# **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 25 May 2021

## Annual Review of the Council’s Counter Fraud Policies

1. Committee considered a report for information giving details the revised Anti-Fraud, Bribery and Corruption Policy, the Fraud Response Plan and the Whistleblowing Policy.
2. In administering its responsibilities, the Council has a duty to protect public funds and to raise awareness in relation to any potential threats that may affect the financial and/or reputational position of the organisation. The suite of counter fraud policies reinforces the Council’s commitment to the prevention and detection of fraudulent activity. They also support the Local Code of Governance in promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
3. The general aim of all the Council’s counter fraud policies is to reduce the occurrence and impact of fraud, corruption and bribery on the organisation and provide an effective channel of communication for anyone who has concerns or suspicions of malpractice.

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

1. Matt Derrick, Senior Manager from Grant Thornton LLP presented a report for information providing the Committee with progress on delivering their responsibilities as the Council’s external auditors.
2. 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.

## Internal Audit Annual Report

1. Committee considered a report for information 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.
2. The report also included the results of the Quality Assurance and Improvement Programme.
3. During discussions on this item 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.
4. Dawn Highton indicated that she would share the Quality and Improvement Assurance Programme (QAIP) with members of the Committee.
5. Dawn Highton also confirmed that risk management will be included in each Interim Internal Audit Report brought before Committee.

## Review of the Effectiveness of Internal Audit

1. Committee considered a report for information 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.
2. 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.
3. 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.

## Draft Annual Governance Statement

1. Committee considered a report outlining the Annual Governance Statement for the period 2020/21.
2. 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.
3. The Shared Service Lead - Transformation and Partnerships indicated that there would be another formal Staff Satisfaction Survey towards the end of the summer.
4. -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.
5. Committee resolved 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.

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

1. Committee considered a report to present the review of the Council’s compliance with CIPFA’s Financial Management Code.
2. 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.
3. That Committee noted the following:
4. The publication of the Financial Management Code and the requirement for its application from 1 April 2020.
5. 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.
6. 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.
7. The actions outlined in Appendix A of the report.

**South Ribble Key Partnerships and Contracts Framework**

1. Committee considered a report giving details of the Key Contracts and Partnerships Framework for South Ribble Borough Council.
2. As part of the South Ribble Annual Governance Statement there is an action to develop a Key Contracts and Partnerships Framework to ensure effective monitoring of key contracts and partnerships to demonstrate and evidence that they are delivering effective, efficient and economic services providing best value for the council.
3. Arising from member questions the following responses were given:
4. 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.
5. 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.
6. -Regarding issues such as Modern Slavery – contracts are monitored via the Procurement Rules.
7. 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.

## The Committee endorsed the Key Contracts and Partnerships Framework for approval by Cabinet.

Councillor Ian Watkinson

Chair of the Governance Committee

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