

Action By

31/20 URGENT BUSINESS (AGENDA ITEM 4)

None.

32/20 DECLARATION OF INTERESTS (AGENDA ITEM 5)

None.

33/20 NON-MEMBERS WISHING TO ADDRESS THE MEETING (AGENDA ITEM 6)

Councillors Birt, Dale and Turner were in attendance.

The following Executive Members were also in attendance:

Councillor Cowen, Executive Member for Finance & Growth
Councillor Hewett, Executive Member for Contracts & Assets
Councillor Suggitt, Executive Member for Governance.

34/20 ANNUAL REPORT ON STANDARDS ARRANGEMENTS AND UPDATE ON MODEL CODE OF CONDUCT CONSULTATION (AGENDA ITEM 7)

Rory Ringer, the Democratic Services Manager presented the report.

Members were provided with a brief overview of standards work that had taken place from 1 April 2019 to 31 March 2020.

The report also provided Members with an update on the current position of the LGA's Model Code of Conduct following the recent consultation.

There had been an increase to the number of complaints in comparison to the previous year from 21 in 2018/19 to 28 in 2019/20. A brief explanation for this increase was provided.

Referring to the Model Code of Conduct, Members were reminded of the consultation that ran for 10 weeks until Monday 17 August 2020 and all Members had been sent a link to the consultation documents and were encouraged to respond direct. to the LGA through their consultation portal.

Hoey Ainscough Associates had been appointed to work with the LGA to review the Code. The LGA would be developing a final draft, based upon the feedback received which would then be presented to the LGA General Assembly in Autumn 2020. The LGA also intends to create additional guidance, working examples and explanatory text based on the new Model Code.

A subsequent report would be brought back to the Governance & Audit Committee at a later date, following the implementation of the new Code to consider any changes to the Council's current arrangements as a result of the introduction of a national code.

The Chairman asked the Democratic Services Manager if he had any idea of the timescales. Members were informed that this would depend on when the Model Code was published, the current timeframe was

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Autumn 2020, and a report would be brought back to a future meeting of the Governance & Audit Committee.

Councillor Clarke had made his own submission to the LGA but wanted to know what would happen to the Towns and Parishes that had already adopted Breckland's current Code of Conduct.

Councillor Birt wondered if this Committee in its governance role had confidence that the existing standards system was working as intended as he felt there were a number of significant issues within the system that should be investigated.

Another comment raised by Councillor Birt was in respect of the Nolan Principles and the reasons why these had been changed in the Council's Constitution.

In response, Mark Stinson, the Executive Manager for Governance was unaware of any changes to these Principles and asked Councillor Birt if he could perhaps identify where these changes were so that this matter could be investigated after the meeting.

As far as the other question was concerned, Councillor Birt was asked to put this in writing to the Chairman.

The report was otherwise noted.

35/20 CONSTITUTION - NON-KEY OFFICER DECISIONS/SIRO/LICENSING (AGENDA ITEM 8)

The Executive Manager for Governance presented the report.

The Governance & Audit Committee had authority, within their terms of reference, to consider any changes to the Council's Constitution before being presented Full Council for final approval. As a key proposed change related to call-in, the Overview and Scrutiny Commission would also be consulted in due course.

Most of the changes were relatively minor but the first and most substantial one was the matter relating to call-in.

Members were informed that in 2012, new Regulations required all executive decisions taken by Officers under delegated powers to be published unless they were minor or administrative in nature. Prior to 2012, only Officer key decisions had, by law, to be published.

The intention of these Regulations was for openness and transparency ensuring that when an Officer made a decision that was executive in nature, it was published so that Members and members of the public were aware. However, Breckland's Constitution had been worded in such a way that any published executive decisions were subject to call-in. This meant that, by accident rather than design, many relatively minor Officer decisions were now subject to call-in.

If call-in was removed from such decisions, they would still be subject to scrutiny by the Overview & Scrutiny Commission, where decision-makers could be held to account, but they would not be subject to the current

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delay of five clear working days whilst Officers waited to see if the decision was called in.

