



To be submitted to the Council at its meeting on 16<sup>th</sup> December 2021

## **AUDIT AND GOVERNANCE COMMITTEE**

**11<sup>th</sup> November 2021 at 10.00.a.m.**

**Present:** Mr. T. Render (in the Chair)  
Councillors Cairns (substitute for Parkinson) Furneaux, Harness,  
Mickleburgh, Patrick, Reynolds, Robinson, Silvester and Westcott.

### **Officers in attendance:**

- Simon Jones (Assistant Director Law, Governance and Assets)
- Peter Hanmer (Head of Audit and Assurance)
- Helen Isaacs (Assistant Chief Executive)
- Guy Lonsdale (Deputy Section 151 Officer)
- Mark Edwards (Strategic Lead – Fraud)
- Beverly O'Brien (Scrutiny and Committee Advisor)

### **Also in attendance:**

- Councillor Shreeve (Portfolio Holder for Finance, Resources and Assets)
- Rob Walker (Mazars – Senior Manager)

### **AC.35 APOLOGIES FOR ABSENCE**

An apology of absence was received from Councillor Parkinson for this meeting.

### **AC.36 DECLARATIONS OF INTEREST**

There were no declarations of interest made with regard to any items on the agenda for this meeting.

## **AC.37 MINUTES**

RESOLVED –That the minutes of the Audit and Governance Committee meeting held on 29<sup>th</sup> September 2021 be agreed as an accurate record.

## **AC.38 TRACKING OF RECOMMENDATIONS**

The committee received a report from the Executive Director for Environment, Economy and Resources tracking the recommendations of the Audit and Governance Committee.

The Chair stated that hopefully the Audit Working Group would be scheduled before the end of the Calendar year.

RESOLVED – That the tracking report be noted.

## **AC.39 TREASURY MANAGEMENT MID-TERM 2021-2022**

The committee considered a report from the Executive Director for Environment, Economy and Resources on details of the treasury management arrangements, activity, and performance during the first six months of 2021/22.

One member asked how they managed any changes that may happen in the future. Mr. Lonsdale confirmed that they have a treasury management specialist, within his team, who know the financial and banking markets very well. They were able to provide them with the advice they needed to know and use a specialist system that provided real time information.

Another member commented on the high-level anticipated borrowing. They wondered whether there was a risk where Officers may have to look at new plans if things were to change. Mr. Lonsdale stated that they followed up on any issues, around interest rates, all the time, particularly because they want to make sure that they were borrowing at the correct time. He added that because of the size of the capital programme, at some point in the next 6-12 months they would need to lock in a larger sum to support the delivery of the programme. An elected member asked whether Officers had forecasted for worst case scenarios if the Councils income streams fell. Mr. Lonsdale confirmed that they have scenario planning for different levels of funding.

Another Councillor queried whether Officers believed the change in interest rates would continue. Mr Lonsdale stated that they have an experienced treasury manager who used all intelligence gathered to assess when to lock in borrowing. He wouldn't like to comment on rates changing, but they assessed movement in the market both nationally and internationally to make sure the Council made the move at the correct time.

The Chair explained that if you looked at the Councils overall debt profile, there was a lot of current debt taken over a long period of time. Therefore,

there would only be an impact on new borrowing as the long-term borrowing did not mature for 30 years.

One Councillor asked if there were specific conditions to loans the council took out. Mr Lonsdale stated that a range of them must be used on the Council's capital spend and they were unable to borrow for revenue purposes.

A member of the Committee noted that the Council now had a new lender. He wondered whether they would potentially use them for borrowing. Mr Lonsdale explained that they have secured some private sector borrowing with the same traditional loan arrangements and the same conditions, but there were more hoops to jump through to provide assurance to private sector loaners.

**RECOMMENDED TO CABINET** – That the content of the report in respect of treasury management activity during 2021/22 be considered.

Councillor Patrick left the meeting at this point.

#### **AC.40 HALF YEARLY FRAUD UPDATE 2021/22**

The Committee received a report from the Executive Director for Environment, Economy and Resources highlighting the work that has been undertaken for the prevention and detection of fraud, corruption, and financial misconduct within North East Lincolnshire Council.

One member of the Committee asked about single occupancy council tax discount. They wondered whether we check people who falsely claim the discount fraudulently. Mr Edwards confirmed that they do check this regularly to make sure it was always up to date, but the sheer volume of people may mean there may be issues. However, they believed it was unfair to prosecute if it was a one off.

One elected member wondered whether they had regular meetings with the Council's bank account holder. Mr Lonsdale confirmed that they meet with Barclay's relationship manager on a monthly basis who talked them through all the issues at hand. He stated that fraud issues come up naturally as part of that conversation.

One Councillor asked if there was more the Council could do to push online communication. Mr Lonsdale stated that legislation currently required them to communicate council tax via post. However, moving forward they were looking to moving to online billing if households individually signed up to it. Mr Edwards stated that they received all their information through credit reference agencies who inform them of household's people may be using.

**RESOLVED** – That as part of the Audit and Governance Committee's responsibilities for monitoring and reviewing the Council's arrangements in relation to fraud and corruption, this report be considered.

## **AC.41 MEDIUM TERM FINANCIAL PLANNING PROCESS**

The committee received a verbal update on the medium-term financial planning process.

One Councilor stated that inflation was something the Council had not had to deal with for some time. They wondered whether something was in place to accommodate the rise in inflation. Mr Lonsdale stated that this was fed through assessment of pressures. This was where they identify key areas that inflation was likely to impact.

Another member wondered about the impact certain pressures has had on certain services, particularly Covid. They wondered whether certain risk factors had been considered as part of the planning process. Mr Lonsdale stated that they engaged regularly with managers of each service. Service Managers communicate with their needs for business and activities that may go with it. Mr Lonsdale added that there had also been cost pressures due to the changes of living wage and the cost base within certain sectors. Mr Lonsdale said that if they understood the pressures a department may be facing, they were then able to include any risk factors in the financial planning process.

RESOLVED – That the update be noted.

## **AC.42 EXTERNAL AUDIT COMPLETION LETTER**

The committee received the External Audit Completion Letter from the Council's external auditor'

RESOLVED – That the Committee noted and accepted the external auditors delay in completing the final accounts and reaffirms that, subject to receipt of the final audit report from the council's external auditors, the Statement of Accounts 2020/2021 be approved as previously laid out and evidenced by the signature of the Chairman and Vice-Chairman of the Audit and Governance Committee.

## **AC.43 EXCLUSION OF PRESS AND PUBLIC**

RESOLVED - That the press and public be requested to leave on the grounds that discussion of the following business was likely to disclose exempt information within paragraph 3 of Schedule 12A of the Local Government Act, 1972 (as amended).

## **AC.44 STRATEGIC RISK REGISTER UPDATE**

The committee received a report from the Executive Director for Environment, Economy and Resources providing a summary of the developments relating to risk management and the strategic risk register.

RESOLVED –

- 1) That the report be noted.

- 2) That the Assurance Board minutes be received by the Audit and Governance Committee.

#### **AC.45 ISSUES FOR DISCUSSION WITH THE INTERNAL AND EXTERNAL AUDITORS**

The committee was provided an opportunity, at the close of this meeting, to discuss any confidential matters of concern with the External Auditor and the Head of Internal Audit.

No such matters were raised.

There being no further business, the Chair declared the meeting closed at 11.43 a.m.