

Minutes of Governance Committee

Meeting date Tuesday, 27 July 2021

Members present: Councillors Damian Bretherton, Alan Ogilvie, Colin Sharples (Vice-Chair in the Chair), Margaret Smith and Angela Turner

Officers: Louise Mattinson (Director of Finance and Section 151 Officer), Chris Moister (Director of Governance), Darren Cranshaw (Shared Services Lead - Democratic, Scrutiny & Electoral Services), Tony Furber (Principal Financial Accountant), Hanne Birchall (Senior Financial Accountant) and Coral Astbury (Democratic and Member Services Officer)

Other members and officers: Councillor Paul Foster (Leader of the Council, Cabinet Member (Strategy and Reform) and Leader of the Labour Group), Councillor Keith Martin, Councillor Phil Smith (Deputy Leader of the Opposition and Deputy Leader of the Conservative Group), Councillor Michael Titherington (Deputy Leader of the Council, Cabinet Member (Health and Wellbeing) and Deputy Leader of the Labour Group), Councillor Kath Unsworth and Councillor Karen Walton (Leader of the Opposition and Leader of the Conservative Group)

Public: 0

11 Apologies for absence

Apologies were received from Councillors Ian Watkinson and Christine Melia.

12 Declarations of Interest

There were no declarations of interest.

13 Minutes of meeting Tuesday, 25 May 2021 of Governance Committee

In response to a member enquiry, it was confirmed that any action to be completed outside of the meeting would be circulated to all members of the Committee.

RESOLVED: (Unanimously)

Subject to the amendment of the minutes to include Councillor Phil Smith as an observer, the minutes were agreed as a correct record for signing by the Chair.

14 South Ribble Borough Council Audit Plan

The Council's External Auditors presented a report which sought to give an overview of the planned scope and timing of the statutory audit of South Ribble Borough Council.

It was reported that three areas had been identified as a significant risk; management override of controls, valuation of land and buildings and valuation of net pension fund liability. As a consequence of issues identified in the previous year's audit, significantly more risk assessment work would be undertaken with regards to compliance controls particularly around payments to suppliers.

Members were advised that two areas of significant weakness had been identified, although this was largely driven by issues identified in previous years. The Auditors would be examining the progress made by the Council in addressing these issues and following recommendations which had been made in the prior year. It was confirmed that the draft statement of accounts had been received in early July and the audit was now underway.

Members commented on the revised approach to defining value for money and sought clarification on how the opinions would be defined. In response, the External Auditor explained that the form of opinion was unchanged, it was the judgement around qualified and unqualified which had been amended. There was now more scope to consider the balance of risks, providing a broader background for the Auditor's to work too. Several definitions would be issued but will not be defined as qualified or unqualified, instead these will be supported by a more detailed report.

RESOLVED: (Unanimously)

That the report be noted.

15 Management Responses to the External Auditors Planning Inquiries 2020-21

The Committee received a report which sought to provide details of the management responses to the External Auditor Planning Inquiries. The Director of Finance explained that the questions and responses covered a variety of areas which would have significant impact on the financial statement for 2020/21.

Members commended Officers for their hard work in awarding £27 million of grant funding and expressed appreciation that only £10,000 had been identified as potentially fraudulent.

Clarification from members was sought on the status of the £10,000 potentially fraudulent grant. In response, the Director of Finance explained that when the COVID19 pandemic began central government had significantly pushed local authorities to pay the grant money to businesses which had been affected. Limited checks had taken place, with more detailed guidance subsequently becoming available. A further update on the status of the fraudulent payment would be provided to member's outside of the meeting.

Members requested a copy of the mandatory fraud awareness training which was due to be rolled out to Officers.

RESOLVED: (Unanimously)

1. The committee approve the management responses to the External Auditor's inquiries.
2. More information on the status of the £10,000 potentially fraudulent grant payment would be provided to members outside of the meeting.
3. A copy of the mandatory fraud awareness training for Officers to be provided to members.

16 Treasury Management Annual Report 2020/21 and June Quarter Monitoring 2021/22

The committee considered a report that sought to present the outturn for Treasury Management activity in the financial year 2020/21 and monitoring information in respect of the first quarter of 2021/22.

The Principal Financial Accountant reported that overall, the council had more cash than usual throughout the year with an average daily balance of £50 million, due to the advance funding provided by government for the Covid response (primarily in respect of the Business Grants then paid over to businesses). However, due to low interest rates, the need to keep money available for use at short notice to respond to Covid and pay over the business grants, combined with the fact that other authorities were holding higher than average cash balances and so there was limited long term lending opportunities, the interest earned was just over £177,000.. The average daily balance was above £53 million.

Members sought clarification on the List of Investments as at 31 March 2021 (Appendix A). In response, it was provided that on the notice accounts some investments were listed as 6 months for some time. At the time, interest rates were competitive with what could be gained from fixed term investments. One investment was running at immediate notice, the other was tied in for some time. Six months' notice was equivalent to fixed term loans being made to other councils.

RESOLVED: (Unanimously)

That the report be noted.

17 Statement of Accounts for the Financial Year 2020/21

The Director of Finance presented a report which provided members with the Draft Statement of Accounts for 2020/21 and advised members in respect of the statutory requirements for signature, audit, inspection and publication of the statement.

Members were advised the audit was now underway and would be brought back and presented for approval upon completion. The deadline for completion of the draft, unaudited, Statement of Accounts was 31 July, however the accounts had been produced earlier by the Finance team which had enabled the External Auditors to begin the audit at the beginning of July.

The Director of Finance explained that the statement supports and demonstrates the Council's accountability to its stakeholders. The statement provides both a narrative and financial overview of the activities undertaken over the course of 2020/21. As

the accounts are produced on an accruals basis, all goods and services that have been physically received as of 31 March 2021 have been accounted for.

In response to a member enquiry, the Principal Financial Accountant confirmed that in respect of the Cashflow Statement, the £10 million inflow and outflow was due to the £10 million pounds of temporary borrowing taken in March 2020 which was subsequently repaid in the new financial year.

RESOLVED: (Unanimously)

1. That the report be noted.
2. Members would be provided with more information outside of the meeting in relation to the interest which had been paid by the authority.

Chair

Date