the UK Public Sector.

Our last EQA concluded that RSM 'generally conforms to the requirements of the IIA Standards' and that 'RSM IA also generally conforms with the other Professional Standards and the IIA Code of Ethics. There were no instances of non-conformance with any of the Professional Standards'. The rating of 'generally conforms' is the highest rating that can be achieved, in line with the IIA's EQA assessment model. Our next EQA is due to take place in 2026 and will reflect the requirements of the Global Internal Audit Standards in the UK Public Sector.

Further information

Access the Application Note Global Internal Audit Standards in the UK Public Sector at: <https://www.iasab.org/standards>

Access the Global Internal Audit Standards at: <https://www.theiia.org/en/standards/2024-standards/global-internal-audit-standards/>

Should you have any questions regarding the Global Internal Audit Standards in the UK Public Sector, what it might mean for you, or our adherence to the Standards, please get in touch via your usual RSM contact.

FURTHER INFORMATION

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Failure to Prevent Fraud

Countdown to 1 September 2025

The government issued guidance on the new corporate offence of failure to prevent fraud (under s199 of the Economic Crime and Corporate Transparency Act), on 6 November 2024.

[Relevant organisations](#) must implement fraud prevention procedures prior to the offence coming into force on **1 September 2025** or risk an unlimited fine.

What organisations are in scope?

The offence applies to '**large organisations**', defined in the legislation as those meeting at least two of the following conditions, a turnover of more than £36m, more than £18m in total assets, or more than 250 employees. It also applies to their **subsidiaries** regardless of where the organisation is headquartered or where subsidiaries are located.

However, **smaller organisations** should be aware that they may fall under the definition of an 'associated person' (a person or entity whose actions, in effect, may lead to the prosecution of a large organisation) while they provide services for or on behalf of large organisations. In these circumstances, small organisations may be subject to contractual or other requirements imposed by large organisations in respect of the failure to prevent [fraud offence](#).

Recap on the offence

A relevant organisation will be criminally liable where a specified fraud offence is committed by a person associated with the organisation (such as an employee or agent) with the **intention of benefiting** the organisation or its clients. If the organisation is a victim of the offence, it is not criminally liable.

It is a strict liability offence, meaning that there is no requirement to prove the organisation, or its senior managers had any prior knowledge of the fraud, for the offence to be committed.

The definition of a 'specified fraud offence' (or 'base fraud') captures the fraud and false accounting offences most relevant to large organisations, such as fraud by false representation, false accounting, false statements by company directors and cheating the public revenue.

How does a large organisation defend itself?

The only defence is that at the time of the offence, the organisation had reasonable fraud prevention procedures in place. Failure to implement a robust, proportionate fraud prevention framework may lead to dire consequences for a large organisation – the maximum penalty for a conviction under the offence is an unlimited fine.

Organisations need to act now

The focus on fraud committed for the intended **benefit** of the organisation is significant and may mean that existing fraud risk assessments and associated procedures are no longer sufficient to meet the requirements of the new legislation. Up until now, organisations have generally concentrated their attention and resources on fraud that could harm their businesses. The new legislation means that organisations should review their existing fraud prevention frameworks to ensure that they are fit for purpose and could protect them from potential prosecution.

The [government guidance](#) outlines **six principles** that organisations should implement, to prevent a specified fraud offence from being committed and to protect themselves from potential prosecution for the failure to prevent it. The principles are consistent with the prevention procedures already found in the other corporate 'failure to prevent' offences (bribery and the facilitation of tax evasion):

- Top level commitment.
- Risk assessment.
- Proportionate, risk-based prevention procedures.
- Due diligence.
- Communication (including training).
- Monitoring and review.

Organisations should act now to ensure that they have sufficient time to undertake the fraud risk assessment and make the appropriate changes, to rely on the defence by 1 September 2025.

Organisations may already have existing procedures for investigating frauds or attempted frauds against them. However, it is likely that they need to extend them to cover frauds that are intended to benefit the organisation.

Questions to consider:

- Could your organisation be in scope of this offence?
- Do you have a steering committee set up to drive this agenda?
- Have you commenced a risk assessment to consider fraud risks as a potential beneficiary of fraud?
- Is your organisation clear on the identity of its 'associated persons'?
- Have you updated policies, communicated the approach and updated controls?

Further details please contact:



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Public
Key Decision – No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Internal Audit Actions – update report

Meeting/Date: Corporate Governance Committee
26 March 2025

Executive Portfolio: Executive Councillor for Governance &
Democratic Services
Cllr Jo Harvey

Report by: Corporate Director – Finance and Resources
(On behalf of Corporate Leadership Team)

Wards affected: All

Executive Summary:

This report summarises the progress in implementing management actions arising from final internal audit reports. Implementation of the actions are the responsibility of the relevant managers with oversight from Corporate Leadership Team.

