

**MINUTES OF GOVERNANCE COMMITTEE**

**MEETING DATE** Thursday, 14 March 2019

**MEMBERS PRESENT:** Councillors Alan Ogilvie (Chair), James Patten (Vice-Chair) and Michael Green

**OFFICERS:** Tim Povall (Deputy Chief Executive of Resources and Transformation (Section 151 Officer)), Janice Bamber (Interim Head of Shared Assurance Services), Dave Whelan (Legal Services Manager/Interim Monitoring Officer), Paul Hussey (Director of Customer and Digital), Kevin Conway (Head of Customer Experience and Data Protection Officer), Simon Hardman (Grant Thornton PLC), Mark Heap, Dianne Scambler (Governance and Member Services Team Leader) and Coral Astbury (Trainee Governance and Member Services Officer)

**OTHER MEMBERS AND OFFICERS:** Darren Cranshaw (Assistant Director of Scrutiny & Democratic Services), Councillor Susan Snape (Cabinet Member (Finance)) and Jane Blundell (Deputy Section 151 Officer)

**PUBLIC:** 0

**44 Apologies for absence**

Apologies for absence were received from Councillors Warren Bennett, Paul Foster and David Suthers.

**45 Declarations of Interest**

There were no declarations of any interest.

**46 Thank You**

As this would be the last meeting of the municipal year the Chair thanked all Committee Members for their attendance and service to the Governance Committee.

The Chair also thanked Councillor Susan Snape for her support as Cabinet Member for Finance as well as the External Auditors and Officers.

**47 Minutes of the Last Meeting**

The minutes of the Governance Committee meeting held 24 January 2019 to be agreed as a correct signing for by Chair.

**48 Audit Progress Report and Sector Update**

The Committee received a report of the External Auditor detailing the progress made in the delivery of their responsibilities. The audit was progressing as expected and all interim work was completed. Plans were now being made to complete the 2018/19 final plan by mid-April.

A general sector update was also provided which provided insight on issues relevant to the Committee and accounting and regulatory updates.

The Chair highlighted a mis-type on the report provided, stating that on the Value for Money section July 2018 should be July 2019.

In response to the Chair the External Auditors explained that if the Interim Audit findings report identified anything which needed attention it would be reported back to Officers and if deemed appropriate, the Committee.

Referring to the Audit Progress Report the Vice Chair asked the External Auditors how common it was that Governance Committees should have independent members. It was explained that there is an increasing number of Independent Persons on Governance Committee's with the purpose being to challenge Officer's and decisions. Often the independent person is someone with a finance background and will have a slightly different perspective to a member. This was something that the Committee may wish to consider in the future.

Members queried the article on local authority trading companies and asked for examples of these and how successful they were. The External Auditors responded that there had been successful examples of Local Authorities trading in the Affordable Housing sector, and that these authorities were smaller than South Ribble. Colleagues at Grant Thornton were available to progress this further with the Council officers if required. In the meantime detailed information would be circulated to the Committee.

RESOLVED: (Unanimously)

That the report be noted.

#### **49 External Audit Plan - Year Ending 31 March 2019**

The External Auditors presented a report which provided an overview of the planned scope and timing of the statutory audit of the Authority. Members were advised that the approach undertaken was risk based and focused on the main risks such as financial sustainability and the Section 24 notice that was served on last year's accounts. The External Auditors advised that for the 2018/19 they would be using a new audit tool called LEAP. The Vice Chair commented that he was pleased to see that the audit should be completed by the earlier deadline of 31 July.

In response to the Chair the External Auditor confirmed that there had been no new risks identified during the course of work undertaken so far.

The External Auditor advised the Committee on a number of systems that would be used to complete the audit sufficiently, that included LEAP.

The Director of Customer and Digital also assured Members that as the Digital Strategy was now live they would work towards bringing in the use of Inflow, a management system which will give the External Auditors a tool to communicate with finance and to monitor audit queries.

RESOLVED: (Unanimously)

That the report be noted.

## 50 General Data Protection Regulation (GDPR) Update

The Committee considered a report of the Director of Customer and Digital that provided an update on the General Data Protection Regulation (GDPR) progress to date and sought comments on the draft Data Protection Policy and Data Breach Policy, both of which had been updated following the implementation of GDPR.

