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GOVERNANCE COMMITTEE

TUESDAY, 17TH NOVEMBER, 2020, 6.00 PM

HYBRID MEETING ACCESSIBLE VIA MS TEAMS OR YOUTUBE

AGENDA

This meeting will be live streamed on YouTube and can be accessed here.

IMPORTANT INFORMATION – MEMBERS

Members of the Council not on Committee are now permitted to register and speak at the meeting using Microsoft Teams.

If you would like to speak please email democraticservices@southribble.gov.uk in order to register your intent to speak, ideally before 12pm on Friday 13 November 2020. A meeting link will then be sent to you.

IMPORTANT INFORMATION – MEMBERS OF THE PUBLIC
Unfortunately, due to the current situation surrounding COVID19 we are unable to allow Members of the Public to speak at this meeting, these measures are temporary and will be reviewed as circumstances and the current restrictions improve.

However, written representations are being received and can be read out at the meeting with a written response provided. If you would like to make representations on any of the items below please email Democratic Services, democraticservices@southribble.gov.uk no later than 12pm on Friday 13 November 2020.

1 Apologies for absence

2 Declarations of Interest

Members are requested to indicate at this stage in the proceedings any items on the agenda in which they intend to declare an interest. Members are reminded that if the interest is a Disclosable Pecuniary Interest (as defined in the Members' Code of Conduct) they must leave the room for the whole of that item. If the interest is not a Disclosable Pecuniary Interest, but is such that a member of the public could reasonably regard it as being so significant that it is likely that it would prejudice their judgment of the public interest (as explained in the Code of Conduct) then they may make representations, but then must leave the meeting for the remainder of the item.

3 Minutes of meeting Tuesday, 22 September 2020 of Governance Committee (Pages 3 - 8)

	Minutes of the last meeting held Tuesday 22 September 2020 are attached to be agreed as a correct record for signing by the Chair.	
4	**Audit Findings Report 18-19** Report of the External Auditors to follow.	(To Follow)
5	**Audit Finding Report 19-20 Update** Report of the External Auditor to follow.	(To Follow)
6	**Statement of Accounts for 2018/2019 and 2019/2020** A verbal update will be provided to Members.	
7	**Treasury Management Activity Mid-year review 2020/21** Report of the Deputy Director of Finance and Section 151 Officer attached.	(Pages 9 - 30)
8	**Internal Audit Plan - Update** Report of the Director of Governance and Monitoring Officer attached.	(Pages 31 - 40)
9	**Constitution Review** Report of the Director of Governance and Monitoring Officer to follow.	(To Follow)

Gary Hall
INTERIM CHIEF EXECUTIVE

Electronic agendas sent to Members of the Governance Committee Councillors Colin Sharples (Vice-Chair), Ian Watkinson (Chair), Christine Melia, Angela Turner, Damian Bretherton, Colin Clark and Margaret Smith

The minutes of this meeting will be available on the internet at www.southribble.gov.uk

Forthcoming Meetings
6.00 pm Tuesday, 19 January 2021 - Wheel Room, Civic Centre, West Paddock, Leyland PR25 1DH

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 Meetiing, 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

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REPORT TO	ON
Governance Committee	**17 November 2020**

TITLE	REPORT OF
Treasury Management Activity Mid-year review 2020/21	**Deputy Director of Finance and Deputy Section 151 Officer**

Is this report confidential?	**No**

PURPOSE OF THE REPORT

1. To report on Treasury Management performance in financial year 2020/21 to the end of September

RECOMMENDATIONS

2. That the report be noted.

CORPORATE PRIORITIES

3. The report relates to the following corporate priorities:

An exemplary Council	✓
Thriving communities	
A fair local economy that works for everyone	
Good homes, green spaces, healthy places	

BACKGROUND TO THE REPORT

4. The Annual Investment Strategy for 2020/21 was included in the Treasury Strategy 2020/21 to 2023/24, which was approved by Council on 26 February 2020. The report emphasised that the Council's investment priorities will be Security first, portfolio Liquidity second, and only then return (Yield).

5. The Treasury Management Annual Report 2019/20 was presented to Governance Committee on 22 September 2020. The report indicated that an average return on investments of 0.89% had been achieved, which exceeded the target rate of 0.61%, being seven day LIBID plus 15%. It also reported that, at the 31 March 2020, the Council held

£10m of temporary borrowing and that two breaches of the of the approved counterparty limit for investments had occurred during the year.

6. The Code of Practice for Treasury Management requires councils to review their treasury strategies and activities half yearly. This report satisfies that requirement.

TREASURY ACTIVITY

7. Investment activity up to the end of September 2020 is summarised in the following table.

Table 1 - Investment Activity	**Average Daily Investment £000**	**Earnings to 30 September 2020 £**	**Average Rate %**
Debt Management Office	1,454	205	0.03
Other fixed term deposits	21,005	95,398	0.91
Notice Accounts	12,000	35,234	0.59
Call accounts	3,508	2,014	0.11
Money Market Funds	9,432	7,928	0.17
Total	**47,399**	**140,779**	**0.59**

8. Given the low (even relative to current rates generally) rate of interest available from the Debt Management Office, this counterparty is usually used only rarely, when the amounts that need to be kept at short notice are greater than what can be accommodated within the approved counterparty limits. However, during the first half of 2020/21, circumstances arising from the Covid 19 pandemic produced two major peaks in the Council's inward cash flows, the first at the beginning of the year and the second in September. As a result, significant sums were placed with the Debt Management Office at those times.

