

HUNTINGDONSHIRE DISTRICT COUNCIL

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

PRESENT: Councillor N Wells – Chairman.

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

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

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

25 MINUTES

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

26 MEMBERS' INTERESTS

No declarations were received.

27 CODE OF CONDUCT COMPLAINTS - UPDATE

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

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

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

Whereupon, it was

RESOLVED

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

28 EXTERNAL AUDIT PLAN 2021/22

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

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

The Chief Finance Officer introduced Mr M Hodgson of Ernst & Young LLP who delivered a brief introduction to the Audit Plan which provided an overview of the 2021/22 strategy, outlined audit risks and value for money risks, provided information on audit materiality and the scope of the audit and included detail on the audit team, audit timeline and independence.

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

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

Whereupon, it was

RESOLVED

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

29 CIPFA CODE OF FINANCIAL MANAGEMENT

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

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

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

RESOLVED

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

30 IMPLEMENTATION OF INTERNAL AUDIT ACTIONS

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

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

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

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

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

RESOLVED

that the content of the report now submitted be noted.

31 INTERNAL AUDIT SERVICE: PROGRESS REPORT

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

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

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

RESOLVED

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

32 CORPORATE RISK REGISTER

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

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

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

RESOLVED

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

33 CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

The Committee received and noted a report (a copy of which is appended in the Minute Book) on progress of actions in response to any decisions taken at previous meetings. In doing so, the Democratic Services Officer advised that there had been no uses of the Code of Procurement Waiver Procedure since the previous meeting.

Chairman