Cllr Kybird raised the following points:

- Page 21 - Appendix B section 1– (D) – Animal Welfare – should be (E)
- Page 21 - Appendix B section 2 – functions Health & Safety – re H&S 1974 the words in brackets (as amended) should be included.
- Page 22 – Appendix C - paragraph 22.22 there were 4 clauses that could cause that clause to come into action, but it was not clear whether they were ‘either’ or ‘and’ clauses and this should be clarified.
- Page 24 - Appendix E - section 56.1 (All Council Members) advises that the Chief Executive **should** write to the Member:
 1. Did it have to be the Chief Executive
 2. Should the word ‘should’ become ‘shall’.

The Executive Manager for Governance felt that these were all reasonable points and would be reviewed prior to taking the report to the Overview & Scrutiny Commission and then onto Full Council.

Cllr Clarke said that he would be happy to contact the Executive Director of Governance outside of the meeting in respect of his concerns. He appreciated the need for speed and for not ‘clogging up’ the areas when making an Officer decision and asked how many decisions had been called-in over the last 2 years.

The Executive Manager for Governance could only recall one call-in, and this had not related to an Officer decision. He advised that the vast majority of decisions were not called in and that there was an inbuilt delay of 5 clear working days.

The Chairman queried Appendix A, paragraph 7 as he felt that this was unclear. The Executive Manager agreed and would review the wording before the report progressed to Council.

As there were no further comments in respect of the remaining variations to the Constitution, it was proposed and **RESOLVED** that subject to the aforementioned amendments, the recommendations as listed be agreed.

36/20 AUDIT RESULTS REPORT 2019-20 (AGENDA ITEM 9)

Mark Hodgson, the External Auditor & Associate Partner for Ernest & Young LLP presented the audit results report.

In May 2020, Members had been provided with an overview of external audit’s scope and approach for the audit of the financial statements and had carried out the audit with a number of exceptions as a result of Covid-19.

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The report summarised the preliminary audit conclusion in relation to the audit of Breckland Council 2019/20.

Subject to concluding the outstanding matters listed in the report on page 31 of the agenda pack, it was expected that an unqualified opinion would be issued on the Council's Financial Statements.

The key findings from the 2019/20 audit and the areas of work that had been covered were explained in great detail and the Finance Team were thanked for their unprecedented cooperation.

The Vice-Chairman, Councillor Kybird referred to page 32 of the agenda pack under Section 1 – 'Going Concern' where it stated that an additional disclosure should be included in the statement of accounts at Note 31 but the highest number in the accounts was Note 30 and he asked if this was something to be completed following the review.

Mr Hodgson, the External Auditor apologised as although the wording for Note 31 had been agreed it would be actioned by Breckland as part of the final revised statement of accounts.

Mr Plaskett asked what the timescales were for completing the review of work outstanding in respect of property plant & equipment and pensions which he felt could have a significant effect on the accounts,

In response, Members were informed that this work was well underway and although there could be further adjustments, the auditors should be in a position to sign the accounts in the next 2 weeks.

Mr Plaskett then referred to page 57 of the agenda pack, the audit fee chart which he found difficult to understand.

Mr Hodgson explained that the far right hand column was the previous year's audit fee, the middle column was the scale fee that had been set by the Regulator 2 years ago and then the left hand numeric column was where the external auditors felt that scale of fee and audit work should be. The second figure in this column was for the additional work required taking into account the number of risk factors but was subject to review and approval by PSAA Ltd.

Referring to Appendix B, the request for a Management Representation letter, Mr Plaskett was surprised that the Council had not issued this yet. Members were informed that this was a standard request and he did not expect the Chief Accountant to provide him with this until the date of signing.

Having heard the discussions, Councillor Hewett, the Executive Member for Contracts & Assets felt that on all 3 options it seemed to be that any adjustments to the final accounts would be in the form of an additional disclosure rather than financial adjustments.

Councillor Birt appreciated the difficulties of completing this and it was 2 weeks away before the Council has some sort of finality and asked if it would be possible to have an update sent round to all Members of the Committee including the non-Members in attendance just to indicate where everything was at.

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The Chief Accountant pointed out that such a request had been proposed in the Statement of Accounts report, the next item on the agenda.

Subject to the conclusion of the outstanding matters; it was:

RESOLVED that the Audit Results report be noted.

37/20 AUDITED ANNUAL STATEMENT OF ACCOUNTS 2019-20 (AGENDA ITEM 10)

Alison Chubbock, the Chief Accountant & Deputy S151 Officer presented the Annual Statement of Accounts 2019-20.

