

MINUTES of a meeting of the AUDIT AND GOVERNANCE COMMITTEE held in the Virtual Teams Meeting on WEDNESDAY, 21 APRIL 2021

Present: Councillor S Gillard (Chairman)

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

Officers: Mr A Barton, Mr D Bates, Mr T Delaney, Mrs L Marron, Mrs R Wallace, Miss E Warhurst and Miss A Wright

External Audit: Mr M SurrIDGE

47. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor D Harrison.

48. DECLARATION OF INTERESTS

There were no declarations of interest.

49. MINUTES

Consideration was given to the minutes of the meeting held on 20 January 2021.

It was moved by Councillor V Richichi, seconded by Councillor S Sheahan and

RESOLVED THAT:

The minutes of the meeting held on 20 January 2021 be approved as a correct record.

50. EXTERNAL AUDIT STRATEGY MEMORANDUM

The External Auditor presented the report to Members.

Some concern was raised that the shortfall in receipt of grants for the Renewable Heating Incentive was not detailed, questions were asked if there was a plan to report this loss. The External Auditor clarified that as the amount was below the error reporting threshold and therefore not classed as a material amount, the error would not be investigated by External Audit. Members were also reminded that External Audit could only have an opinion on what was in the financial accounts and if a sum of money was not claimed, it was not classed as income and therefore would not warrant an investigation. The Strategic Director also confirmed that the error was included in the Annual Governance Statement in the previous financial year and would be tracked in the usual way going forward.

Further discussion was had on the matter, resulting in the External Auditor providing clarification on a number of areas including income recognition, performance materiality and the levels of materiality.

It was moved by Councillor K Merrie, seconded by Councillor J Clarke and

RESOLVED THAT:

The report be noted.

Chairman's initials

51. 2019/20 ANNUAL AUDIT LETTER

The External Auditor presented the report to Members and reaffirmed that the report had been to Committee before but had been brought back to Members following the receipt of the awaited pensions information.

Several questions of clarity were addressed by the External Auditor and the Head of Finance in relation to the pension shortfall.

In response to a question from a Member in relation to how the leisure centre project would be monitored due to the financial risk, the External Auditor confirmed that External Audit would not look at specific detail of a project of that nature as it was not part of their scope.

It was moved by Councillor K Merrie, seconded by Councillor V Richichi and

RESOLVED THAT:

The report be noted.

52. TREASURY MANAGEMENT STEWARDSHIP REPORT 2020/21

The Finance Team Manager presented the report to Members.

Several questions of clarity were addressed by the Finance Team Manager in relation to a number of breaches within the report and financial investments.

In response to a question from a Member in relation to the carbon footprint of the financial investments, the Finance Team Manager advised that the Council was signed up to the 2030 Carbon Promise and would provide further information outside of the meeting.

It was moved by Councillor J Clarke, seconded by Councillor K Merrie and

RESOLVED THAT:

The report be noted.

53. ACCOUNTING POLICIES AND MATERIALITY 2020/21

The Finance Team Manager presented the report to Members.

It was moved by Councillor C Benfield, seconded by Councillor K Merrie and

RESOLVED THAT:

- 1) The draft accounting policies for the 2020/21 financial statements as detailed in appendix A be approved.
- 2) The materiality levels as set out in appendix B be approved.

54. INTERNAL AUDIT PROGRESS REPORT

The Audit Manager presented the report to Members.

Members raised concerns in relation to the high priority Health and Safety recommendation which had been ongoing for some time. The Audit Manager confirmed that there was some movement with the recommendation but due to a number of reasons,

Chairman's initials

including the implementation of the new system, it had not been completed as quickly as she would have liked, therefore it would continue to be carried forward. It was also confirmed that the recommendation would be reviewed in June and progress would be reported back to the Committee. A Member asked if the Committee could do anything to raise the importance of the recommendations. The Audit Manager agreed to feed the views of the Committee back to the service area.

A Member commented on the lack of detail included in the 'Environment and Climate Change' box within the policies and other consideration section of this report and others on the agenda. Considering there was not much progress on the carbon footprint target, the Member asked if it was something that could be included in the audit plan. Members were advised that it was not appropriate for the audit plan at this time and were reminded that Internal Audit were not the only line of assurance. The Strategic Director assured Members that the Council Delivery Plan would be addressing the Council's carbon footprint, plus an update report would be considered at the Corporate Scrutiny Committee in June.

A discussion was had on recommendation seven for safeguarding in relation to the Council's policy for DBS checks and the current discrepancy between the service area and Internal Audit about the need for annual checks which had not been resolved. The Audit Manager explained the process of making recommendations and that occasionally there was a difference of opinion. Members raised concerns as they believed that annual DBS checks should be carried out even though it was not a legal requirement. As most of the committee felt it was an unacceptable risk, the Audit Manager was asked to feed the comments back to the service area.

