



To be submitted to the Council at its meeting on 17<sup>th</sup> March 2022

## **AUDIT AND GOVERNANCE COMMITTEE**

**20<sup>th</sup> January 2022 at 10.00.a.m.**

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

### **Officers in attendance:**

- Sharon Wroot (Executive Director Environment, Economy and Resources)
- Helen Isaacs (Assistant Chief Executive)
- Simon Jones (Assistant Director Law, Governance and Assets)
- Rachel Carey (Strategic Lead Accountancy)
- Peter Hanmer (Head of Audit and Assurance)
- Guy Lonsdale (Deputy Section 151 Officer)
- Jo Robinson (Assistant Director Policy, Strategy and Resources)
- Paul Windley (Democratic and Scrutiny Team Manager)

### **Also in attendance:**

- Rob Walker (Mazars – Senior Manager)

### **AC.46 APOLOGIES FOR ABSENCE**

Apologies for absence from this meeting were received from Councillor Robinson and from Councillor Shreeve - Portfolio Holder for Finance, Resources and Assets.

### **AC.47 DECLARATIONS OF INTEREST**

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

## **AC.48 MINUTES**

RESOLVED – That the minutes of the Audit and Governance Committee meeting held on 11<sup>th</sup> November 2021 be agreed as an accurate record.

## **AC.49 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.

RESOLVED – That the tracking report be noted.

## **AC.50 TREASURY MANAGEMENT**

The committee considered the following treasury management reports:

- **Treasury Management Strategy**

A report from the Executive Director, Environment, Economy and Resources presenting the restated Treasury Policy Statement and the Treasury Management Strategy Statement.

Councillor Patrick enquired about the rate of return on investments. He was interested in how ambitious the council was being, particularly in comparison to other local authorities. It was agreed to provide further information on this within the next treasury management monitoring report to be submitted to this committee.

Councillor Patrick raised concern about the council's borrowing strategy. Ms Wroot noted that this was kept under regular review and provided an assurance that borrowing levels were comfortably within limits.

The committee enquired about pressures on the capital programme and processes that were in place to review projects when there was likely to be any delay or variation. Ms Wroot responded that projects were reviewed on a case by case basis but officers were looking to introduce a formal process for all projects. It was agreed to provide a briefing note to members of this committee on the review process for capital programme projects.

RESOLVED – That the contents of the report now submitted be noted and referred to Cabinet for consideration, namely:

- the Treasury Management Policy Statement – Appendix 1

- the Treasury Management Strategy Statement and Prudential Indicators for 2021/22 - Appendix 2
- the MRP Policy Statement – Annex 2 of Appendix 2

- **Treasury Management Practices**

A report from the Executive Director of Environment, Economy and Resources presenting reviewed Treasury Management Practices.

The Chair requested that for future reports, any amendments be made clear using italics.

RESOLVED - That the Treasury Management Practice 1(1) and amendments to other Practices, as listed in Appendix 1 of the report now submitted, be approved.

## **AC.51 ACCOUNTING POLICIES**

The Committee considered a report from the Executive Director for Environment, Economy and Resources outlining the accounting policies that are proposed to be used in completing the 2021/2022 Statement of Accounts.

RESOLVED –

1. That the accounting policies to be used in completing the 2021/2022 Statement of Accounts, as set out in Appendix 1 of the report now submitted, be approved.
2. That the Executive Director for Environment, Economy and Resources be given delegated powers to make new accounting policies and amend existing policies, as may become necessary in the production of the accounts and during the external audit process, with any such changes being reported back to this committee.

## **AC.52 ANNUAL GOVERNANCE STATEMENT UPDATE 2020/21**

The committee received a report from the Executive Director for Environment, Economy and Resources providing an update on the Annual Governance Statement 2020/21. An updated version of this report had been circulated to the committee removing an outdated reference to children and family services with paragraph 1.5.

RESOLVED – That, in the committee's role as the group charged with governance, the following be noted:

- The addendum to the Annual Governance Statement to take account of the outcome of the external audit and the impact on the audit opinion following the issue of the OFSTED inspection report relating to Children and Family Services in November 2021.
- The action taken to respond to the issues raised in the 2020/21 Annual Governance Statement.

## **AC.53 INTERIM INTERNAL AUDIT REPORT 2021/22**

The committee received a report from the Head of Audit and Assurance summarising the results of Internal Audit work in relation to the 2021/22 Internal Audit Plan up to 30 November 2021.

The Chair referred to Appendix 2 of the report and two completed internal audits where limited assurance had been provided. He asked to be advised in due course on the timing of these matters being brought to the Audit Working Group for consideration.

Councillor Furneaux enquired about the target for monitoring the timeliness of the completion of audits. Mr Hanmer confirmed that the aim was to reach 90% but this had been a long-standing challenge. Whilst he recognized pressures, improvements were being sought and this included enforcement of an escalation policy.

The Chair added that the committee had the option of inviting officers to appear before the Audit Working Group if there were particular concerns.

RESOLVED – That this report be noted as part of this committee’s role in monitoring the effectiveness of Internal Audit.

## **AC.54 PARTNERSHIP WORKING**

The committee received a briefing note from the Assistant Director of Law, Governance and Assets providing an update on the governance arrangements for each of the Council’s major partnerships and outlining the current issues being faced.

The Chair sought and received an assurance that each partnership was subject to review as it came towards the end of its contract.

Councillor Patrick reiterated concerns he had previously raised about the removal of opposition Members from the Regeneration Partnership Board. He also sought an assurance that there would be an in-depth review of all options available as the regeneration partnership came up for renewal. Mr Jones confirmed that the process for the contract renewal had yet to be finalised but he agreed to provide a briefing note for committee members at the appropriate time.

Councillor Harness enquired about the new health arrangements. Ms Wroot noted that the arrangements were currently being worked up and the intention was to invite the Chief Executive to attend a future meeting of this committee to outline the governance protocols.

With regard to Lincs Inspire Limited, Councillor Patrick enquired whether appropriate governance arrangements were in place to ensure value for money. Ms Wroot felt that there were.

RESOLVED – That the briefing paper be noted.

## **AC.55 INSURANCE PROCUREMENT**

The committee received a verbal update from the Head of Audit and Assurance on the procurement of insurance services.

Mr Hanmer explained that a report was due to be submitted to Cabinet in February 2022 seeking approval to commence a procurement exercise for the council's insurance contracts that are due for replacement on 1<sup>st</sup> October 2022. He noted the current challenges within the local government insurance market and the council would need to consider the level of risk that it was prepared to undertake when determining the levels of self-insurance it was prepared to take in order to potentially impact on the level of insurance premiums.

RESOLVED – That the update be noted.

## **AC.56 EXTERNAL AUDIT PROGRESS REPORT**

The committee received a report from the Council's External Auditor updating on the progress in delivering their responsibilities as the Council's external auditor.

RESOLVED – That the report be noted.

## **AC.57 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.58 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 11.59 a.m.