

<b>Minutes of</b>	<b>Governance Committee</b>
<b>Meeting date</b>	<b>Tuesday, 23 March 2021</b>
<b>Members present:</b>	Councillors Ian Watkinson (Chair), Colin Sharples (Vice-Chair), Damian Bretherton, Christine Melia, Margaret Smith and Angela Turner
<b>Officers:</b>	Gary Hall (Chief Executive), Chris Moister (Director of Governance), James Thomson (Deputy Director of Finance), Dawn Highton (Shared Service Lead- Audit & Risk), Jacqui Murray (Senior Auditor), Rebecca Aziz-Brook (Transformation & Change Team Leader), Georgia Jones (Director, Audit at Grant Thornton LLP), Darren Cranshaw (Shared Services Lead - Democratic, Scrutiny & Electoral Services) and Clare Gornall (Democratic and Member Services Officer)
<b>Other members and officers:</b>	Councillors Chisholm, Foster, Ogilvie, Trafford, P Smith, Titherington and Tomlinson
<b>Public:</b>	0

**Prior to commencing the official business of the meeting, the Chair referred to the sad news regarding the recent passing of Councillor Colin Clark who was a member of the Committee. He paid tribute to Councillor Clark and a minutes' silence was held.**

**79 Apologies for absence**

There were none.

**80 Declarations of Interest**

There were none.

**81 Minutes of the last meeting**

RESOLVED (unanimously):

That the minutes of the meeting held on 19 January 2021 be agreed and signed as a correct record.

**82 Annual Governance Statement - Progress Report**

The Director of Governance and Monitoring Officer presented a report updating members on the progress of the Annual Governance Statement Action Plan.

He 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 this meeting.

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.

RESOLVED – (unanimously):

That the progress and substantial completion of the action plan be noted.

### **83 Internal Audit Plan 2021 - 2022**

Ms Dawn Highton, 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.

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).

Ms Highton referred to the gap between the Committee approving its Annual Plan in March and receiving its first progress report in September. Members of the Committee 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.

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%.

RESOLVED (unanimously):-

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

## 84 Key Contracts and Partnerships Framework - approach

Ms R Aziz-Brook, 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.

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.

RESOLVED (unanimously): 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.

## 85 Governance Committee Effectiveness Review

Ms Dawn Highton, Shared Services Lead – Audit and Risk presented a report of the Director of Governance and Monitoring Officer which sought to do the following:

- To evaluate the Council's compliance with the Chartered Institute of Public Finance & Accountancy (CIPFA) guidance, "Audit Committees – Practical Guidance for Local Authorities and Police 2018";
- To present a revised Terms of Reference for members' consideration;
- To present details of the review of the self-assessment of good practice contained within the guidance; and
- To put forward proposals to address recommendations in relation to developing members' skills and knowledge.

Ms Highton informed members that self-assessment questionnaires would be emailed to the Committee this week.

The following responses were given to issues raised by members:

- With regard to the possibility of appointing an independent person to the Committee (e.g. with specialist skills such as qualified accountancy) - other councils do have them for example Blackpool has 2 independent persons, however this is a unitary authority. Member were advised it was a matter for the Committee, however the process is very open and transparent at South Ribble in that all Council members can attend and participate at Committee meetings.
- Regarding member briefings prior to formal Committee meetings, e.g. Chair/Vice Chair briefings, it was stressed that any member of the Committee

is welcome to ask any questions on the agenda or raise any other issues prior to the meeting either with council officers or the external auditor.

- It was suggested that the Vice Chair be a member of the opposition. Members were advised this was a matter for Full Council.

RESOLVED (unanimously):-

1. That the report be noted;
2. That the updated Terms of Reference be submitted to Full Council for approval;
3. That the self-assessment of good practice and the subsequent actions be noted;
4. That the proposals in relation to developing members' skills and knowledge be accepted.

## 86 Risk Management Strategy

The Shared Services Lead – Audit and Risk presented a report of the Director of Governance and Monitoring Officer 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.

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 how the Asset Allocation of the Employee Pension Fund was reported in the Statement of Accounts. The make up of the Assets indicated that the Pension Fund was invested in a high risk manner- 53% invested in Private Equity. The Auditor confirmed that the Asset Allocation was incorrectly reported.  
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.

RESOLVED (unanimously):- That the updated Risk Management Strategy be approved.

**87 Local Code of Corporate Governance Update**

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.

RESOLVED (unanimously):- That the Local Code of Corporate Governance, attached at Appendix A to the report, be approved.

**88 Proposed Updated Financial Procedure Rules**

The Deputy Director of Finance and Section 151 officer presented a report which reviews and updates the financial regulations and Financial Procedure Rules as detailed in the Council's Constitution.

Arising from questions by members, the following responses were given:

- Reference was made to paragraph 6.10, page 15 which stated "All trust funds shall wherever possible be in the name of the Council." The Deputy Director of Finance and Section 151 officer indicated he would provide the list of trust funds to members.
- Regarding the timescale for training of officers on the new Financial Procedure Rules, members were informed that the report would need to be approved at Full Council, however the intention was for online training to be rolled out in May 2021.

RESOLVED (unanimously):-

1. That the proposed changes to Financial Procedure Rules be noted;
2. that the Committee recommends adoption of the proposed changes to Council.

Chair

Date