

SOUTH RIBBLE BOROUGH COUNCIL

Governance Committee

Meeting held at 6.00pm on Wednesday, 14 December 2016 in Wheel Room, Civic Centre, West Paddock, Leyland, PR25 1DH

Present:

Cllr A F Ogilvie (in the chair), Cllr P A Foster, Cllr M A Green, Cllr Mrs C J Moon, Cllr J Patten, Cllr Mrs K Walton

In Attendance:

Jean Hunter (Interim Chief Executive), Garry Barclay (Head of Shared Assurance Services), Susan Guinness (Head of Shared Financial Services), David Whelan (Legal Services Manager), Lee Hurst (Principal Systems and Financial Accountant), Dave Lee (Democratic Services Officer)

Councillor Mrs Snape in her capacity as portfolio holder for Finance.

Mark Heap and Gareth Winstanley from the Council's External Auditors, Grant Thornton.

Public Attendance: None

Officers: 7

Other Members: Councillors Clark, Mullineaux and Titherington

Minute No.	Description/Resolution
32	<p>Apologies for Absence</p> <p>There were no apologies reported.</p>
33	<p>Declarations of Interest</p> <p>Councillors Green and Mrs Moon declared personal interests in the Annual Governance Statement item as they assumed they were referenced in Point 15 of the Corporate Governance Action Plan 2016/17 (Appendix B to the report).</p>
34	<p>Annual Governance Statement</p> <p>(Councillors Green and Mrs Moon declared personal interests in this item as they assumed they were referenced in Point 15 of the Corporate Governance Action Plan 2016/17 [Appendix B to the report], but were able under the Council's Code of Conduct to remain in the meeting and take part in the discussion.)</p> <p>The Legal Services Manager presented the report. This followed on from the report at its last meeting on 23 November 2016 where the committee had agreed all those actions set out in the Action Plan appended to the Annual Governance Statement (AGS).</p> <p>Following on from this the Cabinet at its meeting on 6 December 2016 had agreed to implement a number of other actions arising from the Scrutiny Review of Licensing. On the request of the committee all actions had now been brought into one Action Plan. The Legal Services Manager explained that two of the additional actions (Action 15 and 16) that were being progressed were subject to separate procedures and did not require</p>

Governance Committee or Cabinet approval.

The chairman welcomed Mark Heap and Gareth Winstanley from the Council's External Auditors, Grant Thornton and asked them whether they had any updates from their perspective in relation to this item.

Mr Heap referred members to the audit findings report which he had presented to the committee on 21 September 2016. Mr Heap provided a further update and circulated a briefing paper informing members on the following –

- The actual opinion on the accounts which the external auditor was able to give following the approval of the AGS and the accounts
- The actual wording used when auditors gave their final opinions
- The standard wording in line with the relevant statutory and professional requirements
- The proposed opinion on the financial statements which again was an unqualified audit opinion
- There were no plans/requirements at this stage to exercise any other statutory powers or duties in relation to the auditing of the accounts and they were able to close the audit as a result (this would be kept under close scrutiny/review and open to the auditor at any time to exercise those statutory powers going forward. The situation was continuously being monitored.)
- In respect of the value for money opinion with the exception of the Scrutiny Review of Licensing described in that qualification the external auditors were satisfied that in all significant respects the authority had put in place proper arrangements to securing value for money.
- Confirmation of the intention to close the audit

The chairman indicated that he did not wish to reinvent the wheel by going through this again however he had some comments to make on this issue. Turning to the Scrutiny Review of Licensing, the chairman stated that he had made comments at both Cabinet and full Council over certain ways that he believed the Scrutiny report lacked robustness in terms of the evidence behind some of the recommendations. The chairman added that he was happy to support this as he felt that in terms of implementing the Action Plan some of these potentially unsubstantiated matters would actually come to light.

The chairman asked whether the Monitoring Officer referred to in Actions 15/16 (Ethical Governance) should be 2 different individuals (and not the same person). The Interim Chief Executive explained that this would be addressed as part of the next stage of developing this into a proper deliverable plan with details and lead people.

The chairman commented that when the committee looked at the original Action Plan there were timescales/people made responsible for actions however this information did not appear in this plan. The Interim Chief Executive stated that this information was currently being added in terms of having a proper programme so when the monitoring report on progress was brought back to the committee it would see all the key milestones.

Councillor Mrs Moon accepted that it was important for the authority to move this forward. She stated that she could not support the AGS and its Action Plan as she felt that it was based on the foundation of a review that was fundamentally flawed. Councillor Mrs Moon concurred with the comments made by the chairman and she indicated that the one positive thing that would come from this (if this moved forward) was that the potential unsubstantiated issues would come to light in time. It would then provide them with an opportunity to show that this qualified conclusion was based on the Scrutiny Review of the external licensing investigation that did not follow correct

process. Councillor Mrs Moon indicated that she did not accept the external auditors' report that stated that there was a major corporate governance failure within the authority because there was no evidence brought forward to substantiate the findings of that Scrutiny Review of Licensing. Councillor Mrs Moon expressed her concern over the Scrutiny Committee/auditors' advice (together with her issue concerning the role of the Interim Monitoring Officer providing advice to the investigation/Cabinet) and she asked how this committee would move forward because of this.