The report reflected what had already been said under the previous agenda item and detailed the changes that had been made to the Accounts since being sent to the Governance & Audit Committee in June 2020, and Members were thanked for all their questions all of which had been responded to.

The Chief Accountant was pleased with the progress this year as it had been a challenge and the audit had been very different with it being remote, but all had worked very well. As the Committee were not meeting again until December, the report proposed that authority be delegated to the S151 Officer in conjunction with the Chairman of the Governance & Audit Committee to make any changes to the accounts as a result of the audit, and to approve the accounts and the letter of representation. This would result in everything being completed by the deadline of 30 November 2020.

Any changes would be sent to Members for comment or questions prior to the accounts being signed off.

Referring to pages 115 and 133 of the agenda pack, Councillor Kybird asked if further clarification could be provided in respect of the figures contained under Note 4 and for the latter, the Inland Revenue penalties for staff allowances.

In response, the Chief Accountant explained that the figures on page 133 was where it had been previously identified that the Council had not been treating the mileage payments correctly for the shared staff between Breckland and South Holland DC. This had subsequently been raised and a disclosure had been made to HMRC and as such money had been set aside at that time. This; however, had taken quite some time to resolve with HMRC but no fines had been issued.

Page 115, it was noted that the depreciation and impairment values did vary year on year and for 2019/20 the impairments had been slightly higher than in previous years.

Mr Plaskett appreciated that it was not his decision to make but felt uncomfortable with the recommendations listed in the report where it stated that delegated authority would be given to the S151 Officer and just the Chairman of the Governance & Audit Committee. In his opinion, he felt that this was not good governance, and all members of the Committee should be included in the delegation. Additionally, on page 83, there was no explanation as to what was included under fees, charges &

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miscellaneous.

In terms of the delegation, the Chief Accountant advised that in normal circumstances the Committee would be asked to approve the accounts and in terms of the fees charges and miscellaneous a description could certainly be added as these were in respect of service charges such as planning fees, licensing, recycling credits, garden waste bins etc.

Mr Plaskett felt that to prevent unnecessary questions in future he would prefer an explanation to be included.

Mark Hodgson referred to the point made by Mr Plaskett about the recommendations. It was relatively standard for the Committee to approve the accounts subject to any late material audit adjustments that would be delegated to the S151 Officer, and any material adjustments would be reported back to the Committee through an updated Audit Results report and proposed that the wording of the recommendation be amended accordingly.

The Chairman asked Members if they agreed with the proposal to amend the recommendations. Members were also assured that, as Chairman, he would consult with the Committee prior to using his delegated authority as he would welcome any feedback from Members prior to making the decision.

For clarity Mark Hodgson was asked to repeat the recommendation.

The Committee approves the financial statements subject to any late audit adjustments which would be approved through delegation by the S151 Officer and if material, the Chairman of this Committee.

Mr Plaskett felt that the Committee needed to see sight of the final results, and he did not hear that in what Mr Hodgson had suggested.

The Chairman assured Members that the amendment and what he had previously stated would be reflected in the Minutes.

Councillor Cowen, the Executive Member for Finance & Growth was aware that as a Committee the accounts could not be signed off at this meeting today which, given the pandemic and the situation that had been identified in the previous report was, in his opinion, the appropriate process. This was not the first time that the Committee had not been able to sign off the accounts and the same delegation had been given to the S151 Officer and the Chairman of the Committee in the past due to further adjustments being required. In this particular case, he felt that everyone should take heart from what the auditor had said given that in just 2 more weeks the final information would be received. Ernst & Young had found nothing to suggest that the draft accounts were going to change in any material way and felt that this was a significant benchmark that this Committee should be rightly proud of. The Finance Team had put these figures together including all the background information for Ernst & Young in these strange and difficult times which he felt should be congratulated. Councillor Cowen understood Mr Plaskett's particular concern but under the circumstances that everyone was all facing what Members had before them was an excellent report from the external auditors.

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Mr Plaskett then drew attention to page 87 of the agenda pack in regard to the capital investment spend for this year of £4.6m. There was no comment included about what that capital investment had been spent on and he wondered if a note should be included. The Chief Accountant explained that rather than repeating it twice, this information was always linked to the Cabinet out-turn report that included full details.

