

Minutes of	Governance Committee
Meeting date	Tuesday, 29 March 2022
Committee members present:	Councillors Ian Watkinson (Chair), Colin Sharples (Vice-Chair), Damian Bretherton, Margaret Smith, Alan Ogilvie, Angela Turner and Kath Unsworth
Officers present:	Chris Moister (Director of Governance), Dawn Highton (Shared Service Lead- Audit & Risk) and Coral Astbury (Democratic and Member Services Officer)
Other attendees:	Councillors David Shaw (Virtually), Phil Smith, Carol Wooldridge (Virtually) and Mick Titherington (Virtually) and Karen Walton (Virtually)
External Auditor:	Matt Derrick and Georgia Jones (Grant Thornton PLC)
Public:	0

Adjournment

The Chair adjourned the start of the meeting by 15 minutes, in order to allow time for the technical difficulties being experienced to be resolved.

The meeting began at 18:15 without being live streamed as the technical difficulties could not be resolved.

38 Apologies for absence

No apologies were received.

39 Declarations of Interest

There were no declarations of interest.

40 Minutes of meeting Tuesday, 25 January 2022 of Governance Committee

Members advised that Councillors Paul Foster and Phil Smith were missed off the attendance list, it was agreed that this would be updated.

Councillors Margaret Smith and Alan Ogilvie stated that they found the minutes to be sparse and it was their view that they did not accurately reflect the meeting.

The Director of Governance responded and explained that the minutes were not intended to be a verbatim record of the meeting. The minutes were only supposed to capture the main points of discussion and any action points that arose. The Director of Governance explained that all public meetings were now live streamed to the Council's YouTube page and recordings kept for anyone who wished to view the

meeting in more detail. It was his view that the minutes of the last meeting were sufficient in detail and content.

Councillor Ogilvie explained that he had expressed quite a bit of concern on the facilities management report and although there were some mention of it in the minutes he did not feel that enough was included.

Resolved:

It was agreed that the minutes would be amended to reflect the change in attendance and for some wording to be included to further explain that Members requested Internal Audit to undertake a review of compliance with statutory responsibilities at other council buildings, with the results to be reported to a later meeting.

41 Audit Report Update

The Service Lead (Audit and Risk) presented a report which provided an update on the progress of the implementation of the outstanding agreed actions from the review of Facilities and Building Management (Civic Centre) report. The report also provided an update on a review of statutory compliance with Health and Safety legislation for all other council buildings (excluding commercial properties), this review was undertaken by the Health and Safety Team.

The Service Lead (Audit and Risk) explained that the review of all other council buildings had now been completed, with all findings detailed within the report. Officers had focused on how a re-occurrence could be prevented and it was acknowledged by the Director of Commercial that record management needed improving. Current records were being rationalised and strengthened, and in addition the Health and Safety Team Leader was now holding monthly meetings with the directorate to ensure that inspections were being undertaken and following up on any actions in a timely manner.

The Service Lead (Audit and Risk) provided the committee with an update on the four outstanding actions from the review of Facilities and Building Management (Civic Centre). Two outstanding actions had been completed and two actions remained. Of the remaining actions, one would be completed by Friday 1 April following the training of additional fire wardens and the final action on improving record management with a dedicated ICT system would be completed in September. With the procurement of a dedicated ICT system, however compensating controls were being put in place until the system is fully operational.

Members asked if all regular testing was now up to date and compliant with the buildings insurance terms. In response, the Service Lead (Audit and Risk) advised that any gaps in statutory compliance would have been identified and an action plan put in place.

Members sought clarification on who undertook the fire assessment and expressed concern that an assessment would not be undertaken until June 2022 and asked for clarification that the building insurance would still be valid. In response, the Service Lead (Audit and Risk) explained that an external assessor would be appointed to

undertake the review. A full assessment had been undertaken in 2020, with a further desk top review undertaken in 2021, however a full reassessment was now required.

In response to a member enquiry it was confirmed that the Idox system would not be implemented as the record management system as a new dedicated system had been procured.

Resolved:

The report be noted.

42 Internal Audit Plan April to September 2022

The Service Lead (Audit and Risk) presented a report which set out the programme of work to be undertaken by the Internal Audit service for the first six months of 2022-23. The report sought to remind members of the respective roles of managers and Internal Audit to maintain a sound system of governance and internal audit control within the council and details of the Internal Audit Plan and associated performance indicators.

In addition, the report also sought the committee's approval of the Audit Plan and Internal Audit Charter.

The Service Lead (Audit and Risk) advised that the plan would ordinarily be an annual report, however it had become apparent over the past two years that the council has to adapt and change quickly. The new approach, of a six month plan, had been discussed and approved at Senior Management Team and would not have any impact on the assurance that the committee would receive.

