

Action By

Councillor Susan Dowling were in attendance.

6/20 TRAINING (STANDING ITEM) (AGENDA ITEM 6)

A Treasury Management Training session had been held on 3 October 2019 and no further training was requested.

7/20 Q3 STRATEGIC RISK REPORT (AGENDA ITEM 7)

As there was no press and public present, the exclusion of press and public was agreed under this item.

Ross Bangs, the Corporate Innovation & Performance Manager presented the report.

The report highlighted the status of the Council's 12 identified strategic risks as of the end of quarter 3 2019/20. The following identified risks were highlighted.

Impact of Homelessness Reduction Act

The risk relating to the impact of the Homelessness Reduction Act on the Council had been downgraded from high to medium. Although demand remained high, the recommendations of the Housing Peer Review conducted by the Local Government Association (LGA) in 2019 were being implemented with a follow up review scheduled for mid-February. It was anticipated that performance would improve into Quarter 4 with an increased focus on prevention being applied within the service.

Failure to Maximise Income from Investment Asset Portfolio

The Commercial Property Team continued to actively market the current core void units, Roman House and The Green Britain Centre. Members were informed that, as of yesterday, Roman House had been let and information relating to the Green Britain Centre would be brought to the next meeting as discussions were still on-going.

Failure to Maximise Trading Opportunities

This risk had been continually within target and was unlikely to change unless new commercial activities were undertaken. It was therefore proposed that this risk be downgraded to an operational risk; however, it was agreed that this risk should remain until Quarter 4.

General Data Protection Regulation Implementation

The risk relating to the implementation of the General Data Protection Regulation had remained the same for this quarter. Following on from the last Governance and Audit it was questioned if Member training had been offered to all Members. It had since been confirmed that Member training had taken place in June 2019.

It was proposed to move the target date for the risk relating to contracts and procurement to the end of March 2020 to take account of any implications relating to Brexit.

Mr Plaskett felt that the commentary had much improved but was always disappointed when targets were missed as it put doubt in Members' minds. He felt that the risk register should become a live document and form

Action By

part of Officers day to day use.

The Corporate Innovation & Performance Manager advised that he and Jason Cole, the new Executive Manager for People & Innovation now had at voice at Executive level unlike before so improvements would be made.

Referring to the Medium Term Financial Plan, the Vice-Chairman asked about Government future funding. In response, Alison Chubbock, the Chief Accountant & Deputy S151 Officer, advised that the Council had received a provisional settlement for next year. The risk was for the year after next in relation to business rates and fair funding review.

Councillor James felt that it was too soon to remove the risk in relation to the Local Plan as the Local Plan document was currently being reviewed. It was noted that a timetable was being produced by the newly formed Local Plan Working Group

RESOLVED that the report be noted and the aforementioned changes/amendments be actioned.

8/20 PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY (AGENDA ITEM 8)

Faye Haywood, the Internal Audit Manager presented the report.

The report contained information on Internal Audit activity from 1 April 2019 to 6 January 2020 in relation to the completion of the Annual Internal Audit Plan for 2019/20, and included summarised executive summaries in respect of the audit reviews which had been finalised in the course of this period.

At the meeting on 15 February 2019, the Annual Internal Audit Plan for the year was approved, identifying the specific audits to be delivered. Since approval there had been two significant changes to the plan.

Office 365 - This audit had been deferred from the 2018/19 plan to allow both Councils to work on implementation. This product had not yet been installed. Internal Audit was receiving updates from the Technology Board in relation to implementation and the review would be deferred until 2021 to allow this work to be completed.

Public Sector Housing - A Peer review of the service had been undertaken and a number of recommendations as a result of this review were being actioned by Management. It was therefore requested that the review be deferred until 2020/21.

The current position in completing audits to date within the financial year was shown in Appendix1 of the report and highlighted that the 2019/20 Internal Audit Plan had now been delivered. In summary, 111.4 days, 72% of programmed work had been completed of the revised Internal Audit Plan for 2019/20.

During the period covered by the report, Internal Audit had issued eight final reports – these had been highlighted in the table at section 4.4 of the report. On completion of each individual audit all assurance levels had been positive three of which had been awarded substantial assurance.

Action By

The Executive Summary of these reports had been attached at Appendix 2 of the report.