9. The average daily investment of £47.399m continues to be well above the £10m minimum balance invested for the Council to qualify as a professional investor under MiFID II requirements. As noted above, because of the impacts of cash flows resulting from the Covid 19 pandemic, balances during the year to date have been higher than would otherwise have been the case.

10. A full list of investment counterparties and their associated limits is shown at Appendix A.

11. A full list of investments as at 30 September 2020 is presented as Appendix B. With one exception, all investments throughout the first six months of the year were within the maximum limits per counterparty permitted by the approved Investment Strategy for 2020/21. The exception was not a new one, but one previously identified in the Treasury Management Annual Report for 2019/20, received by this Committee on 22 September 2020, where an amount of £2m had been lent to a local authority, taking the total placed with that counterparty to an amount £1m greater than the limit. The investment was made in February 2020 and repaid in July 2020.

12. The investment durations per bank or building society suggested by Link Asset Services as at November 2019 are presented in Appendix C. The Council receives weekly updates, and suggested durations are checked online at the time of placing any term deposits with banks or building societies. The limit per institution is as approved by Council on 27 February 2019.

13. The average interest earned of 0.59% would normally be measured against a target of the average LIBID 7-day rate plus 15%, but the exceptional market conditions applying in 2020/21 mean that this would produce a negative target figure. Link Asset Services have therefore produced the following table of benchmark returns. That actually achieved by the Council have exceeded these targets. It also exceeds the Link Asset Services suggested earnings rate of 0.10% for 2020/21 (see Table 4 below).

Table 2 - Benchmark Investment Rates	
Period	**Benchmark Return**
7 day	-0.06%
1 month	-0.02%
3 months	0.11%
6 months	0.21%
12 months	0.35%

14. With the continuing expiry of investments placed at higher, pre-pandemic, interest rates and their replacement at significantly lower returns, it will not be possible to maintain the same level of performance during the second half of the year. The comparison to the interest receivable budget is as follows:

Table 3 - Interest Receivable Budget	**Budget for 2020/21**	**Actual to 30 September 2020**	**Forecast for year**
	£000	**£000**	**£000**
Interest earned	200	141	185
Total	**200**	**141**	**185**

15. No long-term borrowing has been taken to the date of preparing this report. The funding of the 2020/21 Capital Programme requires a limited element of long-term borrowing and the cost of financing this has been included in the revenue budget for the year. Savings in interest payable may be achieved by delaying external borrowing, or by using the Council's cash balances as an alternative to taking external loans from the Public Works Loan Board (PWLB) or other source. Interest earned on cash balances would reduce as a consequence, but the Council would lose interest receivable at approximately 0.15% to 0.25%, while avoiding the relatively higher cost of paying interest to an external lender. For example, the rate on a 40-year annuity loan from the PWLB on 2 November was 2.60%.

TREASURY CONSULTANTS ADVICE

16. Appendix D presents the advice of Link Asset Services in respect of economic matters and interest rates in the first half of 2020/21.

17. In addition, a detailed comparison of interest rate forecasts is presented as Appendix E. Bank rate and PWLB borrowing rate forecasts are given from the December quarter of 2019 through to the March quarter of 2022.

18. The Bank Rate is forecast to remain static, at 0.10%, through to the end of March 2023.

19. Link's suggested budgeted investment earning rates for investments up to about three months duration in each financial year are as follows:

Table 4 - Average Earnings in each financial year			
	Revised August 2020	**Revised July 2020**	**Original February 2020**
2020/21	0.10%	0.10%	0.75%
2021/22	0.10%	0.10%	1.00%
2022/23	0.10%	0.10%	1.25%
2023/24	0.25%	0.25%	1.50%
2024/25	0.75%	0.75%	1.75%
Later years	2.00%	2.00%	2.25%

20. The most recent estimate is compared to the estimated earnings rate available at the time the Treasury Management Strategy was presented for approval in February 2020, and Link’s update in July 2020. The suggested earnings rates have fallen from 0.75% to 0.10% in this financial year, reflecting the significant reduction in rates which has occurred following the outbreak of the Covid 19 pandemic. This target was exceeded in the first half of 2020/21, with the average to 30 September 2020 being 0.59%, although this was with the benefit of higher fixed obtained on investments placed prior to the onset of the pandemic. The average is expected to be significantly lower in the second half of the year.

CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION

21. No consultation has been undertaken in preparing this report.

AIR QUALITY IMPLICATIONS

22. The report has no air quality implications.

COMMENTS OF THE STATUTORY FINANCE OFFICER

23. The report meets the requirement of the Treasury Management Code of Practice that the Treasury Strategy and activity should be reviewed half-yearly and so is a key element in the reporting under Council's financial management and administration framework.

