

Report of the Governance Committee

1. Any Governance recommendations on the reports that require a decision by full Council appear as separate items on the agenda.

GENERAL REPORT OF THE MEETING HELD ON TUESDAY 22 SEPTEMBER 2020

External Auditor 2018-19 Update

2. The committee received a verbal report from the Council's External Auditor, Grant Thornton on the progress of the 2018-2019 Audit.
3. The committee 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
4. After a member enquiry, the external auditor confirmed that they would produce a letter containing detailed information on the timescales for finalising the 2018/2019 audit and to update the committee on the progress made with the Value for Money audit. This would be sent to Officers for circulation prior to the next meeting.

External Audit 2019-20 Audit Plan

5. The External Auditor's reported that the Audit had identified five significant risks. Of these risks a few were typical of local authorities, such as valuation of lands/buildings and pension fund liabilities. Management override of control is also another typical risk, however due to the circumstances experienced within the authority over the past year, the auditors would be increasing their scrutiny in this area.
6. The committee noted that the audit on Vale for Money would consist of two areas of focus. The External Auditors were now examining the governance arrangements of the Council, as the work of Internal Audit was complete. Time would be spent corroborating the findings within the reports and resource would be brought in from the Auditor's forensics team.

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

7. 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.
8. 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.

9. 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.
10. The Committee 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.

Internal Audit Plan 2020-21

11. The committee received a report from the Director of Governance and Monitoring Officer which sought to inform members of the proposed Internal Audit Plan 2020-21 and of changes to the Internal Audit Service.
12. The committee noted that there had been circumstances that 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.
13. 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.
14. The committee requested a schedule of the high-risk audits be provided outside of the meeting for consideration.

AGS Action Plan – Update

15. 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.
16. 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.

17. 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.

18. 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.

COUNCILLOR IAN WATKINSON
CHAIR OF THE GOVERNANCE COMMITTEE

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