In addition to the above assurance work, a position statement had been issued in the area of IT Strategy. This audit had been carried out as a joint piece of work with South Holland District Council due to the shared management structure in place. The objective of the review was to ascertain the Councils' current position with regards to oversight of IT Strategy Management. The key suggested actions and improvements arising from this work had been highlighted at section 4.7 of the report.

The Internal Audit Services contract included a suite of key performance measures against which the contractor would be reviewed on a quarterly basis. Quarters one, two and three had now been completed and a report on the performance measures provided to the Head of Internal Audit. Performance was currently at green status with targets having been satisfactorily met. In addition to these quarterly reports from the Contractors Audit Director, ongoing weekly updates were provided to ensure that delivery of the audit plan for the current financial year was on track. A review of the most recent update indicated that the 2019/20 Internal Audit plan was being completed in line with expectations.

Members' attention was then drawn to Appendix 2 of the report which contained the executive summary of reports finalised within the period.

Mr Plaskett felt that the Committee should be encouraged with being awarded reasonable and substantial performance. The Chairman congratulated the Chief Accountant on the substantial assurance reviews that had been awarded for the income and accountancy audits.

RESOLVED that the outcomes of the eight audits completed by TIAA, in the period covered by this report, and the amendments to the 2019/20 Internal Audit Plan be noted.

9/20 FOLLOW UP ON INTERNAL AUDIT RECOMMENDATIONS (AGENDA ITEM 9)

Faye Haywood, the Internal Audit Manager presented the report.

The report provided Members with the position on the progress made by Management in implementing agreed Internal Audit recommendations as at 6 January 2020.

A number of recommendations remained outstanding from previous years. For this reason, relevant Officers had been requested to attend as it was important to close down these outstanding recommendations before year end.

Appendix 2 of the report, which contained the outstanding internal audit recommendations, was explained in great detail.

Mr Plaskett found it very disappointing that recommendations from 2016/17 had still not been actioned to which he felt was totally unacceptable.

The Chairman agreed.

Action By

BRK1704: Environmental Services Contaminated Waste

Stephen James, the Communities Manager was in attendance and explained in great detail the reason behind the outstanding recommendation in relation to contaminated waste.

It was agreed that an interim policy would be produced by year end should the relevant Committee process allow.

BRK1802: Private Sector Housing

Hannah Hooks, the Housing Manager was in attendance and explained that three of the Private Sector Housing recommendations from 2018/19 had been agreed prior to her being in post. As an update had not been provided in time for the meeting, a verbal report on progress was provided.

BRK1906: Housing Needs

As far as Housing Needs was concerned an extension to the date to 28 February 2020 had been requested. The recommendation for a full review of Housing Grants had been put back to 31 January 2020.

The Internal Audit Manager pointed out that she was being kept up to date and being provided with evidence in respect of these recommendations. It was agreed that the Internal Audit Manager and the Housing Manager would meet prior to future Governance & Audit Committee's to discuss all recommendations.

The Chairman thanked the Housing Manager for attending.

BRK1709: Licensing & Business Support

Donna Hall, the Licensing & Business Support Manager advised that taxi licence fees had not been reviewed for a number of years and explained the reason for the delay.

The Taxi Licensing Policy had been going through the Committee process since November 2019 and following a consultation, was due to go to the Licensing Committee meeting in March 2019. Taxi fees would then follow. The policy and fees work had been delayed due to changes in legislation and procedures.

The Vice-Chairman pointed out that there was an annual review of fees and charges within the budget process. In response, the Licensing & Business Support Manager explained that in 2019 the Executive Director & S151 Officer had reviewed licensing fees and agreed that further work on fee reviews should be postponed until the policy consultation had taken place.

The Chairman felt that no further updates on this matter would be accepted and suggested that a meeting should take place between the Licensing & Business Support Manager and the Internal Audit Manager to bring these matters to a close.

Action By

BRK1821: Cyber Security

The Chief Accountant & Deputy Section 151 Officer explained that Simon Stubbs the IT Manager was currently off sick.

It was agreed to extend the deadline to 31 March 2020.

The Internal Audit Manager stressed the importance of these outstanding audit recommendations and thanked the Committee Members for all their assistance on these matters.