On page 98, Mr Plaskett had noticed a significant increase in spend on the Growth & Commercialisation Directorate and asked the Chief Accountant why this had increased by 59% increase over the year. It was agreed that this information would be sent to Members after the meeting.

On page 102, Mr Plaskett was slightly confused about the purchase and proceeds from short, and long- term investments and the fact that it had changed significantly since 2018/19. The Chief Accountant explained that the figure was quite misleading as these were each individual investment that the Council put in or out with the actual balance invested being much lower.

On page 115, Mr Plaskett had been surprised that the housing benefit figure was less for this year bearing in mind the additional work that had to be done in respect of homelessness and asked for an explanation. The Chief Accountant advised that the housing benefit numbers had been going down and had made quite a significant impact on the value but would most probably increase in the 2021 accounts due to the Covid situation.

Referring to page 139, under Note 20, and bearing in mind that this information would be going into the public domain, there had been a 20% increase to the salary for the Executive Director Strategy & Governance and an increase above inflation for the remaining Executives. He felt that an explanatory note should be included in the report. Members were informed that in an Election year, the Monitoring Officer would receive an extra payment as the Returning Officer for the Council, and the remainder of the increases were simply due to the annual pay rise of 2% in 2018-19 plus an increment plus the change in pension contributions. These figures were fairly standard and therefore, the Chief Accountant felt that it did not warrant a Note.

The Vice-Chairman explained that the Returning Officer was an artifact of statute and was paid a separate amount during an Election year.

The recommendations were proposed and seconded as amended, and it was:

RESOLVED that subject to any late audit adjustments which would be approved through delegation by the S151 Officer and if material, the Chairman of this Committee, following consultation with Members of the Governance & Audit Committee:

1. the final audited Statement of Accounts 2019-20 be approved;
2. the annual Governance Statement (AGS) 2019-20 be approved;
and

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3. the letter of representation 2019-20 be approved.

38/20 ANNUAL REPORT & OPINION 2019/20 (AGENDA ITEM 11)

Fiona Dodimead, the Internal Audit Director (TIAA) presented the report that drew upon the outcomes of internal audit work performed over the course of the year and concluded on the effectiveness of Internal Audit.

A reasonable assurance had been given based on the 12 assurance reports being issued seven of which were substantial assurance and five were reasonable.

It was highlighted that no limited or no assurance reports had been issued for 2019/20 and it was noted that position statements were not given an assurance rating.

in terms of the outstanding draft reports and due to the impact of the Coronavirus Pandemic one had been finalised and the other was still under discussion with management.

The last external assessment had been carried out in January 2017 and had concluded that the internal audit service had conformed to the professional standards and that the work had been performed in accordance with the Internal Professional Practices Framework.

It was noted that 10 out of a possible 11 performance measures had been achieved, with three of these exceeding targets. Questionnaire responses from Officers following each internal audit had been less than in previous years.

Mr Plaskett drew Members' attention to page 189 of the agenda pack as this was a point that he had raised on many occasions. A total of seven recommendations still remained outstanding from 2017/18 and felt that as an organisation the Council should be ashamed as three of these were classed as important priority and the management should be taking a firm look at these matters.

The Internal Audit Director advised that since the end of year a further three of those recommendations had been finalised, the remaining four related to cyber security.

It was **RESOLVED** that:

1. the contents of the Annual Report and Opinion of the Head of Internal Audit be approved;
2. the **reasonable** audit opinion that had been given in relation to governance, risk management and control for the year ended 31 March 2020 be noted;
3. the opinions expressed together with significant matters arising from internal audit work contained within this report be given due consideration, when developing and reviewing the Council's Annual Governance Statement for 2019/20; and
4. the conclusions of the Review of the Effectiveness of Internal Audit be noted.

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39/20 PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY (AGENDA ITEM 12)

The Internal Audit Director (TIAA) provided Members with a detailed overview of the progress report.

At the meeting on 17 March 2020, the Annual Internal Audit Plan for the year had been approved, identifying the specific audits to be delivered. Since then, the plan had been revised considerably due to the impact the Coronavirus Pandemic has had on the Council.

In terms of a question raised about whether the plan could actually be delivered, Members were informed that auditors had been assigned to those particular audits for the remainder of the year with a caveat to take account of any second wave of the pandemic which would put internal audit in a different position.