COMMENTS OF THE MONITORING OFFICER

24. The Monitoring Officer has no concerns or issues with what is proposed in this report.

OTHER IMPLICATIONS:

▶ **Risk**	The Council's treasury management strategy and policies are designed to ensure the effective control and management of the risks associated with such activities.
▶ **Equality & Diversity**	

BACKGROUND DOCUMENTS

Treasury Strategy 2020/21 to 2023/24 (Council 26/2/20)

APPENDICES (or There are no appendices to this report)

Appendix A Investment Counterparties
Appendix B List of Investments as at 30 September 2019
Appendix C Suggested Investment Durations as at November 2019
Appendix D Economics and Interest Rates – Treasury Advisors' advice
Appendix E Comparison of Interest Rates Forecasts

LT Member's Name: James Thomson
Job Title: Deputy Chief Finance Officer and Section 151 Officer

Report Author:	Telephone:	Date:
Tony Furber (Principal Financial Accountant)	01772 625625	6 November 2020

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Investment Counterparties 2020/21

Category	Institutions	LAS Colour Code	Maximum Period	Limit per Institution
Banks & Building Societies: Call Accounts /Term Deposits / Certificates of Deposit (CDs)				
Government related/guaranteed	DMADF (DMO) UK Local Authority	Yellow Yellow	6 months 2 years	Unlimited £6m per LA
UK part-nationalised institutions	Royal Bank of Scotland group	Blue	1 year	£6m per group
UK-incorporated Institutions	UK banks and building societies of high credit quality	Orange Red Green	1 year 6 months 3 months	£6m per group (or independent institution)
Non-UK Banks	Non-UK banks of high credit quality	Orange Red Green	1 year 6 months 3 months	£4m per group (or independent institution); £8m in total for this category
Money Market Funds				
Money Market Funds	MMFs of high credit quality - AAA rated		Instant access	£5m per fund

There are no changes from the Investment Counterparties list approved by Council as part of the Treasury Management Strategy 2020-21 to 2022-23 on 26 February 2020.

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Investments as at 30 September 2020

Counterparty	Type	Amount £000	Rate %	Date of Investment	Date of Maturity
London Borough of Croydon	Term	4,000	0.95%	31/10/19	28/10/20
Helaba	Term	4,000	0.95%	05/11/19	05/11/20
Hull City Council	Term	2,000	0.08%	16/09/20	16/02/21
Plymouth City Council	Term	5,000	0.25%	25/09/20	09/09/21
Fixed Term Deposit sub total		**15,000**	**Listed in Order of Maturity**		
Santander UK PLC	180 Day Notice	6,000	0.60%	15/03/16	n/a
Bank of Scotland	175 Day Notice	6,000	0.21%	30/11/17	n/a
Notice Accounts sub total		**12,000**			
Barclays Fibca Deposit Account	Call	3,061	0.01%	On Call	
Call Accounts sub total		**3,061**			
Federated	MMF	5,000	0.01%	On Call	
Aberdeen Standard	MMF	5,000	0.01%	On Call	
Blackrock	MMF	5,000	0.01%	On Call	
Money Market Funds sub total		**15,000**			
Total		**45,061**			

Note:
(1) MMF rates are variable. This is the calculated average for the year to September.

Summary of Investments by Counterparty	Type	Amount £000	Limit £000
Aberdeen/Standard Life MMF	MMF	5,000	5,000
Bank of Scotland - 175 Day	175 Day Notice	6,000	6,000
Barclays	Call	3,061	6,000
BlackRock MMF	MMF	5,000	5,000
Federated MMF	MMF	5,000	5,000
Helaba	Term	4,000	6,000
Hull City Council	Term	2,000	6,000
London Borough of Croydon	Term	4,000	6,000
Plymouth City Council	Term	5,000	6,000
Santander UK - 180 Day	180 Day Notice	6,000	6,000
Total Investments		**45,061**	

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Suggested Investment Durations as at 6 November 2020			
Country	**Counterparty**	**Suggested Duration**	**Limit per institution ****
United Kingdom	Bank of Scotland PLC	6 Months	£6m per group
	Lloyds Bank Plc	6 Months	
	Abbey National Treasury Services PLC	6 Months	£6m
	Al Rayan Bank Plc	6 Months	£6m
	Barclays Bank PLC	6 Months	£6m
	Close Brothers Ltd	6 Months	£6m
	Coventry Building Society	6 Months	£6m
	Goldman Sachs International Bank	6 Months	£6m
	Handelsbanken Plc	12 Months	£6m
	HSBC Bank Plc	12 Months	£6m
	Leeds Building Society	100 Days	£6m
	Nationwide Building Society	6 Months	£6m
	NatWest Markets Plc (NRFB)	100 Days	£6m
	Santander UK PLC	6 Months	£6m
	Skipton Building Society	100 Days	£6m
	Standard Chartered Bank	6 Months	£6m
	Sumitomo Mitsui Banking Corporation Europe Ltd	6 Months	£6m
	Yorkshire Building Society	100 Days	£6m

Notes:

Clydesdale Bank, Co-operative Bank, Nottingham BS, Principality BS, and West Bromwich BS had no suggested investment duration.

* Permitted by Council approval 26 February 2020.

