

MINUTES OF GOVERNANCE COMMITTEE

MEETING DATE Tuesday, 22 September 2020

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

OFFICERS: Gary Hall (Interim Chief Executive), Chris Moister (Director of Governance), James Thomson (Deputy Director of Finance), Tony Furber (Principal Financial Accountant), Darren Cranshaw (Assistant Director of Scrutiny & Democratic Services) and Coral Astbury (Democratic and Member Services Officer)

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

PUBLIC: 0

48 Welcome

The Chair welcomed Mark Stocks from Grant Thornton to his first meeting of the Governance Committee.

49 Apologies for absence

None.

50 Declarations of Interest

None.

51 Minutes of the Last Meeting, held Monday 24 August 2020

That the minutes of the Governance Committee meeting held on Monday 24 August 2020 were agreed as a correct record for signing by the Chair.

52 External Audit 2018-19 Update

The Committee received a verbal update from the Council's External Auditor, Grant Thornton, on the progress of the 2018-2019 Audit.

Members were advised that good progress had been made and the auditors were looking to finish testing within the next couple of weeks. The auditors were looking to complete the Value for Money assessment during October and would be bringing in specialist support from within Grant Thornton to provide additional expertise, this

would also allow the auditors to complete more work on the financial statement audit.

The External Auditors also provided a brief background on the outcome of the Redmond Review and commented that the findings in the report was welcomed.

In response to a Member enquiry, the External Auditors confirmed that they would produce a letter containing detailed information on the timescales for finalising the 2018/2019 Audit and to update Members on the progress made with the Value for Money audit. This would be sent to Officers for circulation prior to the next meeting of the Governance Committee.

RESOLVED: (Unanimously)

1. The Council's External Auditors would draft a letter containing key information and timescales relevant to the 2018/19 Audit and would also provide additional information on the Value for Money Audit to Officers for circulation prior to the next meeting of the Governance Committee.

53 External Audit 2019-20 Audit Plan

Mark Stocks from the Council's External Auditor, Grant Thornton, presented the External Audit 2019-20 Audit Plan.

It was reported that the Audit had identified five significant risks, of these risks a few were typical of local authorities: valuation of lands/buildings and pension fund liabilities. Members were also advised that another typical risk was management override of control, however due to the circumstances experienced within the authority over the past year, the auditors were looking to increase their scrutiny in this area.

Members were advised that the audit on Value for Money would consist of two areas of focus: governance arrangements and financial sustainability. The External Auditors were now examining the governance arrangements of the Council, as the work of Internal Audit was now complete, time would be spent corroborating the findings within their reports and resource would be brought in from the Auditor's forensics team.

The impact of COVID19 on the Medium-Term Financial Strategy would also be considered as part of the Value for Money assessment.

The Council's External Auditors advised that one opinion on value for money for the authority would be provided for both 2018/2019 and 2019/2020.

RESOLVED: (Unanimously)

That the report be noted.

54 Treasury Management Annual Report 2019/20 and June Quarter Monitoring 2020/21

The Committee considered a report of the Deputy Director of Finance and Section 151 Officer which presented the outturn for Treasury Management activity for the financial year 2019/20 and monitoring information in respect of the first quarter of 2020/21.

Members were advised that the capital programme was fully financed, and long-term borrowing was at 0. In March 2020 due to the pandemic there was a sudden drop in the Bank of England Base Rate which has had an impact on the returns the authority is receiving.

It was reported that the Council had also borrowed money at the start of lockdown, in order to ensure cashflow for any unexpected expenditure, in order to avoid the possibility of entering a large unarranged overdraft. However, once support had been given from the Government, the money had been moved to an account which provided interest. In response to a member enquiry, it was confirmed that the authority had borrowed £10 Million in late March 2020 and paid this back in June 2020, with a 2% interest charge.

Members were further advised that there had been two instances in the year in which counterparty limits were inadvertently breached. In neither instance was there any substantive increase in the Council's exposure to risk, nor any financial loss.

Members expressed disappointment that the counterparty limits were breached and sought clarity on how the processes may be strengthened, in order to avoid the situation reoccurring in the future. It was explained that the procedures had been considered and an additional check had now been added to the process to ensure that the checks would be made on existing borrowing.

In response to a member enquiry, the Interim Chief Executive advised that the recruitment process for the Director of Finance post would be restarted over the next couple of months and reassurance was given that the current arrangements were working effectively.

RESOLVED: (Unanimously)

That the report be noted.

55 Internal Audit Plan 2020-21

The Committee received a report from the Director of Governance and Monitoring Officer which sought to inform members of the proposed Internal Audit Plan for 2020-21 and of changes to the Internal Audit Service.

Members were advised there had been circumstances which had impacted on the progress of the Internal Audit work for the year. As a result of COVID, members of the team had been seconded to the community hub, which limited their ability to undertake Internal Audit work.

The capacity of the Internal Audit team had also been reduced with the temporary service lead having left the Authority. A proposed new structure had been presented to the Shared Services Joint Committee (SSJC) and proposed appointing a re-

established shared service lead and the introduction of a senior auditor. Subject to consultation, Officers were expecting these proposals to be approved in the beginning of October.

Members expressed disappointment at the lack of detail contained with Appendix 1 – SRBC & CBC Audit Plan 20-21. The Director of Governance assured Members that priority will be based on a highlighted risk within the audit plan to ensure that they are delivered and for the Council to meet their obligations, a senior temporary auditor had been appointed to assist with the delivery of the plan however due to pre-arranged commitments they were unavailable a week after their start date.

Members requested that a schedule of the high-risk audits be provided outside of the meeting for consideration.

RESOLVED: (Unanimously)

1. That a schedule of the high-risk audits would be provided to Members outside of the meeting.
2. That the report be noted.

56 AGS Action Plan - Update

The Committee received a report of the Director of Governance and Monitoring Officer which sought to update members on the progress made on the implementation of the approved Annual Governance Statement.

Members were advised that a lengthy action plan arose from the Annual Governance Statement, and progress had been made with most actions with a majority being delivered. The risk management and policy framework had been reviewed, with the responsibility for the corporate risk register being placed with the Transformation and Partnerships service. Training on ethical governance had also been provided to members and had been well attended, this would be organised for Officers moving forwards.

The Director of Governance advised members, following an enquiry, that the corporate risk register had been placed within the Transformation and Partnerships Service due to their responsibility for overseeing the Council's corporate priorities. This was in line with practice at other local authorities.

Although significant progress had been made, there was still actions which required more work, such as the review of the constitution. Although this had largely been completed it still required consideration by the Governance Committee Constitutional Task Group.

In response to a member enquiry, the Interim Chief Executive explained that internal policies, once reviewed, would be signed off by the relevant portfolio holder and published for Members to access.

RESOLVED: (Unanimously)

That the report be noted.

Chair

Date