

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

## **HUNTINGDONSHIRE DISTRICT COUNCIL**

**Title/Subject Matter:** LGA Peer Review – Internal Audit

**Meeting/Date:** Corporate Governance Committee – 30 May 2023

**Executive Portfolio:** Corporate and Shared Services

**Report by:** Director for Finance and Corporate Resources

**Ward(s) affected:** N/A

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### **Executive Summary:**

The role of Internal Audit in local authority bodies has changed over recent years, with a need for the services to move away from the traditional process driven checks and reviews to becoming a service that is fully involved in the wider governance of the organisation. Recognising this, the LGA was invited to undertake a peer review of HDC's internal audit provision and to recommend changes that should be made to demonstrate the organisation is meeting these requirements.

The accompanying reports outline the findings of the LGA peer team, having assessed the organisation against CIPFA's "Internal Audit Untapped Potential" report, a copy of which is also attached, and their suggested recommendations for actions to be implemented to improve compliance with CIPFA's advice. The team's suggested recommendations also include actions for CGC to consider for improving its effectiveness.

### **Recommendation(s):**

The Committee is asked to consider the recommendations in the report and to agree to accept them.

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

- 1.1 To present the findings of the LGA Peer review of Internal Audit.

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

- 2.1 The report provides insight into the changing demands on the Internal Audit service and proposes changes to how it operates and how the organisation should adapt to demonstrate the effectiveness of its internal governance processes. There are also links into the statutory requirements for the organisation and the evidence required to satisfy these.

## **3. KEY IMPACTS / RISKS**

- 3.1 If the organisation does not adapt it will not meet its statutory obligations for internal governance and assurance. This brings reputational risks as well as potential budget impacts.

## **4. WHAT ACTIONS WILL BE TAKEN**

- 4.1 The LGA reports include recommendations and suggestions to improve the organisation's compliance with CIPFA's governance advice. It is proposed these recommendations are accepted and actions agreed to implement these.

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

- 5.1 Effective governance arrangements are required to underpin the delivery of the Corporate Plan.

## **6. LEGAL IMPLICATIONS**

- 6.1 Effective governance arrangements are necessary to demonstrate and evidence the organisation's compliance with statutory duties and reporting.

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

- 7.1 All public bodies are increasingly required to demonstrate their compliance with recommended governance arrangements. By heeding the recommendations of the LGA Peer Review, the Council will improve its governance functions demonstrating decisions and actions are appropriately challenged and considered and put in place robust processes to validate these.

## **8. LIST OF APPENDICES INCLUDED**

Appendix 1 – HDC Audit Peer Challenge report, draft

Appendix 2 – HDC Audit – proposed suggestions

Appendix 3 – CIPFA's Internal Audit Untapped Potential Report

## **CONTACT OFFICER**

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