The chairman stated that he understood the issues surrounding the contradiction of this matter however he felt that when the Action Plan was implemented some of these issues would be addressed and dealt with.

Councillor M Green concurred with the comments made by Councillor Mrs Moon and he felt that he could not support the AGS and its Action Plan. Councillor M Green stated that although he would like to see this council moving forwards; addressing some of the failings of the past; and becoming an excellent council again, he could not accept the qualified conclusion as it was based solely on the findings of the Scrutiny Review of Licensing. He indicated that he did not accept the points in the qualified conclusion that this matter was evidence of weaknesses in proper arrangements for acting in the public interest. Councillor M Green believed that this qualified conclusion which highlighted a number of failings in the authority's procedures could significantly damage the reputation of the authority. He felt that the review was fundamentally flawed in every single way, shape and form as it did not take into account proper evidence and it did not challenge any evidence that they had before them.

Councillor M Green indicated that although he referred himself to the Monitoring Officer as he was one of those former Cabinet Members referred to in the findings and recommendations of the Scrutiny Review of Licensing, he did not believe he did anything inappropriate. He believed that this Council worked on the basis of proper advice being given and that this would need to be proved. Councillor M Green stated that he was not comfortable with this going forward at present because there were various outstanding issues involving certain officers and he felt that this statement/advice of this nature should not be supported because it would potentially prejudice the Council's position.

Councillor Foster indicated that he had listened to what had been said and notwithstanding the comments made by Councillor Mrs Moon that she had a right to say whatever she wanted to say to defend her position but he felt that this matter was now bringing this committee into disrepute. Councillor Foster indicated that he failed to understand the reasons why the Leader placed 2 members onto this committee that were heavily/critically involved in the whole licensing investigation in the last 18 months. Councillor Foster stated that this committee had always been independent and in light of this he felt that the Council's governance arrangements had been substantially weakened. Councillor Foster added that he disagreed with the general comments made by Councillors M Green and Mrs Moon in so far as a senior representative from the local governance authority conducted that review and it was her recommendations that the Scrutiny Committee supported. The Council was currently undertaking an internal audit review and Councillor Foster indicated that he could not believe the way in which this committee had been politicised. Councillor Foster urged the committee to support this process and allow this Council to move forward.

The chairman stated that he had a little sympathy with Councillor Foster's comments in so far as they related to this item. The chairman explained that the Governance Committee covered a whole range of things and if this was supported the Action Plan would then be implemented and lot of those things would be dealt with as and when things come to light. The chairman understood that this was a short term issue for this

committee.

Councillor Mrs Moon sympathised with what Councillor Foster had said but she indicated that she did raise this point before sitting on this committee. Councillor Mrs Moon commented that she did not wish to be negative/critical about the Council's Annual Governance Statement in any way, shape or form. Councillor Mrs Moon indicated that she supported these improvements however she felt that it should have been implemented before anything happened in licensing. Although Councillor Mrs Moon accepted that she was close to the licensing matter however she did not believe this was negative as she felt that it was right and proper that opinions were expressed. Councillor Mrs Moon added that she was aware that some officers/members at the meeting were in the same position and were really up close and personal with the licensing issue. She felt that it was important to respect the fact that members could be involved in the process (declare a personal interest) but still be professional about the points they would raise. Councillor Mrs Moon stated that it was important to note that this was far from finished in terms of working through the disciplinary and the standards that was specific to the licensing issue but not to the Improvement Plan. The Council could move forwards with the wider plan and mop up the bits left specific to the licensing issue.

Councillor Titherington (in the audience) indicated that he had to express his disappointment at comments made by Councillors M Green and Mrs Moon because they had repeated what they had said on social media and elsewhere. Councillor Titherington felt that that it was their personal view that the Scrutiny Review of Licensing and the report were fundamentally flawed. Councillor Titherington said that in his personal opinion the report was shared/accepted by the Scrutiny Committee. This decision was subsequently accepted by the Cabinet.

Councillor Titherington referred to the chairman's statement made earlier in the meeting that the evidence behind some of Scrutiny Committee's recommendations lacked robustness. Councillor Titherington explained that if anybody read the whole report the Scrutiny Committee did not deal/consider opinions. The Scrutiny Committee considered the facts and addressed fundamental issues relating to governance arrangements in compliance with legislation and best practice. This allowed the Council to have that openness, transparency and accountability through this process. Councillor Titherington felt that he was happy for people to express their views however if they slur a Scrutiny function which was to uphold the executive to account (and deliberately try and slur the individuals on that committee/task group) then it was a very dangerous step for a government body or any local authority. Councillor Titherington reminded the committee that the report had been accepted by both the Scrutiny Committee and Cabinet and it should be noted that the recommendations put forward by that task group were to ensure that the governance arrangements of this Council complied with all the governance statement and legislation. Councillor Titherington urged the committee that it was very important to accept the recommendations.

