

MINUTES of a meeting of the AUDIT AND GOVERNANCE COMMITTEE held in the Council Chamber, Council Offices, Coalville on WEDNESDAY, 4 DECEMBER 2019

Present: Councillor V Richichi (Chairman)

Councillors D Harrison, C C Benfield, D Bigby, M D Hay and S Sheahan

Officers: Mrs T Bingham, Miss A Wright, Mrs L Marron, Mrs M Long and Mr L Sebastian

External Audit: Mr M Surridge

20. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors J Clarke, L A Gillard and S Gillard.

21. DECLARATION OF INTERESTS

Councillor D Harrison declared a non pecuniary interest in any finance related items which may relate to the pension fund given that he sat on the Pensions Board at County Hall.

22. MINUTES

Consideration was given to the minutes of the meeting held on 9 October 2019.

RESOLVED THAT:

The minutes of the meeting held on 9 October 2019 be approved as a correct record and signed by the Chairman.

23. EXTERNAL AUDIT PROGRESS REPORT

The Committee considered a report presented by the External Auditor, which set out the details of the external auditor's progress report. The report included updates on the progress in relation to Mazars' audit of the Council and other non-audit work, together with a summary of recent relevant technical and sector publications.

In response to questions from Members, it was explained that future reporting would include a more detailed narrative as an extension to the current reporting arrangements. Currently the reporting was on an exceptions basis but the proposal is to include a detailed commentary on both positive and negative aspects. Members welcomed this move, as they felt this would help lead to positive discussions.

Discussions turned to the issue of the pension fund and, specifically the reference to the high degree of estimation and uncertainty resulting from the provision of the actuary's valuation. It was confirmed that the pension fund is aligned to that of Leicestershire County Council Local Government Pension Scheme and assurances were given that actions were being taken to amend the budget accordingly to accommodate any issues identified through the triannual valuation. Such outcomes, including the likely contribution rates set by the triennial valuation for 2020 and beyond, would flow through the Medium Term Financial Strategy (MTFS) for next year.

It was moved by Councillor Harrison, seconded by Councillor Richichi and

RESOLVED THAT:

The report be noted.

Chairman's initials

24. ANNUAL AUDIT LETTER

The Committee considered a report presented by the External Auditor on the Annual Audit Letter which provided a summary of the audit work undertaken in the last year by Mazars LLP.

It was moved by Councillor Richichi, seconded by Councillor Bigby and

RESOLVED THAT:

The report be noted.

25. INTERNAL AUDIT PROGRESS REPORT

The Committee considered a report presented by the Audit Manager on the progress made in relation to the internal audit plan for 2019/20 and which highlighted any incidences of significant control failings or weaknesses that had been identified. It was acknowledged that this was an interim report pending the completion of the full Quarter 3 report being submitted at the next meeting in March 2020.

In response to questions from Members, it was confirmed that the issue around expenses and reimbursement was more specifically around the submission of petrol receipts when claiming expenses for travel. There was nothing to suggest that claims were being made for travel that had not taken place, but receipts are required in order to claim back the VAT. A further point related to the re-emphasis to all managers of the need to ensure that all the required driving documentation was checked. Lastly, reference to the claiming of professional fees was around the need to revisit the policy as this was outdated and there was a need to update this to ensure that consistency was being applied across all services.

Attention turned to the issue of sundry debts and, more specifically, the type of debts and the value of the sums that are written-off. It was acknowledged that these are reported through Cabinet and can range from individuals not paying for specific services, trade waste and business rates. The reasons for non-collection could include being untraceable, deceased or statute barred.

The Head of Finance agreed to circulate a copy of the Cabinet report, which set out the latest position in relation to sundry debts, outside the meeting.

With reference to the Council's Contractors Policy Statement, it was confirmed that this action had now been completed and the acronym IOSH was clarified as being the Institute of Safety and Health. It was considered that the term SHE ASSURE was not an acronym but the name of a system.

It was moved by Councillor Harrison, seconded by Councillor Bigby and

RESOLVED THAT:

The report be noted

26. PROGRESS OF IMPROVEMENTS IDENTIFIED THROUGH ANNUAL GOVERNANCE REVIEW 2018/19

The Committee considered a report presented by the Head of Finance which provided an update in respect of progress made against improvements identified as part of the 2018/19 Annual Governance Statement.

By affirmation of the meeting it was

RESOLVED THAT:

The report be noted.

27. STANDARDS AND ETHICS - QUARTER 2 REPORT

The Committee considered a report presented by the Legal Services Team Manager which set out the figures for local determination of complaints and the ethical indicators for Quarter 2 of 2019/2020.

In response to questions from Members it was noted that Business as Usual referred to standard services requests which could be dealt with quickly. A costing exercise had not been undertaken in relation to Freedom of Information requests but this could be looked at if Members so wished. There was some concern that a blanket refusal was being used to prevent information being divulged about Brexit. However, Members were reassured that this was not the case but this was an exempted area and the requests received in relation to the Council's preparations for Brexit had been properly sanctioned. Members asked whether they could be provided with a list of exemptions which had been applied and it was agreed that this would be included in future reports.

In response to a question in relation to the case of potential modern slavery, and the house of multiple occupation, it was reported that the detail of how this was identified would be reported back.

By affirmation of the meeting it was

RESOLVED THAT:

The report be noted.

28. CORPORATE RISK UPDATE

The Committee considered a report presented by the Head of Finance, which provided the Committee with an update in respect of the Council's corporate risk register.

In response to questions from Members, it was confirmed that the IT system which may be affected in the event of a 'No Deal' Brexit was that associated with East Midlands Airport and the checking of imports; as this was an EU based system. However, a new system had been designed and tested in readiness for the switchover.

Assurances were sought by Members and provided by officers that careful consideration was being given to the movement of risk associated with leaving the EU with no deal.

By affirmation of the meeting it was

RESOLVED THAT:

The report be noted.

Chairman's initials

29. TREASURY MANAGEMENT ACTIVITY REPORT

The Committee considered a report presented by the Finance Team Manager which informed Members of the Council's Treasury Management activity undertaken during the period April 2019 – October 2019.

In response to questions from Members, it was reported that a climate change consultation group was currently working on a carbon neutral roadmap, the findings of which may realise some recommendations.

There was some concern that the Council was not taking reasonable actions to address the issue of climate change, particularly given that it had passed a climate emergency motion and it was felt that this was an opportune time to look at investment opportunities and funding in this regard. In response, it was reported that the work of the consultants would be reported to Council to give them a clearer understanding before it commits any funding. It was further acknowledged that the Council's Treasury Management Strategy would be reviewed as part of any considerations in due course. The Treasury Management Strategy is due to be considered by Scrutiny on 8th January 2020.

With reference to the graph shown on page 86 of the agenda, which set out the monthly average values invested, it was agreed that further details on this would be provided outside the meeting, specifically the green projection line up to March.

By affirmation of the meeting it was

RESOLVED THAT:

The report be noted.

30. COMMITTEE WORK PLAN

The Committee considered its current work plan and was asked to consider whether any items should be added.

No items were added to the work plan.

By affirmation of the meeting it was

RESOLVED THAT:

The committee work programme be noted

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 8.00 pm

Chairman's initials