

MINUTES of a meeting of the AUDIT AND GOVERNANCE COMMITTEE held in the Remote Meeting using Microsoft Teams on WEDNESDAY, 20 JANUARY 2021

Present: Councillor S Gillard (Chairman)

Councillors C C Benfield, D Bigby, J Clarke, M D Hay, V Richichi, S Sheahan and M B Wyatt

Officers: Mr A Barton, Beavis, Mrs T Bingham, Mr T Delaney, M D'Oyly-Watkins, Mrs L Marron, Mrs R Wallace and Miss E Warhurst

External Audit: M Butler and Mr M Surridge

**34. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors D Harrison and K Merrie.

**35. DECLARATION OF INTERESTS**

There were no declarations of interest.

**36. MINUTES**

Consideration was given to the minutes of the meeting held on 24 November 2020.

It was moved by Councillor J Clarke, seconded by Councillor V Richichi and by affirmation of the meeting it was

RESOLVED THAT:

The minutes of the meeting held on 24 November 2020 be approved as a correct record.

**37. COMMITTEE WORK PLAN**

The Committee considered its current work plan.

By affirmation of the meeting it was

RESOLVED THAT:

The Committee work plan be noted.

**38. 2019/20 AUDIT COMPLETION REPORT**

The External Auditors presented the report to Members.

Members were asked to reaffirm the resolutions made at the previous meeting in relation to the approval of the management representation letter.

It was moved by Councillor J Clarke, seconded by Councillor S Gillard and by affirmation of the meeting it was

RESOLVED THAT:

- 1) The report be noted.
- 2) The agreement of the management representation letter made at the meeting on 24 November be reaffirmed.

Chairman's initials

**39. INTERNAL AUDIT PROGRESS REPORT**

The Audit Manager presented the report to Members.

It was moved by Councillor S Sheahan, seconded by Councillor V Richichi and by affirmation of the meeting it was

RESOLVED THAT:

The report be noted.

**40. EXTERNAL QUALITY ASSESSMENT OF INTERNAL AUDIT**

The Audit Manager presented the report to Members.

It was moved by Councillor S Gillard, seconded by Councillor V Richichi and by affirmation of the meeting it was

RESOLVED THAT:

The report be noted.

**41. TREASURY MANAGEMENT ACTIVITY REPORT APRIL 2020 TO DECEMBER 2020**

The Finance Team Manager presented the report to Members.

In response to a question regarding negative interest rates, the Finance Team Manager assured Members that all investments were monitored on a weekly basis. The Head of Finance also stressed the importance of protecting the cash invested.

It was moved by Councillor M Hay, seconded by Councillor D Bigby and by affirmation of the meeting it was

RESOLVED THAT:

The report be approved.

**42. UPDATE ON STATUS OF IMPLEMENTATION OF ANNUAL GOVERNANCE STATEMENT IMPROVEMENTS**

The Head of Finance presented the report to Members.

It was moved by Councillor S Gillard, seconded by Councillor J Clarke and by affirmation of the meeting it was

RESOLVED THAT:

The report be noted.

**43. CORPORATE RISK UPDATE**

The Strategic Director presented the report to Members.

A Member raised concerns regarding the perceived acceptance of the high-risk items as they were marked as being stable even though given a high rating. The Strategic Director explained that all highlighted risks were currently in the process of being reviewed and most already had measures in place to reduce the rating which were not yet complete. It

Chairman's initials

was agreed for more narrative to be included in reports around the high-risk ratings going forward.

It was moved by Councillor S Gillard, seconded by Councillor C Benfield and by affirmation of the meeting it was

RESOLVED THAT:

The report be noted.

At this point in the meeting; Councillor M B Wyatt left the meeting.

#### **44. STANDARDS AND ETHICS - QUARTER 3 REPORT**

The Head of Legal and Commercial Services presented the report to Members.

It was moved by Councillor V Richichi, seconded by Councillor J Clarke and by affirmation of the meeting it was

RESOLVED THAT:

The report be noted.

#### **45. EXCLUSION OF PRESS AND PUBLIC**

Concerns were raised on the confidentiality of the following item as some Members felt that the matter was of public interest and therefore should be considered in public. Members were given advice regarding matters of public interest and it was suggested that a further report could be brought back to the committee containing the information in a way that could be presented to the public, if required.

As a result of further discussions, Members were comfortable to discuss the matter in private if it was to be reported to the public in the future.

It was moved by Councillor V Richichi, seconded by Councillor J Clarke and by affirmation of the meeting it was

RESOLVED THAT:

In pursuance of Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the remainder of the meeting on the grounds that the business to be transacted involves the likely disclosure of exempt information as defined in Paragraph 1,2 and 3 of Part 1 of Schedule 12A to the Act and that the public interest in maintaining this exemption outweighs the public interest in disclosing the information.

#### **46. RENEWABLE HEATING INCENTIVE**

The Strategic Director presented the report to Members

Following a full debate, Members felt that a public note should be added to the minutes and agreed on several points to be included.

Members agreed for the exact wording of the note to be drafted by the Strategic Director and circulated to the Committee. The final note would be agreed by the Chairman of the Committee.

Chairman's initials

It was moved by Councillor S Gillard, seconded by Councillor V Richichi and by affirmation of the meeting was

**RESOLVED THAT:**

- 1) The outcome of the management investigation into failure to claim external funding for the RHI programme be noted.
- 2) The 2021/22 Audit Programme include an item to consider high value grant claiming across the council.
- 3) The approach to reporting as set out in section three of the report be agreed.
- 4) A public note be added to the minutes reporting the failure to claim.
- 5) The Strategic Director, in consultation with the Chairman of the Audit and Governance Committee, be requested to draft the wording of the public note to include the points made by the Committee.
- 6) A further public report be considered at the next meeting of the Audit and Governance Committee covering the outstanding issues raised.

Councillor M B Wyatt left the meeting at 7.00pm

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 8.22 pm

**Note:**

As agreed by the Committee during the meeting the following note has been placed on the minutes in relation to minute no 46 – Renewable Heating Incentive:

This item covered a loss of £667k to the HRA capital fund, due to failing to claim grants from a government programme. The issue commenced in 2018/9, and was identified in 2019/20. This loss takes the form of a series of grant payments over a seven year period.

An internal investigation has been conducted and a series of corrective measures have been put in place to prevent a similar issue from occurring, and further work will build on the lessons learnt from this issue. The primary issue at fault was a failure of the council's first line controls at that time. The internal investigation also concluded it is not possible to take any further action regarding any member of staff.

The portfolio holder is intending to make a statement at the full council in February 2021 to ensure full transparency.

This committee will receive an update into the remaining outstanding issues they wished to be assessed. This includes a timeline of events, remedial actions put in place, and further consideration as to whether any retrospective action can be progressed.

Chairman's signature