

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 Tuesday, 25 March 2025

PRESENT: Councillor M J Burke – Chair.

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

APOLOGIES: Apologies for absence from the meeting were submitted on behalf of Councillors A R Jennings, D J Shaw and P Webb.

59 MINUTES

The Minutes of the meeting of the Committee held on 29th January 2025 were approved as a correct record and signed by the Chair.

60 MEMBERS' INTERESTS

No declarations were received.

61 EXTERNAL AUDITOR'S ANNUAL REPORT 2023/24

Ms C Mellons, Audit Partner, Ernst and Young LLP, was in attendance for consideration of this item.

The Committee received and noted a report by the Corporate Director – Finance and Resources (a copy of which is appended in the Minute Book) providing an update on the findings of the external auditors for the audit year 2023/24.

Ms C Mellons, the Council's Audit Partner advised that there was no new content to report since the previous meeting and drew attention to the commentary which had been provided in respect of the financial statements and value for money conclusions.

Councillor J A Gray expressed his disappointment that despite the audit being completed, the Council was not in a position to sign off the accounts. In noting there was a going concern, he then queried how much of this was attributed to the availability of resources within Ernst & Young and internally within the Council. Ms C Mellons responded that owing to the disclaimed audit opinion, the audit results report was where assurance had been received, with particular mention being made to the balance sheet. Whilst a detailed review had not been undertaken at the time, the Committee were informed that the External Auditor's were not required to give an opinion on going concerns as part of the 2023/24 audit. In response to a subsequent question, the Corporate Director – Finance and Resources confirmed that she had prior sight / knowledge of the disclaimed audit opinion and that such opinions were not uncommon in the local authority

sector. Furthermore, she acknowledged that this wasn't the ideal position to be in but that the Council should now look to the future going forward.

Attention was then drawn to a number of factual inaccuracies within the report and concern was raised over the significant weaknesses which had been identified in the value for money arrangements for governance. In terms of the former, the Corporate Director – Finance and Resources agreed to investigate the inaccuracies outside of the meeting. Councillor P J Hodgson-Jones made comments in relation to the timing of report. His view was that the report should have been presented a month earlier and other local authorities had held special meetings for this purpose. Ms C Mellons responded that the External Auditors had three months from signing off the 2023/24 accounts to produce their Annual Report which was stipulated by the National Audit Office. The accounts were signed off at the 29th January 2025 meeting where an update on the audit position was also delivered to the Committee at the time. Furthermore, it was confirmed that the lack of External Audit resource did not impact upon the audit opinions given.

In response to a question raised by Councillor I P Taylor concerning gaps in the internal audit provision, the Corporate Director – Finance and Resources reported that these issues were historic but that since her arrival in October 2024, steps had been taken to address the matter and put adequate resources and support in place.

Whereupon, the Committee

RESOLVED

to receive and note the Auditor's Annual Report as set out in Appendix 1 of the report now submitted.

62 EXTERNAL AUDIT PLAN

Ms C Mellons, Audit Partner, Ernst and Young LLP was in attendance for consideration of this item.

Ms C Mellons, Audit Partner, Ernst and Young LLP delivered a verbal update on the External Audit Plan for the 2024/25 accounts. She reported that time had been booked in with senior management and that initial consideration had been given to risk assessments with a view to identifying areas requiring audit coverage. It was further noted that guidance was also awaited from the National Audit Office. A full audit report would be made available to management in April 2025 with a view to submitting it to Committee for approval in June 2025. The Corporate Director – Finance and Resources undertook to circulate the audit report informally to Members once received in April 2025.

In response to a question raised by Councillor J A Gray, Ms C Mellons reported that sign off of the 2024/25 accounts would be expected at the December 2025 meeting.

63 CORPORATE RISK REGISTER

A report by the Corporate Director – Finance and Resources was submitted (a copy of which is appended in the Minute Book) informing 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.

In introducing the report, the Corporate Director – Finance and Resources reminded the Committee of the road map which had been presented to Members at the January 2025 meeting which identified 19 risk themes. Members' attention was drawn to the "Inherent Priority" and "Residual Priority" for each risk together with where each risk sat on the heat risk map. In respect of the latter, it was confirmed that the colour of the dot indicated the level of the risk score. Members' attention was then drawn to the targets intended for each risk and noted the work that was being undertaken by risk owners and Heads of Service to address these risks.

In response to a question raised by Councillor P J Hodgson-Jones, the Corporate Director – Finance and Resources undertook to identify changes to risk ratings between meetings in future reports. Additionally, it was acknowledged that the risk relating to Local Government Reorganisation would require review in light of recent developments.

Councillor N Wells queried whether future reports would include risk appetite and changes to inherent risks together with how these would be incorporated in future reports. The Corporate Director – Finance and Resources responded that the Council's Risk Management Strategy would require a refresh and that any changes to risk scores would be reported to the Committee. Additionally, she commented that Members may wish to undertake a deep dive into the Council's risks either by Directorate or by theme at a future meeting.

Having queried the environmental risk relating to the "Failure to effectively respond to the climate change agenda in the required timeframe" comment was made by Councillor J A Gray whether this risk was appropriate to include in the Corporate Risk Register given this was outside of the Council's control. The Corporate Director – Finance and Resources undertook to raise this with Senior Management Team and review accordingly.

RESOLVED

that the Committee note the next steps in relation to the further development of risk management.

64 INTERNAL AUDIT UPDATE REPORT

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

With the aid of a report by the Corporate Director – Finance and Resources (a copy of which is appended in the Minute Book) the Committee received an update on the work of the Internal Audit Service since the last meeting.