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1 Economics update

- As expected, the Bank of England's Monetary Policy Committee kept Bank Rate unchanged on 6th August. It also kept unchanged the level of quantitative easing at £745bn. Its forecasts were optimistic in terms of three areas:

    - The fall in **GDP** in the first half of 2020 was revised from 28% to 23% (subsequently revised to -21.8%). This is still one of the largest falls in output of any developed nation. However, it is only to be expected as the UK economy is heavily skewed towards consumer-facing services – an area which was particularly vulnerable to being damaged by lockdown.
    - The peak in the **unemployment rate** was revised down from 9% in Q2 to 7½% by Q4 2020.
    - It forecast that there would be excess demand in the economy by Q3 2022 causing CPI **inflation** to rise above the 2% target in Q3 2022, (based on market interest rate expectations for a further loosening in policy). Nevertheless, even if the Bank were to leave policy unchanged, inflation was still projected to be above 2% in 2023.

- It also squashed any idea of using **negative interest rates**, at least in the next six months or so. It suggested that while negative rates can work in some circumstances, it would be "less effective as a tool to stimulate the economy" at this time when banks are worried about future loan losses. It also has "other instruments available", including QE and the use of forward guidance.
- The MPC expected the £300bn of **quantitative easing** purchases announced between its March and June meetings to continue until the "turn of the year". This implies that the pace of purchases will slow further to about £4bn a week, down from £14bn a week at the height of the crisis and £7bn more recently.
- In conclusion, this would indicate that the Bank could now just sit on its hands as the economy was recovering better than expected. However, the MPC acknowledged that the "medium-term projections were a less informative guide than usual" and the minutes had multiple references to **downside risks,** which were judged to persist both in the short and medium term. One has only to look at the way in which second waves of the virus are now impacting many countries including Britain, to see the dangers. However, rather than a national lockdown, as in March, any spikes in virus infections are now likely to be dealt with by localised measures and this should limit the amount of economic damage caused. In addition, Brexit uncertainties ahead of the year-end deadline are likely to be a drag on recovery. The wind down of the initial generous furlough scheme through to the end of October is another development that could cause the Bank to review the need for more support for the economy later in the year. Admittedly, the Chancellor announced in late September a second six month package from 1st November of government support for jobs whereby it will pay up to 22% of the costs of retaining an employee working a minimum of one third of their normal hours. There was further help for the self-employed, freelancers and the hospitality industry. However, this is a much less generous scheme than the furlough package and will inevitably mean there will be further job losses from the 11% of the workforce still on furlough in mid September.
- Overall, **the pace of recovery** is not expected to be in the form of a rapid V shape, but a more elongated and prolonged one after a sharp recovery in June through to August which left the economy 11.7% smaller than in February. The last three months of 2020 are now likely to show no growth as consumers will probably remain cautious in spending and uncertainty over the outcome of the UK/EU trade negotiations concluding at the end of the year will also be a headwind. If the Bank felt it did need to

provide further support to recovery, then it is likely that the tool of choice would be more QE.

- There will be some **painful longer term adjustments** as e.g. office space and travel by planes, trains and buses may not recover to their previous level of use for several years, or possibly ever. There is also likely to be a reversal of globalisation as this crisis has shown up how vulnerable long-distance supply chains are. On the other hand, digital services is one area that has already seen huge growth.
- One key addition to **the Bank's forward guidance** was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably". That seems designed to say, in effect, that even if inflation rises to 2% in a couple of years' time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate
- The **Financial Policy Committee** (FPC) report on 6th August revised down their expected credit losses for the banking sector to "somewhat less than £80bn". It stated that in its assessment "banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC's central projection". The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC's projection, with unemployment rising to above 15%.
- **US.** The incoming sets of data during the first week of August were almost universally stronger than expected. With the number of new daily coronavirus infections beginning to abate, recovery from its contraction this year of 10.2% should continue over the coming months and employment growth should also pick up again. However, growth will be dampened by continuing outbreaks of the virus in some states leading to fresh localised restrictions. At its end of August meeting, the Fed tweaked **its inflation target** from 2% to maintaining an average of 2% over an unspecified time period i.e.following periods when inflation has been running persistently below 2%, appropriate monetary policy will likely aim to achieve inflation moderately above 2% for some time. This change is aimed to provide more stimulus for economic growth and higher levels of employment and to avoid the danger of getting caught in a deflationary "trap" like Japan. It is to be noted that inflation has actually been under-shooting the 2% target significantly for most of the last decade so financial markets took note that higher levels of inflation are likely to be in the pipeline; long term bond yields duly rose after the meeting. The Fed also called on Congress to end its political disagreement over providing more support for the unemployed as there is a limit to what monetary policy can do compared to more directed central government fiscal policy. The FOMC's updated economic and rate projections in mid-September showed that officials expect to leave the fed funds rate at near-zero until at least end-2023 and probably for another year or two beyond that. There is now some expectation that where the Fed has led in changing its inflation target, other major central banks will follow. The increase in tension over the last year between the US and China is likely to lead to a lack of momentum in progressing the initial positive moves to agree a phase one trade deal.
- **EU.** The economy was recovering well towards the end of Q2 after a sharp drop in GDP, (e.g. France 18.9%, Italy 17.6%). However, the second wave of the virus affecting some countries could cause a significant slowdown in the pace of recovery, especially in countries more dependent on tourism. The fiscal support package, eventually agreed by the EU after prolonged disagreement between various countries, is unlikely to provide significant support and quickly enough to make an appreciable difference in weaker countries. The ECB has been struggling to get inflation up to its 2% target and it is therefore expected that it will have to provide more monetary policy support through more quantitative easing purchases of bonds in the absence of sufficient fiscal support.

