

MINUTES OF GOVERNANCE COMMITTEE

MEETING DATE Tuesday, 24 September 2019

MEMBERS PRESENT: Councillors Ian Watkinson (Chair), James Flannery (Vice-Chair), Christine Melia, Damian Bretherton, Colin Clark and Margaret Smith

OFFICERS: Gary Hall (Interim Chief Executive), Jane Blundell (Interim Section 151 Officer), Janice Bamber (Interim Head of Shared Assurance Services), Dave Whelan (Legal Services Manager/Interim Monitoring Officer), Darren Cranshaw (Assistant Director of Scrutiny & Democratic Services) and Tony Furber (Principal Financial Accountant)

EXTERNAL AUDITOR: Mark Heap (Grant Thornton)

OTHER MEMBERS AND OFFICERS: Councillor Paul Foster (Leader of the Council and Leader of the Labour Group), Councillor Keith Martin, Councillor Phil Smith and Councillor Michael Titherington (Deputy Leader of the Council, Cabinet Member (Health, Wellbeing and Leisure) and Deputy Leader of the Labour Group)

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8 Apologies for absence

Apologies for absence were received from Councillor Ange Turner.

9 Declarations of Interest

There were no declarations of interest.

10 Minutes of the Last Meeting

RESOLVED (Unanimously):

That the minutes of the Governance Committee meeting held on Thursday, 30 May 2019 be agreed as a correct record and signed by the Chair.

11 Audit Progress Report and Sector Update

Mark Heap from the Council's External Auditor, Grant Thornton, presented the audit progress report and sector update.

It was reported that Grant Thornton was working with officers to progress the financial statements audit and value for money conclusion. Following questions around the timescales involved, the November Governance Committee meeting was an indicative target date, but this could not be guaranteed as it was dependent on

what came out of the audit findings work being undertaken. There was an acknowledgment that further testing or investigation might be required depending on what was found. Reassurance was provided that the delay was not due to a lack of resources.

The Annual Governance Statement considered at the last meeting of the Governance Committee would also need to be considered again by the Committee.

The External Auditor was unable to speculate on the ramifications of the audit findings until the work was complete, but commented on the effective and professional working relationship with officers. Confirmation was also provided that the External Auditor had been kept updated on the Preston, South Ribble and Lancashire City Deal as part of regular liaison with the Interim Chief Executive.

The certification of claims and returns was on track for completion by the 30 November deadline and regular liaison meetings take place between the External Auditor, Interim Chief Executive and members of the Financial Services Team.

An overview was provided on the Ministry of Housing, Communities and Local Government independent probe into local government audit, within initial recommendations due in December and final report next March.

RESOLVED (Unanimously):

That the report and update be noted.

12 Internal Audit Progress Report as at 31 August 2019

The Interim Head of Shared Assurance Services presented the internal audit progress report as at 31 August 2019. The report outlined progress against the Internal Audit Plan 2019/2020 with the audits completed, in progress and planned for the remainder of the year. It was reported that the percentage of audit plan completed for this period had not been achieved due to exceptional additional work required into certain irregularities, which could not have been planned for. There had also been some resource issues last year, but additional capacity had been provided to help deliver the audit plan.

Reassurance was provided that there was sufficient resources to undertake the audit plan and processes were in place should further resources be required. It was also reported that a report had been presented to the last Shared Services Joint Committee on reviewing the Shared Assurance function which would be brought back to the Shared Services Joint Committee in December. The long-term sickness issue in the Shared Assurance team was being resolved, with temporary resources in place until the permanent solution was implemented.

Further information was provided on the key findings from the internal audit of commercial properties which had been accepted with a follow-up internal audit planned for later in the year. Confirmation was provided that the commercial property database was fit for purpose when used effectively.

Following the Health and Safety audit reassurance was provided that the action plan produced was being implemented as a priority and taken extremely seriously by the Leadership Team. It was felt that a culture change was needed so that everyone

takes responsibility for Health and Safety with robust monitoring arrangements in place.

Confirmation was provided that the minor non-material weaknesses identified in the cash and bank, treasury management and main accounting internal audits had all been rectified.

Reassurance was provided that the legacy issues currently being investigated would be reported to the Government Committee at the appropriate time.

The number of days allocated to GDPR (General Data Protection Regulations) had been exceeded as some issues had been identified and it was felt prudent to undertake a more in-depth audit into this important issue for the Council.

A commitment was provided that the Internal Audit Plan would be completed by the end of the financial year.

RESOLVED (Unanimously):

That the report be noted.

13 Treasury Management Annual Report 2018/19 and June Quarter Monitoring 2019/20

The Principal Financial Accountant presented a report of the Interim Section 151 Officer outlining the financing of the Council capital programme, borrowing need, treasury position and investment performance. The report also included investment strategy monitoring as at 30 June 2019. There were no concerns or issues identified and the investment returns were better than had been anticipated.

An explanation was provided as to why there was such a variance in the capital expenditure estimate against actual in table 1 of the report, which was not felt to be unusual in local government. However, there would be a piece of work looking at how forecasting of the capital programme could be improved and better presented to assist Members in their decision-making and monitoring role. This would also include looking at how the capital programme was developed.

RESOLVED (Unanimously):

That the report be noted.

14 Governance Committee Forward Plan

RESOLVED (Unanimously):

That the forward plan be noted.

Chair

Date