The assurance mapping exercise was still in progress but would be concluded shortly and the process was explained.

The Vice-Chairman, Councillor Kybird felt that on the basis of satisfactory evidence that the programme would be completed subject to no further major lockdown, he was content with the report.

The report was otherwise noted.

40/20 FOLLOW UP REPORT ON INTERNAL AUDIT RECOMMENDATIONS (AGENDA ITEM 13)

The Internal Audit Director (TIAA) provided Members with a detailed overview of the follow up report.

The report provided Members with the position on progress made by the management in implementing agreed internal audit recommendations as at 22 September 2020.

It was noted that the chart on page 212 of the agenda pack under paragraph 2.3, should read that 73 outstanding recommendations had been completed not 72.

There had been some movement in respect of 2017/18, 3 further recommendations had been implemented, the remaining outstanding recommendations were in relation to cyber security and internal audit were continuing to follow the progress on those.

For 2018/19, a total of 15 recommendations remained outstanding, details of which could be found at Appendix 3 of the report.

The Internal Audit Director was pleased to confirm that all outstanding recommendations from 2016/17 had now been implemented and good progress was also being made against recommendations raised in 2019/20.

The Chairman felt that where a matter remained outstanding that had gone beyond its review date, in the past, the Committee had asked for a senior officer to attend a meeting to explain why the items were still

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outstanding, this had worked very well in previous years and had made a dramatic difference. He was keen for this to continue.

Mr Plaskett had noticed a number of inconsistencies in the report and drew attention to page 212 and 213 where the figures did not add up, and he was disappointed to note that 21% of recommendations from 2018/19 were still outstanding. He felt that management particularly the Chief Executive ought to take a closer look at these outstanding recommendations as a matter of urgency as all needed to be resolved.

The Chairman pointed out that Breckland Council did not have a Chief Executive and it was noted that a meeting was being held later where Members would be asked to consider the appointment of an interim Head of Paid Service. He agreed with Mr Plaskett and given the hiatus he asked for these matters to be addressed again at the December meeting where perhaps a discussion could be had with the Senior Management Team.

The Vice-Chairman drew attention to page 217 where he had noticed a delay to the review of the Council's S106 agreements due to the outsourced solicitor being furloughed. He asked if such work could be carried out remotely, if not, he felt it should be brought back in-house as many of these S106 matters contained time constraints.

Mark Stinson, the Director of Governance agreed that if the Council was unable to secure the services of the said Solicitor then it should be brought back-in house or alternative resources be commissioned elsewhere. He asked for it to be confirmed which S106 Agreement this referred to so he could make further inquiries. The Vice-Chairman believed it was generic and was a backlog of S106 matters but felt that in the first instance anything that was at risk of exceeding its time limitations be actioned in an urgent alternative manner.

The Chairman agreed that this matter should be addressed. He was aware, however, that this had been an exceptional year and many Officers had been deployed elsewhere to support communities and manage the issues around Covid. As such, the capacity for the non-front-line staff had not been available and he did not want to set unrealistic demands on Officers. He agreed that these outstanding matters were important and also agreed that, as a Committee, a recovery plan should be looked at to pick up some of these historical issues.

The Vice-Chairman said that perhaps an update could be received prior to the next meeting when the facts were clearer. The Director of Governance pointed out that he had already sent an email to the Head of Legal Services to look into the position of the S106 Agreements and provide an update as soon as possible.

The Internal Audit Director addressed the concerns raised by Mr Plaskett in terms of the numbers and apologised as it was an error and would be rectified.

Subject to the aforementioned amendments, the contents of the report were agreed.

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<p>41/20 <u>TRAINING (STANDING ITEM) (AGENDA ITEM 14)</u></p> <p>None.</p>	
<p>42/20 <u>WORK PROGRAMME (AGENDA ITEM 15)</u></p> <p>It was agreed that the Strategic Risk Report be added to the December meeting.</p>	
<p>43/20 <u>NEXT MEETING (AGENDA ITEM 16)</u></p> <p>The arrangements for the next meeting on Thursday, 17 December 2020 at 10am were noted.</p> <p>The Chairman thanked everyone for attending the meeting.</p>	

The meeting closed at 11:55am

CHAIRMAN