- **China.** After a concerted effort to get on top of the virus outbreak in Q1, economic recovery was strong in Q2 and has enabled it to recover all of the contraction in Q1. However, this was achieved by major central government funding of yet more infrastructure spending. After years of growth having been focused on this same area, any further spending in this area is likely to lead to increasingly weaker economic returns. This could, therefore, lead to a further misallocation of resources which will weigh on growth in future years.
- **Japan.** There are some concerns that a second wave of the virus is gaining momentum and could dampen economic recovery from its contraction of 8.5% in GDP. It has been struggling to get out of a deflation trap for many years and to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy. The resignation of Prime Minister Abe is not expected to result in any significant change in economic policy.
- **World growth.** Latin America and India are currently hotspots for virus infections. World growth will be in recession this year. Inflation is unlikely to be a problem for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus crisis.

2 Interest rate forecasts

The Council's treasury advisor, Link Group, provided the following forecasts on 11th August 2020 (PWLB rates are certainty rates, gilt yields plus 180bps):

Link Group Interest Rate View 11.8.20										
	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month average earnings	0.05	0.05	0.05	0.05	0.05	-	-	-	-	-
6 month average earnings	0.10	0.10	0.10	0.10	0.10	-	-	-	-	-
12 month average earnings	0.15	0.15	0.15	0.15	0.15	-	-	-	-	-
5yr PWLB Rate	1.90	2.00	2.00	2.00	2.00	2.00	2.10	2.10	2.10	2.10
10yr PWLB Rate	2.10	2.10	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.30
25yr PWLB Rate	2.50	2.50	2.50	2.60	2.60	2.60	2.70	2.70	2.70	2.70
50yr PWLB Rate	2.30	2.30	2.30	2.40	2.40	2.40	2.50	2.50	2.50	2.50

Additional notes by Link on this forecast table: -

- *Please note that we have made a slight change to our interest rate forecasts table above for forecasts for 3, 6 and 12 months. Traditionally, we have used LIBID forecasts, with the rate calculated using market convention of 1/8th (0.125%) taken off the LIBOR figure. Given that all LIBOR rates up to 6 months are currently running below 0.1%, using that convention would give negative figures as forecasts for those periods. However, the liquidity premium that is still in evidence at the short end of the curve, means that the rates actually being achieved by local authority investors are still modestly in positive territory. While there are differences between counterparty offer rates, our analysis would suggest that an average rate of around 0.05% is achievable for 3 months, 0.1% for 6 months and 0.15% for 12 months.*
- *During 2021, Link will be continuing to look at market developments in this area and will monitor these with a view to communicating with clients when full financial market agreement is reached on how to replace LIBOR. This is likely to be an iteration of the overnight SONIA rate and the use of compounded rates and Overnight Index Swap (OIS) rates for forecasting purposes.*
- *If clients require forecasts for 3 months to 12 months beyond the end of 2021, a temporary fix would be to assume no change in our current forecasts.*

We will maintain continuity by providing clients with LIBID investment benchmark rates on the current basis.

The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its meeting on 6th August (and the subsequent September meeting), although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, no increase in Bank Rate is expected within the forecast horizon ending on 31st March 2023 as economic recovery is expected to be only gradual and, therefore, prolonged.

GILT YIELDS / PWLB RATES. There was much speculation during the second half of 2019 that bond markets were in a bubble which was driving bond prices up and yields down to historically very low levels. The context for that was heightened expectations that the US could have been heading for a recession in 2020. In addition, there were growing expectations of a downturn in world economic growth, especially due to fears around the impact of the trade

war between the US and China, together with inflation generally at low levels in most countries and expected to remain subdued. Combined, these conditions were conducive to very low bond yields. While inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers. This means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. The consequence of this has been the gradual lowering of the overall level of interest rates and bond yields in financial markets over the last 30 years. Over the year prior to the coronavirus crisis, this has seen many bond yields up to 10 years turn negative in the Eurozone. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities.

Gilt yields had therefore already been on a generally falling trend up until the coronavirus crisis hit western economies during March. After gilt yields spiked up during the initial phases of the health crisis in March, we have seen these yields fall sharply to unprecedented lows as major western central banks took rapid action to deal with excessive stress in financial markets, and started massive quantitative easing purchases of government bonds: this also acted to put downward pressure on government bond yields at a time when there has been a huge and quick expansion of government expenditure financed by issuing government bonds. Such unprecedented levels of issuance in “normal” times would have caused bond yields to rise sharply. At the close of the day on 30th September, all gilt yields from 1 to 6 years were in negative territory, while even 25-year yields were at only 0.76% and 50 year at 0.60%.