The chairman stated that people are entitled to express their opinions and understood that they have different opinions on this particular item. The chairman added that it was important that if the committee approved this, the Action Plan would include all the issues that members referred to and would form part of this plan.

RESOLVED (4 Yes, 2 No, 0 Abstention):

That the report be approved.

35

Audited Statement of Accounts: 2015/16

The Principal Systems and Financial Accountant presented the covering report to the Audited Statement of Accounts 2015/16.

Due to the delays in gaining approval of the Annual Governance Statement (AGS), the committee was unable to sign and approve the Statement of Accounts at its meeting on the 21 September 2016. As the AGS had not been finalised and approved, the External Auditor was unable to complete their audit on both the Statement of Accounts, which must contain the approved AGS, or their Value for Money audit on the contents of the AGS and the corporate governance arrangements on which the AGS reports. They were also unable to issue the Audit Opinion at that time.

As required by the Accounts and Audit (England) Regulations 2015, because the Statement of Accounts was not approved and published by 30 September, a notice stating that the Council had not been able to publish the Statement of Accounts and its reasons for this was published on the Council's website.

The External Auditor had now completed the audit of the Council's Statement of Accounts for 2015/16 and expected to issue an unqualified audit opinion on those accounts, but intended to issue a qualified Value for Money conclusion for the reasons previously set out in their Audit Findings Report.

The full audited Statement of Accounts were presented to the committee on 21 September 2016, with holding pages reserved for the final AGS. The report which introduced the Statement of Accounts provided details about the changes to the Statement of Accounts as a result of the audit. It explained that the audit work had not identified any significant issue and outlined the details of an unadjusted misstatement and provided responses to two recommendations put forward in the Audit Findings Report.

The Statement of Accounts at Appendix A now contained the Annual Governance Statement and Action Plan on pages 31 to 40. Minor page renumbering was required to Statement of Accounts to allow the incorporation of the AGS and the AGS Action Plan. References to the 'Chief Financial Officer' have been updated to 'Acting Chief Financial Officer' and approval dates in the Statement of Responsibilities (page 41) and Note 6 Events After the Reporting Period (page 57) had been updated to reflect the committee approval date of 14 December 2016. The remainder of the Statement of Accounts was as reported to the committee on the 21 September.

The Accounts and Audit (England) Regulations 2015 required that the statement should be approved by a meeting of members by 30 September 2016 or as soon as reasonably practicable after the receipt of any report from the auditor which contained the auditor's final findings from the audit.

The Letter of Representation at Appendix B was a letter issued by an auditor's client to the auditor in writing to be used as audit evidence. Audit evidence was the information used by the auditor in arriving at the conclusions on which the auditor's opinion was based. The date of the document must not be later than the date of audit work completion. It was used to let the client's management declare in writing that the financial statements and other presentations to the auditor were sufficient and appropriate and without omission of material facts to the financial statements, to the best of the management's knowledge. It was prepared in accordance with International Standard on Auditing (UK and Ireland) 580.

For audit evidence, it was reliable if the auditor had no other means of obtaining

evidence. The person issuing the letter should have the appropriate authority or seniority in the organisation to vouch on the issue.

Following consideration and approval by this committee, the chairman should sign and date the Statement of Responsibilities with the Statement of Accounts, which should also be re-certified by the Acting Chief Financial Officer.

The chairman and the Acting Chief Financial Officer should also sign the Letter of Representation attached as Appendix B.

Once approved the Statement of Accounts would be published on the South Ribble Borough Council web site, www.southribble.gov.uk.

The committee noted that there had not been any technical issues with the Statement of Accounts and should have been signed off/published earlier in the year. The accounts had been delayed to allow the actions in the Annual Governance Statement (AGS) to incorporate the recent recommendations from the Scrutiny Review of Licensing.

The committee and the Acting Chief Financial Officer formally thanked the Principal Systems and Financial Accountant and Accountancy Team for the excellent work they have undertaken, not just for this year but for previous years.

The chairman said that he was prepared to sign the Letter of Representation Letter of Representation (at Appendix B) as all the issues he previously had had been addressed to his satisfaction.

RESOLVED (unanimously) that:

- 1) the Statement of Accounts for 2015/16 as contained at Appendix A be approved and authorised for issue by means of their signing by the Acting Chief Financial Officer and chairman of the Governance Committee; and
- 2) the Acting Chief Financial Officer and the chairman of the Governance Committee be authorised to sign the Letter of Representation contained at Appendix B.

The meeting finished at 6.37pm

..... Chairman