Mr D Harris, Partner, RSM UK presented his report as detailed in Appendix 1 drawing attention to the key messages which highlighted the number of internal audit reports finalised since the previous meeting together with those that were currently at draft report stage. He then went on to report that a further two audit

reports were due to be completed which had been undertaken by specialist ICT auditors. Four reviews had been completed by the internal in-house team with a number of actions to be revisited as part of the audit planning process for 2025/26. Having had their attention drawn to progress against the Internal Audit Plan 2024/25 the Committee noted the client briefings which had been appended relating to the Emerging Risk Radar – Spring 2025, Global Internal Audit Standards - January 2025 briefing and Failure to Prevent Fraud Briefing.

In noting that reasonable assurance had been provided on the Green Bin Implementation audit, some concerns had been raised by Councillor P J Hodgson-Jones around the issues which had been identified in the audit. Mr D Harris responded that whilst it was important the audit identified these considerations of more significance was the agreement of actions and implementation dates with risk owners which would then be reviewed by the Internal Audit Team. In addition to this, the Corporate Director – Finance and Resources assured the Committee that the audit fell under her management responsibilities and that all risks had now been incorporated into the Corporate Risk Register. She further undertook to investigate the current position in respect of process notes to cover the green bin subscription fee process from start to finish.

Other matters that were discussed at the meeting included the visibility to the Committee of whether audit actions were being implemented on time together with who the action owners were and what changes had been made to the Internal Audit Plan in between Committee meetings. In response to the former, it was reported that this matter would be discussed further under the Internal Audit Actions Update item (Minute No. 24/66 refers) and in terms of the latter, Mr D Harris explained the rationale for the two changes which had been made to the Internal Audit Plan 2024/25 to no longer undertaken audits of Development Management and Asset Management Records which had been replaced with audits of Home and Hybrid Working and Committee Governance Structure respectively.

RESOLVED

that the Committee note the update on work undertaken by Internal Audit in the period from late January to mid-March 2025.

65 DRAFT INTERNAL AUDIT PLAN 2025/26 (INCLUDING THE INTERNAL AUDIT CHARTER)

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) setting out the Internal Audit Plan for 2025/26.

By way of introduction, the Corporate Director – Finance and Resources reported that the Audit Plan had been prepared by RSM following discussions with Senior Leadership Team and taking into account the Corporate Risk Register.

Mr D Harris, Partner, RSM UK outlined the methodology he had used to draft the Internal Audit Plan for 2025/26 which included a planned meeting with Heads of

Service, reviewing previous audit coverage, the outcomes from the Local Government Association Peer Review, discussions with the in-house Internal Audit Team and RSM's own guidance and knowledge of the sector from both local government and private clients. Attention was drawn to audit coverage since 2022/23 through to what was being proposed to 2027/28 and the Internal Audit Charter which set out the purpose, mandate, authority, role and responsibilities for the internal audit service for Huntingdonshire. In terms of the Audit Plan for 2025/26, of the 23 areas proposed, 12 were linked to the Council's Risk Register. In his concluding remarks, Mr D Harris stated that the proposed Audit Plan would be kept under review throughout the year with the flexibility to amend during the course of the year if required.

In response to a question raised by Councillor N Wells, Mr D Harris reported that he and his team at RSM were actively engaging with the in-house Internal Audit Team and would be helping with the production of an Internal Audit manual which set out matters such as sample sizing, testing and the use of data analytics whilst also providing support to upskill the in-house team as well as supervising and mentoring them in their roles.

Having received a response to a question raised by Councillor J A Gray querying the correlation and differences between sections 1 and 2 of RSM's report a further question was then raised on how confident Mr D Harris was in terms of delivering the proposed Audit Plan. Mr D Harris responded that in the 18 years he had worked for RSM, he had never failed to deliver an Internal Audit Plan for any of his clients and that his team comprised of 40-45 Internal Auditors covering the East of England area with access to 220 Internal Auditors nationally. He also advised that he had access to specialist environmental and ICT auditors and drew attention to the importance of building effective working relationships with not only the in-house Internal Audit Team but with the Council's Senior Management Team, Heads of Service and Service Managers.

Other matters that were discussed and responded to at the meeting included the current level of full time equivalent resources available within the in-house Internal Audit Team, the hybrid approach that was being adopted in the interim to deliver the Internal Audit function, whether reviewing Health and Safety once every four years was deemed appropriate and clarity on the term "Board" that was referred to in the Internal Audit Charter. Mr D Harris undertook to provide further detail on the latter and incorporate this within the Internal Audit Charter.

Whereupon, it was

RESOLVED

that the Committee receive, note and accept the Internal Audit Plan for 2025/26.

66 INTERNAL AUDIT ACTIONS UPDATE

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

In introducing the report, the Corporate Director – Finance and Resources drew attention to the number of open actions and their expected completion dates in the future. She then went on to deliver a brief update on the action relating to Vehicle Maintenance Processes which had been redated to June 2025.

A minor error was identified in the total numbers presented in the tables at 1.2 and 1.3 of the report and a suggestion had been made to link this report to previous agenda items under the Background Papers section. Both matters were acknowledged by the Corporate Director – Finance and Resources who undertook to give further thought ahead of the next Committee meeting.

67 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 noting that an update had been received on the recruitment of Programme Manager, Members noted that this action would now be removed from the Progress Report.

Councillor J A Gray commended the Council on the approach it was now taking to address the governance issues faced by the Council which was echoed by the Committee. The Chair closed the meeting by thanking those present for their contributions to the meeting.

The meeting closed at 8:33pm.

Chair