

## **AUDIT AND STANDARDS COMMITTEE**

Monday, 27th July, 2020  
Time of Commencement: 7.00 pm

<b>Present:</b>	Councillor Paul Waring (Chair)		
Councillors:	Kenneth Owen Ms Sylvia Dymond	Ms Sarah Pickup Mike Stubbs	Barry Panter Mark Holland
Officers:	Jan Willis	Interim Executive Director - Resources and Support Services and Section 151 Officer	
	Daniel Dickinson	Head of Legal & Governance /Monitoring Officer	
	Mrs Sarah Wilkes Martin Hamilton Denise French	Head of Finance Chief Executive Democratic Services Team Leader	
	Nesta Barker	Head of Environmental Health Services	

Also in attendance:

### 10. **APOLOGIES**

An apology for absence was received from Councillor Burnett and Councillor Holland attended as substitute.

### 11. **DECLARATIONS OF INTEREST**

There were no declarations of interest stated.

### 12. **MINUTES OF PREVIOUS MEETING**

**Resolved:** That the minutes of the meeting held on 1<sup>st</sup> May 2020 be approved as a correct record.

### 13. **DRAFT STATEMENT OF ACCOUNTS 2019/20**

The Committee considered the Draft Statement of Accounts 2019/20. The Head of Finance explained that the statutory deadline for sign off of the audited accounts had been extended from 30 September to 30 November 2020 in light of the Covid-19 pandemic.

The Statement of Accounts was governed by the Accounts and Audit Regulations 2015 and detailed the financial transactions for the year and the financial position at year end; they were presented in a standardised format based on guidelines from the Chartered Institute of Public Finance and Accountancy. The Regulations required the draft Statement of Accounts to be certified by the Responsible Financial Officer as presenting a true and fair view of the Council's financial position and this had been

done on 17 July 2020. A period of public inspection then followed. The Accounts would be subject to external audit prior to formal approval by the Committee on 9 November 2020.

The Head of Finance outlined the key points in the Statement of Accounts. The Council had been anticipating a balanced budget but due to the impact of Covid-19 there was an adverse variance of £0.207m. The report outlined the reasons for this including shortfall in income and increased costs arising from investment in ICT equipment to support homeworking. These variances were largely offset by favourable variances including additional income from the Business Rates pilot and staffing efficiencies. The sum of £207k had been transferred from the General Fund Reserve in respect of the adverse variance.

The Collection Fund was a separate account which referred to the collection of Council Tax and Business Rates. The detail was presented which showed an accumulated surplus of £3.977m at year end. This would be transferred to the Business Reserve to help cushion the impact of Covid-19.

The main features of the Balance Sheet were presented. The Reserves were also shown and the level of reserves would be considered as part of the budget preparation process for 2021/22.

Capital expenditure totalled £2.923m in 2019/20 and the main projects were listed. The Capital Programme was funded by capital receipts, Government grants and Section 106 monies.

Members thanked officers for the clear presentation of the Statement of Accounts. They asked whether there were any specific concerns around the future financial position. The Executive Director (Resources and Support Services) explained that work was underway around financial resilience including scenario planning. There were sufficient reserves to cover income losses during the current year. Government grants had been received and the Council had been allocated additional financial support. Any losses from the Collection Fund could be recovered over 3 years rather than one year although enforcement activity had been suspended at present. The Government had announced that there would be a mechanism for sharing irrecoverable Collection Fund losses but details of this were still awaited. The Medium Term Financial Strategy would be brought to Members in October and would reflect the longer term financial issues. There was still a lot of uncertainty around the financial position and Members noted that this affected all Local Authorities.

Members congratulated the officers involved for the work carried out to produce the Statement of Accounts and the additional factors arising from home working.

**RESOLVED:** That the provisional General Fund outturn and key issues in respect of the Council's financial position as at 31 March 2020 be noted.

#### **14. TREASURY MANAGEMENT ANNUAL REPORT 2019/20**

The Committee considered the Treasury Management Report for 2019/20. This was in accordance with the Council resolution that the Committee would monitor and oversee the Treasury Management Strategy at a half yearly and year end point. Advisory services were provided by Arlingclose Ltd and their advice had been followed. The Executive Director (Resources and Support Services) confirmed that there were no significant matters to report. There had been no need for the Council to undertake any borrowing throughout the year and no cash investments made.

**RESOLVED:** That the Treasury Management Report for 2019/20 be received and reported to full Council on 23<sup>rd</sup> September 2020.