The Service Lead (Audit and Risk) explained that Internal Audit would continue to produce interim reports and the annual auditor's opinion in May would cover all completed work over the last twelve months. It was her view that a six month plan would provide better assurance as the work will have been specifically targeted on the risks facing the council at that time, as opposed to predicting what could happen in over the course of the year. A six month plan would also allow the Internal Audit team to tailor the plan to meet resource available.

Members considered the plan and asked for more information on how resource would be managed and expressed concern that Internal Audit would have insufficient resource for the second half of the year. In response, the Service Lead (Audit and Risk) explained that resource would be mapped at the start of the year and would take into consideration annual leave, training and corporate events. A productive time figure would be remaining and the report would be tailored to meet that level of resource. It was anticipated that there would be at least 137 audit days in quarters three and four, if not more.

The Director of Governance explained that the six month plan would provide certainty for that particular period. There had been experience previously of Internal Audit producing a 12 month report and not being able to deliver it and needing to come back before committee to ask for more resource or deferrals. The Director of Governance confirmed that the committee would still receive a full 12 month audit plan but presented as two six month plans.

Members asked what factors had contributed to changing the process for the annual plan. In response, the Service Lead (Audit and Risk) explained that the past two years, in particular COVID had been difficult. Over the last 12 months the Internal Audit Team had to give a lot of support to business grants and post assurance work, something which could not be foreseen. As a result, the team had to change and adapt. It was Officer's view that a six month plan would make the service more flexible, with the risk assessment being re-visited in the summer months to identify the work plan for the following six months.

Members noted the Internal Audit Charter had been amended to include the work for South Ribble Leisure and asked if the uplift in audit days to South Ribble was due to the leisure trust. The Director of Governance confirmed that service level agreements were in place with the Council providing services to the leisure company and recharging them to reflect the time and cost to the authority.

Members asked if there was a conflict of interest for Internal Audit undertaking the audit work for South Ribble Leisure Trust. The Service Lead (Audit and Risk) stated that there was not. The Director of Governance added that the audit for the South Ribble Leisure trust would be provided to Governance Committee as part of the Annual Governance Statement. External audit would be undertaken of the companies' accounts.

The committee agreed to vote separately on the recommendations within the report.

Resolved:

(For: 4 Abstain: 3)

For: Councillors Ian Watkinson (Chair), Colin Sharples, Ange Turner and Kath Unsworth.

Abstain: Councillors Damian Bretherton, Alan Ogilvie and Margaret Smith.

1. The committee approve the Internal Audit Plan and associated indicators.

(Unanimously)

2. That the committee approve the Internal Audit Charter.

43 Auditor's Annual Report

This item was delayed in order to make alternative arrangements for the External Auditors to attend the meeting remotely.

The committee considered a report of the External Auditor's which provided an assessment of the Council's value for money arrangements and opinion on the financial statement.

The External Auditor advised members that the report was retrospective and explained that in the previous report 2 statutory recommendations had been issued to the authority, however these had not been renewed. The External Auditors were satisfied the Council had made sufficient progress in those areas.

The External Auditors explained they had found some weaknesses in some of the Governance arrangements, but reminded members the report was retrospective and was looking at 2021. The council had undertaken a lot of work in order to make improvements with just a couple of areas left to bring arrangements up to expected requirements. Two recommendations for improvement were issued for financial sustainability; refining formal reporting to members on sensitivity analysis and scenario planning and providing a clear distinction between controllable and non-controllable spending in the budgetary information to members.

Members sought clarification on the use of both acceptable and reasonable, in response the External Auditor confirmed that the meaning was the same and both phrases were used interchanging. Moving forwards the External Auditor would use one common phrase.

Members asked if the waiver process had been amended in line with the External Auditor's recommendation, the Director of Governance explained that one recommendation had been implemented already with the waiver process amended. A waiver form had been introduced and amendments had been made, a new contract management system had also been implemented.

Members asked the External Auditor if the Housing Benefit recertification work had been completed and the External Auditor confirmed that the claim was certified on Friday 25 March.

Resolved:

The committee note the report.

44 Local Code of Corporate Governance

The Director of Governance presented a report which sought to update members on the outcome of a review of the Local Code of Corporate Governance and sought approval of the code.

The Director of Governance explained the Council had adopted a local code for a number of years as it was best practice, although not required by statute. The code is reviewed each year in accordance with CIPFA guidance and members were asked to consider the revised document.

The Local Code of Corporate Governance was substantially the same as the previous version, however the appendix had now been moved into the body of the document for presentational reasons.

Members indicated a preference for tracked changes, in order to locate the changes easier.

Resolved (Unanimous)

Members approve the Local Code of Corporate Governance at Appendices A and B.

Chair

Date