

## **Report of the Governance Committee**

1. Any recommendations on the reports that require a decision by full Council appear as separate items on the agenda.
2. Please note that the report may not necessarily reflect the wording used in the minutes.

## **Meeting held on 7 March 2023**

### **Matters arising from the minutes of the last meeting**

3. The Chair informed the Committee that, pursuant to Minute 38, he had now written to the Chief Executive and that copies of the letter would be circulated to the Committee at this meeting.
4. Councillor Mrs Smith expressed her concern that the wishes of the Committee had only just been acted upon and that they should have been addressed shortly after the last meeting. She requested that her dissatisfaction with implementing the decision at such a late stage be recorded.

### **Audit Progress Report and Sector Update**

5. Matt Derrick, External Auditor, Grant Thornton presented the Audit Progress report and Sector Update for year ending 31 March 2023.
6. A query was raised as to the reasons for the delay on the value for money report given it had been initially promised in September 2022 and was now expected in May 2023. Mr Derrick stated that the statutory requirement was that the value for money report must be published within three months of the Audit Findings Report and so they would still be compliant in bringing the report to the next meeting. He also indicated that they were currently following up on an internal audit report issued recently as part of their work in this area.
7. The Committee agreed to note the Audit Progress Report and Sector Update.

### **Final Audit Findings Report 2021-22**

8. Matt Derrick, External Auditor, Grant Thornton presented the Audit Findings Report 2021-22.
9. A query was raised in relation to page 29 on the Action Plan – Audit of Financial Statements, i.e. as to the delay in resolving the cash to bank reconciliation recommendation which was still outstanding and whether the recommendations due by 31 March 2023 would be achieved.

10. Louise Mattinson, Director of Finance indicated that following the discussion at the January Governance Committee on this point, she had circulated to Governance Committee Members the details of the accounts and amounts involved; the issue related to a few accounts with small balances and little or no activity on them . She explained that the Council was now working to streamline the accounts held. She confirmed that the Auditor’s recommendations would be complied with.
11. She also indicated that the Council was in the process of actioning the two recommendations due by 31 March 2023.
12. In response to a query concerning the valuation of the McKenzie Arms properties, Louise Mattinson informed the Committee that a valuation had been requested as at 31 March 2023. She agreed to provide a confirmation to the Committee after the meeting as to whether it will be treated as an Operational Asset or an Investment Property, for valuation purposes and categorisation within the Statutory Accounts.
13. Louise Mattinson, Director of Finance then presented an addendum to the item, requesting approval of the adjustments to the Statement of Accounts 2021-22 following the completion of the external audit by Grant Thornton.
14. The Committee resolved:

That the Audit Findings report 2021-22 be noted; and

That the adjustments to the Statement of Accounts 2021-22 detailed at paragraph 10 in the addendum to the report, be approved.

### **Internal Audit Plan and progress update**

15. Dawn Highton, Head of Audit and Risk presented a report setting out the programme of work to be undertaken by the Internal Audit Service April 2023 – September 2023.
16. The report also included the final internal audit report for the Waste Management Service. The audit was the first scheduled review for South Ribble Waste Management Service since it was brought in house on 11 June 2022. A “Limited” assurance rating had been awarded for this review.
17. Dawn Highton confirmed that all of the actions in the Management Action Plan due by January 2023 had been completed.
18. Members expressed concerns regarding the issues highlighted in the Waste Management Service report and cited in the Management Action Plan, including:
  - Significant health and safety risks highlighted in the review
  - The need for CCTV for the Waste Collection Fleet

- Lack of clear roles and responsibilities for officers (action 4)
  - Insufficient staffing levels, leading to increased overtime and risk of increased sickness levels and unsafe practices (action 5)
  - Issues relating to induction and training (action 6)
19. Asim Khan, Director of Customer and Digital addressed the Committee. He gave the background to the report which was that the review had been voluntarily requested following the service going in house in June 2022. He stressed that some issues had not been revealed until the Council took full control of the service. Previously there had been a high degree of dependency on agency employees to deliver the day to day service, however now the service had been taken in house this had been substantially reduced. He indicated that as a result of taking the service in house, whilst allowing for a range of factors (e.g. inflationary pressures on fuel prices), the net saving was estimated to be approximately £20,000. The exact figure would be confirmed after the meeting.
20. He informed the Committee that a new Head of Service was due to start on 18 April 2023 following a major restructure and that the priority for the postholder would be to ensure all actions due by December 2023 were completed.
21. In response to a query was raised as to the number of residential properties not recycling correctly, Asim agreed to provide the information outside the meeting.
22. With regard to the procurement of CCTV, Asim indicated the recommendation was a challenge, however he was due to conclude commercial discussions by the end of March. He indicated that an update would be provided to the Committee.
23. One member expressed concern about the breach of the first line of defence (i.e. senior management level - page 30) which had also appeared in previous service reviews. The Director of Governance, Chris Moister assured the Committee that the actions in relation to previous reviews had been implemented. The Director of Customer and Digital stressed that there had been a review of senior level posts and the need for greater resilience at senior level would be addressed.
24. In response to a member query Asim Khan indicated that he would confirm to Committee if action 12, in relation to website testing had now been completed.
25. There were a number of queries in relation to actions 10, 14 and 15 which were due March 2023 / May 2023. Arising from a query relating to reporting of “near misses” (i.e. before and after insourcing the service), Asim undertook to provide additional information after the meeting.
26. It was agreed that the Committee be provided with progress updates on actions still outstanding, particularly those not due to be completed until by December 2023.

27. It was agreed that in the Internal Audit Annual Report to Committee, each of the reviews be taken in turn together with progress on each action.

28. The Committee resolved:

1. That the Internal Audit Plan and associated indicators be approved;
2. that the Committee be provided with progress updates on actions still outstanding, particularly those not due to be completed until by December 2023.
3. That in the Internal Audit Annual Report to Committee, each of the service reviews be taken in turn together with progress on each action.

### **Local Code of Corporate Governance**

29. The Director of Governance presented a report updating members on the outcome of a review of the Local Code of Corporate Governance.

30. Committee agreed that the Local Code of Corporate Governance at Appendices A and B to the report be approved.

Councillor Ian Watkinson  
Chair of the Governance Committee