Mr Plaskett felt that the Chief Executive should have more involvement and be taking a more personal responsibility than Officers would take more notice.

The Chairman pointed out that in terms of escalation it had been agreed that Officers would continue to be asked to attend meetings in future when their recommendation date had passed. Alternatively, taking Mr Plaskett's point on board, the Chief Executive could attend on the Officer's behalf if no improvements had been made and the recommendation(s) continued to be seriously overdue.

RESOLVED that the contents of the report be noted.

10/20 SELF ASSESSMENT REPORT (AGENDA ITEM 10)

Faye Haywood, the Internal Audit Manager presented the report.

The first part of the assessment required 'yes' or 'no' responses, the second part required an assessment as to how the Committee displayed its effectiveness through the reports it received and was broken down into key areas.

At the previous Committee meeting on 3 October 2019, Members reviewed the results of the completed self-assessment exercise carried out in February 2019.

The Internal Audit Manager suggested that this work should be undertaken annually in October each year rather than every six months.

Mr Plaskett asked a question in relation counter fraud and corruption risks, the last area on page 82 of the agenda pack. Members were informed that these matters were in relation to policies. The Chief Accountant & Deputy S151 Officer pointed out that the Counter Fraud, Whistle Blowing reports were only presented to the Governance & Audit Committee every three years due to the Anglia Revenues & Benefits Partnership (ARP) having its own policies and Counter Fraud Team in place.

The Vice-Chairman asked if part of that 3 year process concentrated on where fraud could occur. Members were informed that it did as regular updates were provided.

Councillor Claussen, the Executive Member for Governance and a substitute Member of ARP mentioned a new technology that ARP would be using very soon that specifically looked at fraud.

Action By

RESOLVED that the attached checklist at Appendix 1 of the report be noted and the Self-Assessment report be brought to the Governance & Audit Committee annually in October.

11/20 ACCOUNTING POLICIES 2019-20 (AGENDA ITEM 11)

The Chief Accountant & Deputy S151 Officer presented the report.

Members were being asked to review and agree the 2019-20 accounting policies in readiness for the review of the Statement of Accounts.

The policies were prepared in line with CIPFA's Code of Practice on Local Authority Accounting in the UK 2019-20 (the Code). There had been no major areas of accounting change within the Code in 2019-20 but leases have been deferred until 2021.

Therefore, the majority of the accounting policies in Appendix A (attached to the report) had not changed from 2019-20. The main changes made had been highlighted at section 1.3 of the report.

Mr Plaskett drew attention to page 92 of the agenda pack and asked if assets were revalued every three or five years. Members were informed that the Council revalued its assets every three years but there was some flexibility.

The Vice-Chairman asked which areas had been removed. Members were informed that pensions and discretionary top-ups in respect of redundancies had been removed. The Chairman felt that it would be helpful to see these removals listed in future. For clarity, the Chief Accountant & Deputy S151 Officer highlighted the very minor areas that had been removed:

- Pensions – employee benefits/discretionary benefits, this wording had been removed.
- Estimation techniques – this wording had been removed
- Interest in companies and other entities, this wording had been removed as ARPT Trading Company had been dormant for many years.
- VAT notes had been removed.

It was agreed that a covering report would be included in future.

RESOLVED that the Accounting Policies for 2019-20 at Appendix A of the report be agreed; subject to the changes being included in a covering report in future.

12/20 TREASURY MANAGEMENT MID YEAR REPORT 2019-20 (AGENDA ITEM 12)

The Chief Accountant & Deputy S151 Officer presented the report.

Members were being asked to agree the mid-year report and information on treasury activity.

Members' attention was drawn to the most important part of the report at

Action By

Appendix B – the Treasury Management Strategy Statement. It was noted that there were no issues to highlight.

Appendix A of the report, the economic outlook, had been submitted straight from the Council's Advisors, Link Asset Services.

The Vice-Chairman asked Members to note that Appendix A highlighted the rapid growth of PWLB interest rates that had affected borrowing schemes.

RESOLVED that the mid-year report and information on treasury activity be agreed.

13/20 TREASURY MANAGEMENT POLICY AND STRATEGY 2020-21
(AGENDA ITEM 13)

The Chief Accountant & Deputy S151 Officer presented the annual report which included recommendations to Full Council.

