

HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CORPORATE GOVERNANCE COMMITTEE held as a Remote Meeting via Zoom on Thursday, 23 July 2020

PRESENT: Councillor G J Bull – Chairman.

Councillors S M Burton, E R Butler, Dr P L R Gaskin, K P Gulson, P Kadewere, H V Masson, L W McGuire, J P Morris, R J West and Mrs S R Wilson.

APOLOGY: An Apology for absence from the meeting was submitted on behalf of Councillor D A Giles.

INTERNAL AUDIT MANAGER

Prior to commencement of the meeting the Chairman informed the Committee that Mr David Harwood, Internal Audit Manager had left the Council's employment at the end of March 2020 after 22 and a half years of service.

On behalf of the Committee, the Chairman expressed appreciation to Mr Harwood for his hard work, support and contribution to the Committee and wished him well for the future.

4 MINUTES

The Minutes of the meetings of the Committee held on 22nd January and 17th June 2020 were approved as a correct record and signed by the Chairman.

5 MEMBERS' INTERESTS

No declarations were received.

6 EXTERNAL AUDIT PLAN 2019/20

(Mr Suresh Patel, Ernst & Young LLP, was in attendance for consideration of this item).

The Committee received a report by the Chief Financial Officer (a copy of which is appended in the Minute Book) to which was attached the Council's External Audit Plan 2019/20, which had been produced by the Council's External Auditors, Ernst & Young LLP.

In introducing the report, Mr S Patel drew Members' attention to the overview of the 2019/20 audit strategy and highlighted the new additional risk in relation to the Internal Audit Service in respect of resources and service delivery. Reference was also made to the impact of COVID-19 upon the preparation of the final accounts and auditing process. The Committee's attention was also drawn to the risks around Property, Plant and Equipment Valuations and Pension Liability Valuations where it was noted that both were regarded as inherent risks which

had not changed when compared to the previous year. Finally, the Committee's attention was drawn to the proposed audit timeline which included a timetable of communication and deliverables as well as the proposed audit scale fee of £66,200 for 2019/20.

In acknowledging the challenges around the completion of audit work whilst working from home and in discussing the scale of audit fees, the Committee was informed that the latter was subject to national discussions at Public Sector Audit Appointments. Whereupon it was

RESOLVED

- (a) that the content of the External Audit Plan 2019/20 as attached as an Appendix to the report now submitted be noted; and
- (b) that the timetable for reports and updates to the Committee as set out in paragraph 4.6 of the report now submitted be noted.

7 DRAFT 2019/20 ANNUAL FINANCIAL REPORT

Consideration was given to a report by the Chief Financial Officer (a copy of which is appended in the Minute Book) outlining the process for finalising and publishing the Council's Annual Financial Report for 2019/20.

The Chief Financial Officer confirmed the position with regards to the unaudited accounts and reported that owing to the current situation with the COVID-19 pandemic, the normal statutory deadline had moved from 31st July 2020 to 30th November 2020. Attention was drawn to the key financial highlights, where it was noted that the Council had achieved an underspend of £0.265m against a budget of £17.157m and that General Fund Reserves had been maintained at 15% of net expenditure. Furthermore, the Committee were encouraged to note that £14.678m had been delivered in acquisitions as part of the Commercial Investment Strategy and that Business Rates growth within the Enterprise Zone of £0.638m had been achieved.

Having commended Officers for the financial achievements made, it was

RESOLVED

- (a) that the Unaudited Annual Financial Report as attached as Appendix A of the report now submitted be approved; and
- (b) that the Notice of Publication as attached at Appendix B of the report now submitted be approved.

8 INTERNAL AUDIT SERVICE: ANNUAL REPORT 2019/20

In compliance with the Public Sector Internal Audit Standard, the Committee gave consideration to the Internal Audit Service Annual Report and opinion by the Acting Internal Audit Manager (a copy of which is appended in the Minute Book).

The Assistant Director, Corporate Services drew Members' attention to the Audit Opinion for 2019/20 which gives "adequate assurance" of the control environment. Owing to decreased resources in the team, a limited number of audits had been undertaken across the council, which limits the contributory evidence, but not the offered opinion.

Matters discussed included the outcomes of the customer satisfaction surveys, the impact of COVID-19 upon lone working and risk management, the need to address the resourcing issue within the Internal Audit Team and the three "red" or "high risk" actions which had been identified from audits undertaken over the year. In terms of the latter, the Committee acknowledged the difficulties in the past of ensuring audit actions were completed by services in a timely manner. The Chairman commented that the matter would continue to be raised at future meetings until improvements had been made.

In acknowledging the resourcing issues within the Internal Audit Team and following a question raised by a Member seeking assurances that all statutory standards would be fully maintained in the future, the Assistant Director, Corporate Services advised that priority would be accorded to delivering value for money and addressing the resourcing issues within the team. Whereupon, it was

RESOLVED

- (a) that the content of the report now submitted be noted; and
- (b) that the Acting Internal Audit Manager's opinion be taken into account when considering the Annual Governance Statement for 2019/20.

9 APPROVAL FOR PUBLICATION OF THE ANNUAL GOVERNANCE STATEMENT

With the aid of a report prepared by the Corporate Director (People) (a copy of which is appended in the Minute Book), the Committee were reminded of the statutory requirement to produce an Annual Governance Statement which was required as part of the process to approve the final accounts.

Members' attention was drawn to the main themes within the Annual Governance Statement for 2019/20 which were noted as follows:

- Housing affordability
- Morbidity/Growing number of years of ill health
- Wider economic environment
- Skills level and educational attainment
- Partner agency operational pressures
- Environmental pressures and sustainability challenges

Whereupon, it was

RESOLVED

that the Annual Governance Statement as attached as Appendix A of the report now submitted be approved and that the Executive Leader and

Managing Director be authorised to sign the Statement on behalf of the Council.

10 CODE OF FINANCIAL MANAGEMENT 2020/21

The Committee received and noted a report by the Chief Financial Officer (a copy of which is appended in the Minute Book) detailing the outcome of the annual review of the Code of Financial Management which is included within the Council's Constitution.

Having been advised that only minor changes had been made and in noting that the Finance Governance Board had now been replaced by the Operations Senior Leadership Team, the Committee

RESOLVED

that Council be recommended to endorse the Code of Financial Management as attached as Appendix 1 of the report now submitted.

11 INTERNAL AUDIT PLAN 2020/21

Consideration was given to a report by the Acting Internal Audit Manager (a copy of which is appended in the Minute Book) outlining the planned Internal Audit coverage for the second half of the 2020/21 year covering the period October 2020 to March 2021.

Having been assured that risk-based plans had been established to determine the priorities of the internal audit activities over the six month period and in noting the breadth of work to be undertaken by the team whilst being mindful of the current resource constraints, the Committee

RESOLVED

that the Internal Audit Plan for the period October 2020 to March 2021 be approved.

12 ANNUAL REPORT OF THE COMMITTEE

Consideration was given to a report by the Acting Internal Audit Manager (a copy of which is appended in the Minute Book) to which was appended the Committee's draft Annual Report to Council for the year ending 31st March 2020.

Having had their attention drawn to the low return of skills and training needs assessment forms from Committee Members, it was agreed that the matter be raised at a future meeting.

RESOLVED

(a) that the Corporate Governance Committee Annual Report to Council for the year ending 31st March 2020 be approved for submission to the Council; and

(b) that the Chairman of the Committee be authorised to approve any amendments to the Report.

13 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.

Chairman