

<b>Minutes of</b>	<b>Governance Committee</b>
<b>Meeting date</b>	<b>Tuesday, 25 May 2021</b>
<b>Members present:</b>	Councillors Ian Watkinson (Chair), Colin Sharples (Vice-Chair), Damian Bretherton, Christine Melia, Margaret Smith, Angela Turner, Alan Ogilvie,
<b>Officers:</b>	Gary Hall (Chief Executive), Chris Moister (Director of Governance), Louise Mattinson (Director of Finance and Section 151 Officer), James Thomson (Deputy Director of Finance), Dawn Highton (Shared Service Lead- Audit & Risk), Victoria Willett (Service Lead - Transformation and Partnerships), Darren Cranshaw (Shared Services Lead - Democratic, Scrutiny & Electoral Services) and Clare Gornall (Democratic and Member Services Officer)
<b>Other members and officers:</b>	Councillors Foster, Martin, Titherington, M Tomlinson, P Smith and Matt Derrick (Public Sector Audit Senior Manager, Grant Thornton);
<b>Public:</b>	0

### **1 Apologies for absence**

There were none.

### **2 Declarations of Interest**

There were none.

### **3 Minutes of the Last Meeting**

The Chair presented the minutes of 23 March 2021 for approval. He updated the Committee on matters arising from Minute 86 – Risk Management Strategy as follows:

- The Deputy Director of Finance / S151 officer indicated that the Statement of Accounts 2019/20 had already been signed and published, however the update would be made to the 2020/21 Statement of Accounts.
- Councillor Foster would provide details of the Lancashire Pensions Fund Committee contact to Democratic Services to arrange for members to receive further information about its work.

Councillor Bretherton referred to Minute 88 – Proposed Updated Financial Procedure Rules and enquired as to the list of Trust Funds. It was agreed that the Deputy Director of Finance / S151 officer would provide a response after the meeting.

RESOLVED: – That the minutes of the last meeting of the Committee held on 23 March 2021 be approved and signed as a correct record.

#### **4 Annual review of Council's Counter Fraud Policies**

Dawn Highton, Service Lead – Audit and Risk presented a report giving details the revised Anti-Fraud, Bribery and Corruption Policy, the Fraud Response Plan and the Whistleblowing Policy.

It was requested by Councillor Ogilvie that in future any amendments/updates to the policies be highlighted at the start of the report for ease of reference.

The responses to comments and queries made by members are outlined below:

##### Fraud Response Plan

-The Director of Governance confirmed that no member of staff had been identified in connection with fraud or dismissed for that reason.

-It was suggested that due to staff confidentiality agreements that had been signed in previous years – it was not possible to determine if fraud was involved or not. The Director of Governance assured the Committee that if criminal behaviour such as fraud was involved appropriate action would have been, and will be, taken. However, the comprehensive monitoring system in place ensures that it is extremely difficult to commit fraud.

-The Director of Governance acknowledged that it was difficult to apply disciplinary proceedings to councillors under the current regime, however it was important that both staff and councillors be equally included in the policy.

##### Whistleblowing Policy

Cllr Ogilvie referred to page 57, paragraph 2.3 at which it was stated that the list of major concerns is “not exhaustive”; therefore who would decide on criteria for other relevant matters? The Director of Governance responded that he would take that decision, unless it was an allegation against himself in which it would be the Chief Executive and vice versa.

##### **RESOLVED:-**

That the revised Anti-Fraud, Bribery and Corruption Policy, the Fraud Response Plan and the Whistleblowing Policy as set out in Appendices A, B and C of the report, be noted.

#### **5 South Ribble Borough Council Audit Progress Report and Sector Update**

Matt Derrick, Senior Manager from Grant Thornton LLP presented a report providing the Committee with progress on delivering their responsibilities as the Council's external auditors.

A question was asked with regards to the external auditor approach to assessing value for money, in particular financial definition weighted against social definition of value for money. Mr Derrick indicated that this would fall under Improving Economy, Efficiency and Effectiveness. There is no requirement to prioritise one criterion over

the other. The external auditor's role would be to assess risk from within the value for money framework, and any risks identified would be the focus of the auditor's work.

RESOLVED: – That the report be noted.

## **6 Internal Audit Annual Report**

Dawn Highton, Service Lead – Audit and Risk presented a report summarising the work undertaken by the Internal Audit Service during 2020/2021 and giving an opinion as required by the Public Sector Internal Audit Standards on the adequacy and effectiveness of the Council's framework of governance, risk management and control.

The report also included the results of the Quality Assurance and Improvement Programme.