The report outlined the Council's Prudential Indicators for 2020-21 to 2023-24 and set out the expected treasury operations for this period and requested approval for the Treasury Management Policy, Strategy and Prudential Indicators for 2020-21 to 2023-24.

Changes made to the Treasury Management Policy and Investment Strategy (Appendices B1 and B2) had been highlighted in red text to enable easy identification of the amendments.

It was noted that the Council would have a borrowing need from 2020/21 and to help manage this an increase to the overdraft limit had been suggested (to be used only in an emergency).

The Vice-Chairman mentioned the HIF project and the interim claims which he felt had a very strange claim profile.

In response to a concern in terms of the Waste Contract, the Chief Accountant & S151 Officer advised that it had been a clear choice to purchase the vehicles over the life of the contract. There would be savings but currently there were so many assumptions it had been agreed to wait until next year when the contract came into effect to determine the actual saving.

Another change to note was the introduction of short term loans for Town & Parish Councils up to a maximum of £10k. This would allow the Finance Team a degree of flexibility (in conjunction with the Ward Member) instead of having to go to Full Council.

Appendix A included values of the Council's draft budget (see table 2 on page 108) that showed the Council was moving into a borrowing position.

Mr Plaskett asked for further information in respect of the figures within table 3 on page 109 of the agenda pack. Members were informed that this table related to the borrowing need from 2021 onwards in relation to capital spend.

Action By

RECOMMEND to Full Council that:

- 1) The Treasury Management Strategy 2020-21 to 2023-24 at **Appendix A** be approved;
- 2) The Minimum Revenue Provision (MRP) statement contained within **Appendix A** which sets out the Council's policy on MRP be approved;
- 3) The Prudential & Local Indicators and limits contained within **Appendix A** (Tables 1-11) be approved;
- 4) The Investment Strategy 2020-21 (**Appendix B**) and the detailed criteria included in **Appendix B1** be approved; and
- 5) The Treasury Management Policy at **Appendix B2** be approved.

14/20 WORK PROGRAMME (AGENDA ITEM 14)

Referring the meetings in June and July 2020, the Chief Accountant & Deputy S151 Officer explained that Ernst & Young (E&Y) had arranged an event in early January to update their clients on the difficulties in completing the audits for the coming year. In short, due to experiencing significant recruitment issues, E&Y was not going to meet the 31 July deadline and had asked for this to be put back until the end of September. It was noted that there was nothing written in the regulations to enforce deadline dates.

E&Y was also offering an event for all the Chairmen and Vice-Chairmen of the Governance & Audit Committees in February to explain their situation.

The Chairman remembered that the deadlines for the accounts used to be much later but at that time the external auditors had asked for the deadlines to be brought forward which the Committee obliged.

The Chief Accountant & Deputy S151 Officer said that she was hesitant to change the dates until confirmation had been received from E&Y.

Mr Plaskett queried the contract and asked if all external auditors were experiencing the same issues. In terms of the contract, Members were informed that the contract was with Public Sector Audit Appointments Ltd (PSAA) and they were responsible for appointing the auditors to local Government.

The Vice-Chairman asked if it would be worth writing to PSAA.

Mr Plaskett mentioned the NHS and the auditors that it used.

The Chairman asked the Chief Accountant & Deputy S151 Officer to keep a watching brief on this matter.

Referring to the Work programme it was agreed that another meeting was required before the June meeting to consider the Internal Audit Annual Audit Plan 2020/21.

Action By

It was agreed that an additional meeting would be held on 17 March 2020 at 10am in the Norfolk Room.

The work programme was otherwise noted.

15/20 NEXT MEETING (AGENDA ITEM 15)

The arrangements for the additional meeting on 17 March 2020 at 10am in the Norfolk Room were noted.

16/20 EXCLUSION OF PRESS & PUBLIC (AGENDA ITEM 16)

RESOLVED that under Section 100(A)(4) of the Local Government Act 1972, the press and the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 3 of Schedule 12A to the Act.”

The above exclusion was agreed under agenda item 7.

17/20 QUARTER 3 STRATEGIC RISK REPORT (FOR INFORMATION) (AGENDA ITEM 17)

This matter was discussed under agenda item 7.

The meeting closed at 11.45 am

CHAIRMAN