From the local authority borrowing perspective, HM Treasury imposed **two changes of margins over gilt yields for PWLB rates** in 2019-20 without any prior warning. The first took place on 9th October 2019, adding an additional 1% margin over gilts to all PWLB period rates. That increase was then at least partially reversed for some forms of borrowing on 11th March 2020, but not for mainstream General Fund capital schemes, at the same time as the Government announced in the Budget a programme of increased infrastructure expenditure. It also announced that there would be a consultation with local authorities on possibly further amending these margins; this was to end on 4th June, but that date was subsequently put back to 31st July. It is clear HM Treasury will no longer allow local authorities to borrow money from the PWLB to purchase commercial property if the aim is solely to generate an income stream (assets for yield).

Following the changes on 11th March 2020 in margins over gilt yields, the current situation is as follows: -

- **PWLB Standard Rate** is gilt plus 200 basis points (G+200bps)
- **PWLB Certainty Rate** is gilt plus 180 basis points (G+180bps)
- **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

It is possible that the non-HRA Certainty Rate will be subject to revision downwards after the conclusion of the PWLB consultation; however, the timing of such a change is currently an unknown, although it would be likely to be within the current financial year.

As the interest forecast table for PWLB certainty rates, (gilts plus 180bps), above shows, there is likely to be little upward movement in PWLB rates over the next two years as it will take economies, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession caused during the coronavirus shut down period. Inflation is also likely

to be very low during this period and could even turn negative in some major western economies during 2020/21.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably relatively even, but is subject to major uncertainty due to the virus.
- There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, could impact gilt yields, (and so PWLB rates), in the UK.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- **UK** - second nationwide wave of virus infections requiring a national lockdown
- **UK / EU trade negotiations** – if it were to cause significant economic disruption and a fresh major downturn in the rate of growth.
- **UK - Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **Eurozone sovereign debt crisis.** The ECB has taken monetary policy action to support the bonds of EU states, with the positive impact most likely for "weaker" countries. In addition, the EU recently agreed a €750bn fiscal support package. These actions will help shield weaker economic regions for the next year or so. However, in the case of Italy, the cost of the virus crisis has added to its already huge debt mountain and its slow economic growth will leave it vulnerable to markets returning to taking the view that its level of debt is unsupportable. There remains a sharp divide between northern EU countries favouring low debt to GDP and annual balanced budgets and southern countries who want to see jointly issued Eurobonds to finance economic recovery. This divide could undermine the unity of the EU in time to come.
- Weak capitalisation of some **European banks**, which could be undermined further depending on extent of credit losses resultant of the pandemic.
- **German minority government & general election in 2021.** In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. The CDU has done badly in subsequent state elections but the SPD has done particularly badly. Angela Merkel has stepped down from being the CDU party leader but she intends to remain as Chancellor until the general election in 2021. This then leaves a major question mark over who will be the major guiding hand and driver of EU unity when she steps down.
- **Other minority EU governments.** Austria, Sweden, Spain, Portugal, Netherlands, Ireland and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.

- **Austria, the Czech Republic, Poland and Hungary** now form a strongly anti-immigration bloc within the EU. There has also been a rise in anti-immigration sentiment in Germany and France.
- **Geopolitical risks,** for example in China, Iran or North Korea, but also in Europe and other Middle Eastern countries, which could lead to increasing safe haven flows.
- **US – the Presidential election in 2020:** this could have repercussions for the US economy and SINO-US trade relations.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- **UK -** stronger than currently expected recovery in UK economy.
- **Post-Brexit** – if an agreement was reached that removed the majority of threats of economic disruption between the EU and the UK.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.

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	Bank Rate %			PWLB Borrowing Rates % (including 0.20% certainty rate adjustment)											
				5 year			10 year			25 year			50 year		
	Aug 20	Jul 20	Jan 20	Aug 20	Jul 20	Jan 20	Aug 20	Jul 20	Jan 20	Aug 20	Jul 20	Jan 20	Aug 20	Jul 20	Jan 20
Dec-20	0.10	0.10	0.75	1.90	1.90	2.40	2.10	2.10	2.60	2.50	2.50	3.20	2.30	2.30	3.10
Mar-21	0.10	0.10	0.75	2.00	2.00	2.50	2.10	2.20	2.70	2.50	2.60	3.30	2.30	2.40	3.20
Jun-21	0.10	0.10	1.00	2.00	2.00	2.60	2.10	2.20	2.80	2.50	2.60	3.40	2.30	2.40	3.30
Sep-21	0.10	0.10	1.00	2.00	2.00	2.70	2.10	2.20	2.90	2.60	2.60	3.50	2.40	2.40	3.40
Dec-21	0.10	0.10	1.00	2.00	2.00	2.80	2.20	2.20	3.00	2.60	2.60	3.60	2.40	2.40	3.50
Mar-22	0.10	0.10	1.00	2.00	2.00	2.90	2.20	2.20	3.10	2.60	2.60	3.70	2.40	2.40	3.60
Jun-22	0.10	0.10	1.25	2.10	2.10	2.90	2.20	2.30	3.10	2.70	2.70	3.80	2.50	2.50	3.70
Sep-22	0.10	0.10	1.25	2.10	2.10	3.00	2.30	2.30	3.20	2.70	2.70	3.80	2.50	2.50	3.70
Dec-22	0.10	0.10	1.25	2.10	2.10	3.00	2.30	2.30	3.20	2.70	2.70	3.90	2.50	2.50	3.80
Mar-23	0.10	0.10	1.25	2.10	2.10	3.10	2.30	2.30	3.30	2.70	2.70	3.90	2.50	2.50	3.80