Responses to comments and queries my members were as follows:

Councillor Bretherton enquired as to the monitoring of fraudulent applications in respect of COVID Business Support Grants. Ms Highton responded that only 10 applications required further investigation, however this was not an indication of fraud, only that these applications warranted further review. The Chief Executive stressed that it was important to ensure that the necessary checks and balances were in place and that this was the Council's approach.

Cllr Ogilvie referred to page 69 Car Park Management / Enforcement follow-up-review and requested an update on the one action still in progress. It was agreed that the information would be shared with Councillor Ogilvie.

Dawn Highton indicated that she would share the Quality and Improvement Assurance Programme (QAIP) with members of the Committee.

Dawn Highton confirmed that risk management will be included in each Interim Internal Audit Report brought before Committee.

**RESOLVED:- That the report be noted.**

## **7 Review of the effectiveness of Internal Audit**

Dawn Highton, Service Lead - Audit and Risk presented a report relating to the results of the self-assessment carried out by Internal Audit against the requirement of the Public Sector Internal Audit Standards and Local Government Application Note as a means of assessing the effectiveness of Internal Audit.

Cllr Turner referred to the recent Council decision to create a wholly Council owned Leisure Trading Company and asked for confirmation that the LATC would have no tax obligations as long as it fulfils criteria specified by the Government, including that it wholly owned and managed by the Council and has no involvement with private

companies. The Director of Governance confirmed that this was the case and that there would be a single share owned by the Council and that would be the only shareholding.

In response to a member query Dawn Highton confirmed that the Quality Assurance and Improvement Programme would be featured in the Annual Report which will next be brought to Committee in May 2022.

**RESOLVED:-**

That the results of the self -assessment as part of the Governance Committee's consideration of the system of internal control, be noted.

## **8 Draft Annual Governance Statement**

Chris Moister, Director of Governance and Monitoring Officer presented a report outlining the Annual Governance Statement for the period 2020/21.

The following responses were given to member queries:

- The Director of Governance confirmed that the environment is fully GDPR compliant and that policies are under constant review. He also indicated that the UK had to requalify for GDPR accredited status when it left EU.

-The Shared Service Lead - Transformation and Partnerships indicated that there would be another formal Staff Satisfaction Survey towards the end of the summer.

-The Director of Governance explained that in reference to page 168, budget monitoring – previously monthly monitoring reports were run off for budget holders and their managers but this had stopped. He confirmed that monthly meetings with budget holders and management accountants were now being held.

**RESOLVED (unanimously):-**

That the Annual Governance Statement be approved as a correct statement of the Council's governance environment and be recommended to the Leader and Chief Executive for signature.

## **9 Review of Compliance with CIPFA Financial Management Code**

Louise Mattinson, Director of Finance presented a report to present the review of the Council's compliance with CIPFA's Financial Management Code.

Arising from questions by members, the Director of Finance indicated that the internal self assessment was not statutory, however we are expected to comply with the CIPFA Code.

As regards long term sustainability, therefore the 10 year financial plan was speculative; the Council receives a government settlement annually and there are other variables such as the review of Business Rates.

**RESOLVED :-**

That the Committee notes:

1. **The publication of the Financial Management Code and the requirement for its application from 1 April 2020.**
2. **That 2020/21 was a shadow year during which all local authorities have been working towards full implementation for the first full year of compliance in 2021/22.**
3. **That an initial assessment has been carried out at APPENDIX A of the Council's assessed level of compliance compared to the Standards contained in the Financial Management Code.**
4. **The actions outlined in Appendix A of the report.**

## **10 South Ribble Key Partnerships and Contracts Framework**

Victoria Willett, Shared Services Lead – Transformation and Partnerships presented a report giving details of the Key Contracts and Partnerships Framework for South Ribble Borough Council.

The following responses were provided by officers to member queries:

- With regard to the considerations outlined at paragraph 8 – we don't need to fulfil all 6 bullet points. However, there is the opportunity to expand the list to include large scale contracts. This would be a decision for Cabinet.

-We will be including the Leisure Trading Company (LATC) as a contractual relationship – the company and the Council are separate entities but not the traditional partnership the Council has with other partners.

-Regarding issues such as Modern Slavery – contracts are monitored via the Procurement Rules.

The Chair asked a question regarding ethical standards and partnerships. The Shared Service Lead - Transformation and Partnerships indicated this would be considered as part of the agreed values/behaviours of honesty, integrity, objectivity, openness etc. We will look at how to monitor this in relation to partnerships.

**RESOLVED (unanimously):-**

**To endorse the Key Contracts and Partnerships Framework for approval by Cabinet.**

Chair

Date