

Report of Governance Committee

1. This report summarises the business considered at the meeting of the Governance Committee held on 27 July 2021.
2. Please note that the following report may not reflect the wording used in the minutes, as they have yet to be formally agreed.

South Ribble Borough Council Audit Plan

3. The committee considered a report from the Council's External Auditors, Grant Thornton which provided us with an overview of the planned scope and timing of the statutory audit of South Ribble Borough Council.
4. 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. We were also advised that, as a consequence of issues identified in the previous year's audit, significantly more risk assessment work would be undertaken.
5. 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.
6. We 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. Several definitions would be issued but will not be defined as qualified or unqualified, instead these will be supported by a more detailed report.

Management Responses to the External Auditors Planning Inquiries 2020-21

7. We received a report from the Director of Finance which provided us with details of the management responses to the External Auditors. The questions and responses covered a variety of areas which would have significant impact on the financial statement for 2020/21.
8. We commended Officers for their hard work in awarding £27 million of grant funding and we expressed our appreciation that only £10,000 had been identified as potentially fraudulent.
9. We sought clarification on the status of the potentially fraudulent grant and we were advised that a further update, with more information would be provided to us outside of the meeting.

10. We also requested a copy of the mandatory fraud awareness training that was due to be rolled out to Officers.

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

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

12. It was 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. However, due to several reasons the interest earned was just over £177,000. The council's average daily balance was above £53 million.

13. We 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.

Statement of Accounts for the Financial Year 2020/21

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

15. It was provided that the audit was now underway and would be brought back and presented for approval upon completion. Although the deadline for completion of the draft unaudited statement was 31 July, it had been produced earlier by the Finance Team which had enabled the External Auditors to commence their audit at the beginning of July.

16. We noted 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 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.

17. 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.

Recommendation

That Council note the report.

COUNCILLOR COLIN SHARPLES
VICE-CHAIR OF THE GOVERNANCE COMMITTEE
CA