

Report of Governance Committee

I am pleased to present the general report of the Governance Committee summarizing the business which was considered on 30 November 2021.

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

Audit Progress Report and Sector Update

1. The committee considered a report of the Council's External Auditor, Grant Thornton which sought to provide a general sector update and information for members on various reports of interest.
2. The External Auditor's explained that an unqualified opinion had now been given on the financial statements and the value for money work was still ongoing. The External Auditors were hoping to report the annual report at the next meeting of the committee, with the certification work starting soon to meet the end of January deadline.
3. In response to a member enquiry, it was confirmed that value for money considers whether the council has arrangements in place to provide value for money. When looking at capital projects and overspends the auditors would consider various factors such as how soon the overspend was identified, how it was corrected and the reasons behind the overspend. The auditors would only be concerned if the overspend was identified at the end of the project.

Appointment of External Auditors

4. The Service Lead (Audit and Risk) presented a report that set out the options available to the council for the appointment of an external auditor for the period 2023/24 to 2027/28. Following abolition of the Audit Commission in 2018 the council opted into the Public Sector Audit Appointments Limited (PSAA) scheme to appoint the external auditors and it had now come to the end of the appointment period.
5. The Service Lead (Audit and Risk) explained that the recommendation was to opt back in to the PSAA scheme and committee were requested to refer the decision to opt back in to full Council for ratification.
6. Members enquired how PSAA allocate external auditors. It was explained by the Service Lead (Audit and Risk) that PSAA would undertake a procurement exercise, identify the available firms and allocate local authorities to them. Previously PSAA had tried to allocate External Auditors based on the geographical locations.

Treasury Management Activity Mid-Year Review 2021/22

7. Members considered the report of the Director of Finance which sought to report on the Treasury Management performance for the financial year, 2021/22 to the end of September.

8. The Principal Financial Accountant advised that the continuing effects of the pandemic were visible on both the cash flow and the level of interest on investments. In terms of cash flow, there was still relatively high levels of cash balance in the accounts averaging around £54 million. The balance within the accounts were currently over £60 million and it was expected to tail off before the end of the year.
9. Members noted the limited investment opportunities, and it was explained that it was because local authorities had more cash than usual and were not looking to borrow. The Principal Financial Accountant provided that interest earned averaged at 0.11% and had exceeded the council's target of 0.10%.
10. In response to a member enquiry, the Principal Financial Accountant explained that the placement with Goldman Sachs was a termed deposit and it would have been ideal to place the extra £2 million with them, however they weren't looking for the investment at the time.
11. Members asked if the council were still receiving the 0.4% interest rate from Santander and noted that this was the rate being received on 30 September 2021, although this had varied.
12. Members commented on the results of the Peer Review and stated that it might be time to be less risk averse and make better use of investment. It was provided that the Investment Policy would be reviewed as part of the budget process.

Recommendation

I would like to recommend that Council note the report.

Councillor Ian Watkinson
Chair of the Governance Committee

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