15. **ANNUAL GOVERNANCE STATEMENT 2019/20**

The Committee considered the Annual Governance Statement for 2019/20. The Executive Director (Resources and Support Services) confirmed that the Statement was required to be brought to the Committee on an annual basis to demonstrate the effectiveness of the Council's governance arrangements. An additional section had been added to reflect the challenges and impact arising from the Coronavirus.

**RESOLVED:** That the Annual Governance Statement for 2019/20 be approved.

16. **CORPORATE RISK MANAGEMENT REPORT**

The Committee considered the Risk Management report for the period January to March 2020 and April to June 2020 including progress made in managing identified corporate risks.

There were no overdue risk reviews and there were 8 risk level increases as presented. There had been one new risk identified which was specific to the Covid-19 pandemic. The actions taken were listed in the report. A financial recovery strategy was being developed as part of the overall Recovery Plan and this would be part of the Medium Term Financial Strategy presented to the Committee in October.

There had been some minor amendments to the Risk Management Policy and the Risk Management Strategy as presented.

Members referred to the Action Plan relating to Financial Risk and asked how lobbying of the Government was undertaken. The Executive Director explained that lobbying was carried out collectively through the Local Government Association; via local MPs and through direct discussion with Government. Members asked about whether there was a role for them in lobbying and the Chair suggested a letter on behalf of the whole Council would be most effective. Members supported the revised format of the report. It was suggested that for many risks, although the likelihood could be mitigated the impact could not and this should be included as part of the introduction.

**RESOLVED:** That

- (a) The Committee notes that there are no overdue risk reviews;
- (b) The Committee notes that there were 8 risk level increases;
- (c) The Committee notes that there was one new identified risk;
- (d) Appendix A which outlines the progress made in managing risks within the Corporate Risk Register be noted and approved;
- (e) Appendix B, the Risk Management Policy Statement be approved and signed by the Chief Executive and Leader of the Council;
- (f) Appendix C, the Risk Management Strategy documents be approved;
- (g) The Chair liaise with the Leader and Chief Executive to send a letter on behalf of the Council to the Government regarding the financial risks as discussed at the meeting; and
- (h) An introductory sentence be included to recognise that risk likelihood can be mitigated but the risk impact cannot.

**17. COUNTER FRAUD ARRANGEMENTS**

The Committee considered a report on the Council's counter fraud arrangements. The Council was committed to providing an effective Counter Fraud function which was supported by an effective policy framework. This framework was supported by 4 policies which were regularly reviewed. The Head of Finance advised that the latest review had introduced minor changes to job titles and referenced the appointment of the Monitoring Officer.

**RESOLVED:** That the following policies be noted:

- (a) Anti-Fraud and Anti-Corruption Framework;
- (b) Fraud Response Plan;
- (c) Whistleblowing Policy; and
- (d) Anti-Money Laundering Policy.

**18. ANNUAL HEALTH AND SAFETY REPORT 2019 - 2020**

The Committee considered the annual Health and Safety report for 2019 – 20. The Head of Environmental Health explained that the report showed accident data and trends which showed an increased number of accidents. However, there were no trends around specific types of accidents and there had been an emphasis on accident reporting. The report gave details of all accidents which were reportable under RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 – which resulted in over a 7 day absence from work of an employee).

**RESOLVED:** That the report be noted.

**19. COMMITTEE WORK PLAN**

The Committee considered the Work Plan 2020/21. Members asked whether it could include some focus on their role regarding Standards including a training session prior to the next meeting held in person. The Head of Legal and Governance/Monitoring Officer confirmed this could be done and also reported that a consultation was underway regarding a new draft model Code of Conduct. The outcome of the consultation would be reported to the next Committee. Members also asked that the Work Plan include a regular update on Covid impact.

**RESOLVED:** That the Work Plan for 2020/21 be approved subject to the following amendments:

- (a) A training session on Standards be held prior to the next in person meeting of the Committee;
- (b) The Corporate Risk Management Report for Quarter 1 be submitted to the meeting on 28<sup>th</sup> September, not 9<sup>th</sup> November as in the report;
- (c) An update be made to a future meeting on the outcome of the consultation into a new model Code of Conduct; and
- (d) Updates be made to each meeting on the impact of Covid-19.

**20. URGENT BUSINESS**

There was no Urgent Business.

**Chair**

Meeting concluded at 8.02 pm