The GDPR officer explained that an initial log of actions to be taken under twelve distinct categories had been identified and great strides had been made by Officers to make the Council compliant in most areas over the past twelve months. The Plan is a live document and is updated at regular intervals.

The Committee queried why the current staff awareness level was only at 83% and asked how this could be made higher. The General Data Protection Officer updated members that since publication of the agenda the level of staff awareness has now risen to 94%. Special arrangements were also in place for members of staff who cannot access a computer. Further work was needed to make both staff and Members more aware and plans were in place to provide additional training.

Members raised concern about how awareness would be developed with other Members. Assurances were given that the General Data Protection Officer would be working closely with Democratic Services to ensure that GDPR is included in the new member induction which will commence in May. Members of the Committee commented that the training would need to be relevant and interesting and that possibly a case study should be around a Councillor Data breach.

Members commented on a number of areas within the policies that would be amended accordingly before publication.

RESOLVED: (Unanimously)

1. That the report be noted.
2. The wording altered in Appendix A Section 5 (page 56) to read, ““All staff should be aware that any deliberate breach of Data Protection legislation will result in the Council’s Disciplinary Procedures being instigated.”
3. The title of Deputy Chief Executive in the responsibilities section of both Appendix A and B be changed to read, “Deputy Chief Executive of Resources and Transformation”.

**51 2018/19 Closure of Accounts - Approval of Accounting Policies to be included in the Statement of Accounts 2018/19**

The Committee considered a report from the Deputy Chief Executive, Resources and Transformation (Section 151 Officer) that sought approval of the Statement of Accounting Policies 2018/19 and provided information on the current and future accounting changes in the Code of Practice on Local Authority.

It is considered best practice and in line with proper accounting practices that the proposed accounting policies for the year, which will form part of the published Statement of Accounts are approved each year by the Governance Committee.

Members were assured that there was only minor textual amendments to the report, in respect of revised accounting requirements for the recognition of revenue income and presentation of information in respect of investments and other financial assets. The textual amendments were highlighted in yellow on Appendix A of the report. The Chair commented that it was useful to see what had been changed from the previous statement.

RESOLVED: (Unanimously)

That the report be noted.

**52 Internal Audit Progress Report as at 1 March 2019**

The Interim Head of Shared Assurance Services presented a report that had been requested by the Committee at the last meeting.

Currently 74.5% of work was completed in comparison to 77% in 2017/18. The report outlined the work undertaken in 2018/19 and gave the individual opinion of the internal control environment of that work. Any remaining work was expected to be completed by 31 March 2019. The Deputy Chief Executive, Resources and Transformation (Section 151 Officer) highlighted that given the recent resource issues the percentage of completed work by the team was very good.

The Interim Head of Shared Assurance Services explained that some of the audit days would be carried forward due to major service reviews which would result in the audit needing to be recompleted. Members agreed that the completion rate was comparable to previous years and that the reasoning behind carrying work over to next year was sensible.

Members expressed concern over the resource and capacity of the team in completing the Internal Plan. The Interim Head of Shared Assurance Services assured Members that the Audit was planned based on the current resources and work commitments of the team. The Service was currently undertaking a review and once completed the plans would be reviewed.

RESOLVED: (Unanimously)

That the report be noted.

### **53 Internal Audit Plan 2019/20**

The Interim Head of Shared Assurance Services presented a report that informed members of the revised approach to Audit Planning for 2019/20. The report also sought approval of the Internal Audit Plan for a three month period April to June 2019 in line with revised methodology. This plan would provide a details of activity planned by taking a more flexible approach with a view to providing a further six to nine month plan in the future.

The Council is currently undergoing a significant period of transformation that the Service needs to be able to react to. A flexible approach will allow sufficient time to explore the audit methodologies to provide a more robust opinion. It will also allow the Council to review and adjust the plan in response to changes in the Council risks, operations, programmes and systems of control.

RESOVLED: (Unanimously)

1. That the report be noted.
2. A twelve month Internal Audit Plan 2019/20 is to be provided at the next Governance Committee meeting.

Chair

Date