The January 2020 forecasts were included in the Treasury Management Strategy 2020/21 to 2023/24
Link Asset Services provided updated forecasts in July and August 2020

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REPORT TO	ON
Governance Committee	**17 November 2020**

TITLE	REPORT OF
Internal Audit Plan - Update	**Director of Governance & Monitoring Officer**

Is this report confidential?	**No**

PURPOSE OF THE REPORT

1. *To provide members with an updated internal audit plan.*

RECOMMENDATIONS

2. *That members note the plan document.*

EXECUTIVE SUMMARY

3. *At the Governance Committee meeting in September a draft internal audit plan was presented to members. Members requested that an updated copy be presented to them when finalised. This report provides the updated plan.*

CORPORATE PRIORITIES

4. The report relates to the following corporate priorities: *(tick all those applicable):*

An exemplary Council	X
Thriving communities	
A fair local economy that works for everyone	
Good homes, green spaces, healthy places	

BACKGROUND TO THE REPORT

5. *Members will recall being presented with an Internal Audit Plan at the last meeting. This had been prepared in trying circumstances both in terms of officer capacity and in terms of the Covid restrictions.*

6. *Members properly requested that the plan be revisited, providing greater detail in terms of prioritisation of the audits and the likely times for their delivery, recognising that the plan is already behind due to the summer lockdown and the current vacancies in the internal audit team.*
7. *The new plan provides greater detail both in terms of the time the audits will take (to manage capacity), and the quarter in which they will be delivered.*
8. *Members are asked to acknowledge that this plan is subject to amendment, not least due to factors such as the new imposed national lockdown. This will delay the progress of the audits as teams and services will be diverted onto Covid response work as a prioritity.*
9. *Due to this unusual factors this year, members will note that a number of the audits are carry overs from last year and due for completion. It was not felt appropriate to report previously incurred time, with the days spent on each audit this year being recorded.*
10. *Members will note that all quarter 3 audits have been allocated and are being progressed (although in some cases we are awaiting audited teams to respond in order to progress the audit.*

Transitional Period

11. *It is agreed that the reporting this year is not ideal. This is for 3 main reasons*
    a. *Capacity. The Internal Audit team have lost a number of experienced staff in the recent past and these posts have been filled with temporary staff. This is not satisfactory in terms of continuity of service provision or work planning. A restructure of the team has been approved and recruitment is being progressed into a newly establish Service Lead and Senior Auditor role.*
    b. *Covid. The national lockdown had a significant impact on the ability of internal audit to undertake work. Not only were services and teams diverted to meet covid related work demand but the Internal Audit team were also redeployed to work in the community hubs to support residents.*
    c. *Strategic Audit Plan. The Internal Audit team had been tasked with reviewing the councils audit plan. This piece of work has not yet been completed.*
12. *It is clear that there have been some procedure related issues identified by Internal Audit and referenced in the AGS. Internal Audit play an important role in the testing of the council's governance framework. However, this framework is currently being reviewed and testing as it currently stands whilst having benefit will likely show only what we already know.*
13. *The recruitment will enable the council to commence a robust internal audit function against a strengthened governance environment from the start of the next council year. That is not to say this year should be abandoned but members are asked to consider that for the reasons outlined this is a challenging year for Internal Audit, but if managed appropriately can put us in a better position going forward.*

COMMENTS OF THE STATUTORY FINANCE OFFICER

14. *No comments*

COMMENTS OF THE MONITORING OFFICER

15. *Within the body of the report*

OTHER IMPLICATIONS:

▶ **Risk** ▶ **Equality & Diversity** *Add any other implications which you consider particularly relevant* ***All inapplicable risks should be deleted before submission. Do not include 'N/A'.***	*Delivery of the audit plan is a form of managing council risk.* *N/A*

APPENDICES

Appendix A – Internal Audit Plan

Chris Moister
Director of Governance
Monitoring Officer

Report Author:	Telephone:	Date:
Chris Moister (Director of Governance)		

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SRBC & Shared Services - Audit Plan August 2020 - March 2021 - As At - 22.10.20