Recommendation:

The Committee is

RECOMMENDED

To comment on and note the current position regarding actions arising from internal audit reports.

1. PURPOSE OF THE REPORT

- 1.1 This report presents the management actions that have been taken on the outstanding overdue actions reported to this Committee in November 2024.

2. WHY IS THIS REPORT NECESSARY/BACKGROUND

- 1.1 This report summarises the position regarding open actions arising from final internal audits.

3. ANALYSIS OF OPEN ACTIONS

- 1.2 For each report the open actions are summarised below.

Report Title	Late	On-Track	Total
Budgetary Control and Management		3	3
Code of Procurement		7	7
Corporate Enforcement Policy		1	1
Key Financial Controls		10	10
Overtime		1	1
Pay Software		1	1
Tree Management		1	1
Vehicle Maintenance Processes	1 *		1
Grand Total	1	25	26

* This action has been redated for completed by Jun 2025 as shown in the next table

- 1.3 The actions that are on track all have completion dates in the future. These are summarised as follows

Report Title	Mar-25	Apr-25	May-25	Jun-25	Total
Budgetary Control and Management	2			1	3
Code of Procurement		6	1		7
Corporate Enforcement Policy	1				1
Green Bin implementation				1	3
Key Financial Controls	5	5			10
Overtime				1	1
Pay Software				1	1
Tree Management				1	1
Vehicle Maintenance Processes				1 *	1

- 1.4 The action from the Vehicle Maintenance Processes audit that has been redated to June 2025 relates to enabling all Operations Managers to have access to all training records and for those to be held centrally. There are currently a minimum of two officers in each service who have access to training records. The implementation of the action will add further to the ability to access training records. Having ensured in the short term that there are two officers to access these records there is limited risk to being able to deliver business on a daily basis.

4. KEY IMPACTS / RISKS

- 1.5 Each monthly meeting of CLT that reviews governance matters, now receives a report of any actions overdue for implementation and those due in the coming three months. CLT can ensure that action to ensure that actions are implemented or that the date is revised with good reason.

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

- 1.6 Corporate Priority 3 – Doing our core work well.

6. RESOURCE IMPLICATIONS

- 1.7 There are no additional resource requirements arising from this paper.

7. REASONS FOR THE RECOMMENDED DECISIONS

- 1.8 This report advises the Committee of the proposed action that SLT will agree with Internal Audit which is operational. It is reported to the committee that for assurance and oversight.

8. LIST OF APPENDICES INCLUDED

None

9. BACKGROUND PAPERS

None

CONTACT OFFICER

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Email: suzanne.jones@huntingdonshire.gov.uk

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CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

Committee	Decisions	Date for Action	Action Taken	Officer Responsible	Delete from future list
29/01/2025	<p>Internal Audit Peer Review Challenge Actions – Update</p> <p>To receive a further update on actions at the next Committee meeting.</p>	25/03/2025	This work will be taken forward by the new Monitoring Officer, as the Head of Service, once they have taken up post.	Corporate Director – Finance & Resources	No
29/01/2024	<p>Implementation of Internal Audit Actions</p> <p>Committee requested an update on the recruitment of Programme Manager at their meeting on 9 July 2024 (refers to action reference 1669).</p>	25/03/2025	Candidate for the role of Programme Manager due to join the Council on 1 April 2025.	Corporate Director – Finance & Resources	Yes
N/A	<p>Constitution Review Working Group</p> <p>Constitution Review Working Group appointed at Annual Council on 22 May 2024.</p>	N/A	The Working Group last met on 6th February 2025 and discussed and agreed further changes to the Council Procedure Rules to be considered at a further meeting of the Working Group. After which these will be presented to	Elections & Democratic Services Manager	No

CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

			<p>Corporate Governance Committee at a later date.</p> <p>The Group also discussed the potential to introduce a policy on substitutes for Council Committees and Panels and agreed that the principle of introducing a scheme should be further explored and developed for consideration at a further meeting, incorporating a range of agreed principles. The Officers Scheme of Delegation will also be prioritised to be discussed at a future meeting.</p> <p>The Group has also acknowledged changes to local government procurement practices arising from the implementation of the Procurement Act 2023, which will require changes to the Constitution. Further updates would be forthcoming, however the Group discussed potential changes to procurement practices they may wish to see.</p>		
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CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

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