In response to questions relating to the overdue commercial lettings recommendations, the Audit Manager confirmed that actions were in progress and an update would be circulated to Members outside of the meeting once concluded.

It was moved by Councillor K Merrie, seconded by Councillor J Clarke and

RESOLVED THAT:

The report be noted.

Councillor M B Wyatt left the meeting at the conclusion of this item.

55. INTERNAL AUDIT 2021/22 ANNUAL AUDIT PLAN.

The Audit Manager presented the report to Members.

Several questions of clarity were addressed by the Audit Manager in relation to the Green Homes Grant and high value grant claims.

It was moved by Councillor S Gillard, seconded by Councillor K Merrie and

RESOLVED THAT:

- 1) The report be noted.
- 2) The 2021/22 Internal Audit Annual Plan be approved.

56. STANDARDS AND ETHICS - QUARTER 4 REPORT

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

Chairman's initials

A Member questioned the number of outstanding complaints and the current stages of any ongoing investigations as the report did not have this detail. The Head of Legal and Commercial Services confirmed that there was not a back log of complaints and agreed to include more detail for clarification on reports going forward. She also confirmed that there was one ongoing investigation.

In response to a request from a Member, the Head of Legal and Commercial Services agreed to provide information on the exemptions of FOI requests with some examples of how it was applied outside of the meeting.

It was moved by Councillor S Gillard, seconded by Councillor J Clarke and

RESOLVED THAT:

The report be noted.

57. DRAFT MEMBER CONDUCT ANNUAL REPORT

The Head of Legal and Commercial Services presented the report to Members and added that following the request from a Member on the previous item, the report would include a summary of ongoing investigations going forward.

It was moved by Councillor S Gillard, seconded by Councillor J Clarke and

RESOLVED THAT:

- 1) The report be noted.
- 2) The authority to make any minor amendments to the report following comments from the Audit and Governance Committee be delegated to the Head of Legal and Commercial Services and Monitoring Officer.

RECOMMENDED THAT:

Council endorses the Member Conduct Annual Report 2020/21.

58. CORPORATE RISK UPDATE

The Strategic Director presented the report to Members, highlighting new risk number 15 in relation to the Covid Pandemic, he confirmed that it would continue to be monitored and would be reported back to the next meeting.

It was moved by Councillor S Gillard, seconded by Councillor K Merrie and

RESOLVED THAT:

The report be noted.

59. RENEWABLE HEATING INCENTIVE (RHI) - UPDATE REPORT

The Strategic Director presented the report.

A lengthy discussion was had in relation to the RHI claim process, the timeline as detailed within the report and the staffing circumstances within the service area at the time. Clarification was also given on some of the terms used within the report in relation to the management processes. The outcome of these discussions was the concern of the amount of time it took officers to report the error to Committee. The Strategic Director

Chairman's initials

acknowledged the reporting delay as a result of the lengthy HR investigation process which itself was delayed due to the coinciding with the start of the Covid-19 pandemic.

A Member questioned the future monitoring/Audit arrangements as proposed within the report and felt that the timescale for action should include a report to a Scrutiny Committee to scrutinise any investigations when underway. The Strategic Director confirmed that it was not within the scope of Scrutiny to consider such matters and it was important that HR investigations such as these were addressed in line with the constitution by the Head of Paid Service. At the request of Members, the Head of Legal and Commercial Services confirmed that it was correct that the Committee would not be informed until the conclusion of a HR investigation and she would not recommend any other approach. However, she did suggest the possibility of keeping the Chairman of the Committee informed of such matters and would look into this approach going forward.

Some questions were raised on the reliability of the newly implemented system to ensure grant applications were made on time and assurances were sought. The Strategic Director reassured Members that the implementation of the new system was a big project with a lot of focus, that would be rigorously tested. It was also confirmed that a very experienced new Asset Manager had been appointed and would be joining the authority in a few weeks.

Members requested the opportunity to view the following full documents as referred to in the timeline as part of the report:

- Paper drafted for Cabinet Member and Leadership (18/12/19)
- Cabinet briefing papers (04/02/20)
- Internal management report (Nov 2020)

The Head of Legal and Commercial Services explained that the usual process for viewing confidential documents was to attend in person at the Council Offices, this was to ensure the report did not leave the building and that the individual Councillor could sign a register to acknowledge the confidentiality of the document. Due to the current pandemic and the limitations on attending the offices, it was agreed for the Head of Legal and Commercial Services to look into the options available and agree an approach with the Strategic Director to enable the documents to be viewed as requested.

It was moved by Councillor S Gillard, seconded by Councillor K Merrie and

RESOLVED THAT:

- 1) The additional details as requested by the committee at its last meeting be noted.
- 2) The actions regarding the claim update as contained within the report be noted.
- 3) The monitoring/audit arrangements that had been actioned as agreed at the last meeting be noted.

Councillor M B Wyatt left the meeting at 7.54pm

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 8.58 pm

Chairman's signature