WORK AREA	Year	Total Actual	Balance	Qtr audit expected to be completed	Interim Senior Auditor Comments
SOUTH RIBBLE COUNCIL			(+/-)		
CORPORATE AREAS					As At 22nd October 2020
Annual Governance Statement - Follow up actions.	20-21	0		Q4	Actions to be followed up.
Assurance Mapping	19-20	0		Q4	Head of Audit Annual Report - Appx 2 states - Initial Assurance Map completed, requires reviewing in line with changes to Shared Services and discussion / agreement with Leadership Team. Therefore further work is needed in 20-21
Anti-Fraud & Corruption	20-21	0.6		Ongoing	Policy updates, fraud alerts, training, etc. as required.
NFI					
- Main	20-21	5.5		Q4	Allocated - Data specs and guidance issued to data holders and data upload contacts. Data upload users access set up on the NFI website. Confirmation obtained of compliance with privacy notice requirements and data spec. Comms issued timely reminder via website/Twitter. Data uploaded 3/6 datasets completed to date.
- Small Business Grants	20-21	0		Q4	Not allocated yet - Stand alone NFI exercise.
- Business Rates and Grants	20-21	0.2		Q4	Allocated - Initial discussion with data holders and draft data specs and privacy notice requirements issued.
- Market Traders and Personal Alcohol Licence holders	20-21	0		Q4	Allocated - Work will commence on this later in the year.
- SPD	20-21	0.3		Q4	Allocated - Data Specs and guidance issued to data holders.
NFI Data Matching Reviews of Financial Matches	20-21	0		Q4/Q1 21-22	Not allocated yet - work will commence following receipt of matches from Cabinet Office February 2021
Corporate Complaints		0		Q4	Head of Audit Annual Report - Appx 2 states - Included in AGS Action Plan – review and update Policy, further review to be undertaken in 2020/21
RESOURCES & TRANSFORMATION					
Finance					
Income Collection & Receipt	20-21	0		Q4	Not allocated yet.
Democratic Services					
Ethical Culture Review	19-20	0.7		Q3	Finalising the report.
HR Services					
Absence Management	19-20	0.1		Q3	Finalising the report.
Customer & Digital					
GDPR Implementation - Follow Up	20-21	0		Q4	The GDPR report issued 19-20 requires follow up and further checks to be carried out.
GDPR Compliance Reviews	20-21	0		Q4	Not allocated yet.
Council Tax	19-20	1.2		Q3	allocated - Review of fraud prevention & detection - Audit Completed
NNDR	19-20	0.8		Q3	Allocated - Review of fraud prevention & detection - Audit Completed
Housing Benefits	19-20	3.4		Q3	Allocated - Review of fraud prevention & detection - Audit Completed
ICT Review	20-21	0		Q4	Allocated
REGENERATION & GROWTH					
Neighbourhoods & Development					
Leases / Licences to Community Centres etc.	19-20	3.7		Q3	Allocated - This audit is in progress, awaiting further info. Final Report to be completed by late November 2020.
Parks & Neighbourhoods					
Car Park Management / Enforcement follow up	20-21	0.2		Q3	Allocated - Awaiting response from auditee
Tree Inspections & Maintenance Follow Up	20-21	0.2		Q3	Allocated - Awaiting response from auditee
MOT Charging (NEW AREA)		0		Q4	Not allocated yet
Servicing of FCC bin wagons (NEW AREA)		0		Q4	Not allocated yet
GENERAL AREAS					
Project Support		0		Ongoing	
Risk & Control Self-Assessment		0		Ongoing	
Post Audit Reviews		0		Q4	Process to be reinstated.
Contingency / Irregularities		0.3		Ongoing	Risk Management Framework - feedback provided.
Governance Committee		0		Ongoing	
Environmental H&S - Food Safety Follow Up	20-21	0.1		Q4	Allocated - Environmental Proctection, Food Safety, amd Environmental Health & Safety follow Up reviews postponed due to COVID
Environmental - Protection Follow Up	20-21	0.1		Q4	Allocated - Environmental Proctection, Food Safety, amd Environmental Health & Safety follow Up reviews postponed due to COVID
Environmental - H&S Follow Up	20-21	0.1		Q4	Allocated - Environmental Proctection, Food Safety, amd Environmental Health & Safety follow Up reviews postponed due to COVID
Health & Wellbeing Campus - Follow Up	20-21	0		Q4	Allocated
Commercial Services - Follow Up	19-20	0		Q4	Allocated - Meeting arranged to complete follow up.
Performance Mgt Info - Follow Up	20-21	0		Q4	Not allocated yet.
Commercial Properties - Follow Up	20-21	0		Q4	Not allocated yet.
Impact of COVID on the control environment - Identify controls that have been relaxed/changed & assess impact/ are risks sufficiently mitigated	20-21	1		Q3	Work is in progress.
Review process for Test and Trace support payments for individuals	20-21	3.9		Q3	Allocated - Process reviewed and ongoing advice is provided as required.
Covid Grants Review	20-21	0.7		Q4	Allocated. This review relates to providing assurance relating to post-grant payment checks i.e. have the right people received the right amount as per the Govn rules and local policy/procedures
SOUTH RIBBLE SUB-TOTAL		**23.1**	**0**		
SHARED SERVICES					
SHARED FINANCIAL SERVICES					

Creditors	19-20	5.7		Q3	Allocated - Data obtained for the full year 2019/20 - work is ongoing reviewing the instances where there are significant variances between original order value and invoiced value.
Procurement	19-20	4		Q4	Allocated - SRBC Draft report in progress, further data required, with actions plans not finalised.
Procurement - Spend Analysis & Compliance	20-21	0		Q4	Not allocated yet.
Money Laundering		0		Q4	Not allocated yet.
Financial Systems		0			
- Payroll	20-21	0		Q4	
- Main Accounting	19-20	1.5		Q3	Allocated - AEP issued, work in progress.
		0			
Review of Shared Services Accounts	19-20	0		Q3	Report to be finalised.
General Areas					
Risk & Control Self Assessment (GRACE)		0		Ongoing	
Post Audit Reviews		0		Ongoing	
Contingency / Irregularities				Ongoing	
SHARED SERVICES SUB TOTAL		**11.2**	**0**		

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