

# 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