

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.
2. Please note the following report may not reflect the wording used in the minutes, as they have yet to be formally agreed.

General report of the meeting held on 23 March 2021

Annual Governance Statement – Progress Report

3. The Director of Governance and Monitoring Officer presented a report updating members on the progress of the Annual Governance Statement Action Plan.
4. The Annual Governance Statement for 2019/20 identified failings in the governance environment and the action plan proposed and adopted by members addressed the issues raised. It was important therefore that members of the Committee were aware of the progress of implementation to satisfy themselves that the issues were being resolved.
5. The Director of Governance and Monitoring Officer referred to the 3 outstanding actions in the report. He informed members that the actions at paragraphs 16 and 17 were now being progressed by the Service Lead for Audit and Risk and the action at paragraph 18 was to be presented to members at the meeting.
6. It was confirmed to the meeting that it was not intended to report on progress against the plan to the meeting again as the outstanding actions would be reported to members on resolution.
7. The Committee noted the progress and substantial completion of the action plan.

Internal Audit Plan 2021 - 2022

8. Shared Services Lead – Audit and Risk presented a report explaining the content of the Internal Audit work programme for the 2021- 2022 financial year which has been determined following a detailed risk assessment and consultation exercise.
9. The report proposed that the progress reporting be moved to three times per annum i.e. September, January and the full Annual Report May/June. (It was noted that for the year 2020-21, due to the impact of COVID on internal audit work in 2019-20, an interim report will be provided on the progress of key quarter 1 reviews at the May 2021 meeting).
10. Regarding the gap between the Committee approving its Annual Plan in March and receiving its first progress report in September, members of were assured that if any internal audit reviews were carried out during that time they would receive a copy of the report as soon as it was finalised so there would be no delay.
11. Arising from questions by a member, the following responses were provided:

- With regard to the planned audit in 2021-22 of Section 106 agreements, this is a risk based review and therefore will include the collection and spend of monies.
- Reference was made to the Internal Audit Team resources and the Internal Audit Plan 2021/22 which is based on 499 audit days. The internal audit team is now fully resourced with 4 full time staff members, and we will be buying in an additional 2 members and IT resource. It has been possible to buy in an additional 25 audit days.
- With regard to performance indicator targets, it is not always possible to achieve 100% management actions due to factors such as varying circumstances and changes to systems and processes. Therefore, the current target is 90%.

12. The Committee made the following decisions:

- 1) That the Committee approves the 2021 – 2022 – Internal Audit Plan and associated indicators.
- 2) That the Committee approves the Internal Audit Charter.

Key Contracts and Partnerships Framework – approach

13. The Transformation and Change Team Leader presented a report outlining a proposed approach for the development of the Key Contracts and Partnerships Framework and the next steps.

14. As part of the South Ribble Annual Governance Statement there is an action to develop a Key Contracts and Partnerships Framework. The recommended approach will ensure a fit for purpose, robust and streamlined framework to monitor and performance manage key contracts and partnerships

15. Arising from questions from members, the following responses were given:

- 1) A Register of Council Key Contracts is available and published in line with legislation
- 2) Agreement to include in the list of proposed key contracts and partnerships any movement of monies / expected receipt of monies arising from the City Deal Partnership e.g. CIL, New Homes Bonus
- 3) Some high value contracts (e.g. McKenzie Arms, Worden Hall) are not included. This is because the Framework is based on the range of considerations listed at paragraph 7 such as reliance on the proposed partner to deliver core services.

16. The Committee made the following decision:

That, subject to the inclusion of information specified at point 2) above, the approach for the development of the Key Contracts and Partnerships Framework and next steps be approved.

Risk Management Strategy

17. The Shared Services Lead – Audit and Risk presented a report concerning the Risk Management Strategy, which was last updated and presented to the Audit Committee in April 2018. The report indicated that the Strategy had now been reviewed and updated and demonstrated how the Council was seeking to ensure that the management of risk becomes embedded and at the centre of its' day to day work.

18. Arising from questions from members, the following responses were given:

- An online Member briefing session explaining the GRACE system will be arranged
- Councillor Bretherton made reference to a recent error in the Statement of Accounts concerning the level of risk for Employee Pension Fund investments, which had been marked 'high' when subsequently the auditor confirmed to him that the level of risk was reasonable. It was agreed that the Deputy Director of Finance and Section 151 officer would provide confirmation that the Statement of Accounts had been updated and Councillor Foster, the Council's representative on the Lancashire Pensions Fund Committee who was also in attendance at the meeting, confirmed that the Committee robustly monitors investments and that he would supply contact details for members to obtain further information about its work.
- Concern was expressed with regard to the clarity of the definitions of risk in the Strategy, however it was agreed to roll out the Strategy, receive feedback and review as appropriate.
- It was confirmed that the 'red risks' identified for 3 monthly review in the GRACE system would actually be monitored on an ongoing basis. GRACE would generate an additional alert to review the risk after 3 months.
- A Corporate Governance Group had been established which will meet regularly to monitor risk management.

19. The Committee agreed that the updated Risk Management Strategy be approved.

Local Code of Corporate Governance Update

20. The Director of Governance and Monitoring Officer presented a report informing members of updates to the Local Code of Corporate Governance and seeking approval of the proposed amendments.
21. The Council's Local Code of Corporate Governance required updating to reflect changes to Council documents and organisation structure. The amended document incorporates these changes and ensures that the Local Code remains relevant and a clear and correct statement of our governance framework.
22. The Committee agreed that the Local Code of Corporate Governance, attached at Appendix A to the report, be approved.

Councillor Ian Watkinson
Chair of the Governance Committee

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