

AUDIT & GOVERNANCE COMMITTEE

Thursday, 26 November 2020

PRESENT – Councillors Ron Whittle (Chair), Maureen Bateson, Mahfooz Hussain and Andy Kay

OFFICERS – Louise Mattinson (Director of Finance), Colin Ferguson (Head of Service Audit and Assurance), Firoza Hafeji (Governance Officer), Phil Llewellyn (Corporate and Democratic Lead) and John Farrar (Grant Thornton)

ALSO PRESENT – Councillor Vicky McGurk, Executive Member for Finance and Governance.

RESOLUTIONS

16 **Welcome and Apologies**

The Chair welcomed all present to the meeting and read the notice that outlined the arrangements relating to the virtual meeting.

17 **Minutes of the last meetings held on 14th January 2020 and 29th July 2020**

The Minutes of the meetings held on 14th January 2020 and 29th July 2020 were moved as a correct record.

RESOLVED – That the Minutes of the meetings held on 14th January 2020 and 29th July 2020 be agreed as a correct record.

18 **Declarations of Interest**

There were no declarations of interest received.

19 **External Audit: Progress Report 2019/20**

John Farrar gave a verbal update on the progress of Grant Thornton in delivering their responsibilities as External Auditors, and highlighted the emerging issues and developments nationally.

Members were informed that due to Covid-19 ongoing sickness absence the Councils external audit had been further delayed to October – November 2020. The External Audit Plan 2019/20 was shared with Committee in previous meetings and no further issues identified.

The audit was progressing well and no matters arising to date. Weekly progress update calls were being held between the external auditors and the Council Finance team.

The External Audit finding report would be brought to the Audit & Governance Committee meeting to be held on 12th January 2021.

RESOLVED –

- That the updates and information presented be noted.
- That the External Audit Finding Report be brought to the next Audit & Governance Committee meeting to be held on 12th January 2021.

20 Treasury Management Report - June to August 2020

The Director of Finance & Customer Services presented the Committee with a report on Treasury Management activity including a Mid-year Strategy Review for 2020/21. The report summarised the interest rate environment for the period and borrowing and lending transactions undertaken, together with the Council's overall debt position, and the position against Treasury and Prudential Indicators established by the Council.

Members noted the weekly movement in the totals available for investment, both actually to date and projections for the rest of the year. These balances had fluctuated significantly across the period, ranging between £40M and £60M. Investment balances were unusually high during this period, because of funds received from central government. Funds received from central government included both grants received in advance of their usual payment dates and additional funds in respect of extra costs and the distribution of grants to small businesses in relation to the response to the Covid-19 pandemic. It is intended that investment balances will ultimately reduce in future to between £10M and £20M.

Louise Mattinson highlighted that at 31st August, the Council had approximately £40.4M invested, compared to £45.7M at the start of the period. The breakdown of the closing investment balance was shared with the Committee.

The financial implications arising from the Treasury Management activities are reflected in the Council's overall Budget Strategy, and in ongoing budget monitoring throughout the year.

The budgets were monitored monthly and vital information collated which highlighted the additional cost received and the total loss of income due to Covid-19. Some of the loss of income due to Covid-19 was eligible for compensation from MHCLG.

RESOLVED – That the Committee noted the Treasury Management Report – 2020/21.

21 Audit & Assurance - Progress & Outcomes to September 2020

The Head of Audit & Assurance reported on the achievements and progress made by Audit & Assurance in the period from 1st July 2020 to 30th September 2020.

In terms of Corporate Governance and Risk there were nine "red" priority areas/issues across departments, by key themes, which had been identified in the summary of Director Exception/Dashboard Report and Assurance Statements for the half-year, as at 30th September 2020.

This included eight “red” priorities that remained as areas of concern from 31st March 2020 and one area had been upgraded. There were six areas of concern previously identified as “red” that had now been downgraded to “amber” or “green” in the period.

The report also highlighted Counter Fraud Activity and Internal Audits recently undertaken.

In response to questions raised by the Committee Colin Ferguson agreed to get further information from the relevant departments on the Sickness Absence theme, to identify why the priority had moved from “red” to “amber” during the Covid-19 pandemic.

RESOLVED – That the report be noted.

22 Risk Management - 2020/21 Quarter 1 Review

Colin Ferguson summarised the Risk Management report for quarter 1 in the period from 1st April 2020 to 30th June 2020.

The Committee were asked to:

- Discuss, review and challenge the progress made on the Corporate Risk Register as at the end of Quarter 1 2020/21;
- Note the risk management activity that had occurred during the period; and
- Consider the selection of Corporate Risk for the Committee to undertake a review of its assessment, control and monitoring at its next meeting.

The Corporate Risk Register contained 15 open risks at 30th June 2020.

A summary of the corporate risk details was shared with the Committee which identified that the residual risk score relating to risk 14, Safeguarding, had been increased due to the impact that Covid-19 has had on the work that Children’s Social Care carried out with the wider community.

The top three corporate risks as at 30th June 2020 were shared with Members of the Committee.

Officers have continued to liaise with colleagues across the Council to identify areas to make use of the risk management support that was available from Zurich Municipal as part of the current long term insurance agreement. Since May 2020 Zurich have provided a series of monthly webinars on a wide range of topics which have included safeguarding during lockdown, a look at the risk landscape for public services now and in the future, the impact of Covid-19 on mental wellness, Adult Social Care post Covid-19 and emerging risk management considerations for highways.

Zurich published a wider range of guidance notes during the period which covered topics such as risk control measures for the temporary closure of premises, managing additional homeworking exposure, working from home display screen equipment (DSE) risk assessments, the cyber dimension of the corona virus, planning for a return to the workplace and guidance for reopening schools.

The Committee then considered a Corporate Risk to look at the next meeting, and agreed that No.21 which related to the business continuity arrangements in place to enable the Council to recover its critical functions, core services and income generating functions during the transition and recovery phase of the Covid-19 outbreak be reviewed.

RESOLVED –

- That the report be noted
- That Corporate Risk No.21 be reviewed at the next meeting

Signed:

Date:

Chair of the meeting
at which the minutes were confirmed