

CORPORATE GOVERNANCE COMMITTEE

MONDAY, 2 NOVEMBER 2020 - 1.30 PM



PRESENT: Councillor J Clark (Chairman), Councillor K French (Vice-Chairman), Councillor I Benney, Councillor G Booth, Councillor S Clark, Councillor D Divine, Councillor Mrs J French, Councillor N Meekins, Councillor M Purser, Councillor D Topgood and Councillor R Wicks

APOLOGIES:

Officers in attendance: Jo Goodrum (Member Services & Governance Officer), Peter Catchpole (Corporate Director and Chief Finance Officer), Neil Krajewski (Deputy Chief Accountant), Mark Saunders (Chief Accountant) and Kathy Woodward (Internal Audit Manager)

CGC12/20 PREVIOUS MINUTES.

The minutes of the meeting of the 17 August 2020 were confirmed.

CGC13/20 AUDIT RESULTS REPORT

Members considered the Appointed Auditor-Audit Results Report presented by Mark Hodgson from Ernst &Young (EY).

Members asked questions, made comments and received responses as follows:

- Councillor Booth referred to Page 22, where there is a recommendation relating to the review of land valuations, but there is no owner or target date for completion for that item. Peter Catchpole stated that there has been a delay regarding valuations, due to the Covid 19 pandemic but discussions will take place with EY to ensure that the Council carries out the correct actions. Many of the valuation problems have been caused by the pandemic and to conclude the action may be difficult during the current climate. Councillor Booth stated that the issue surrounding land valuations has been an issue for a few years due to changes of the methodology for the assessments a few years ago, however, he expressed the opinion that it is good practice to allocate an owner and a target date for completion and it should be added to the action log going forward.
- Councillor Wicks expressed the view that he agrees with the point raised by Councillor Booth. He added that there is no indication when the Covid 19 restrictions will be lifted and the recommendation should be added to the action log or somebody should take ownership of the point. Peter Catchpole agreed to take ownership of the recommendation and stated that as Mark Hodgson from EY has indicated that it must be completed by 31 March 2021, he will ensure that the recommendation is met by the target date.
- Councillor John Clark stated that although he agrees with Councillor Booth and Councillor Wicks comments concerning the valuations, the Council must remain realistic, due to the imminent second Covid 19 lockdown, and the fact that the target date of March may not be achievable. He added that it should be placed on the action log, with Peter Catchpole as the owner and the target date of 31 March 2021, but to also include a caveat to indicate if the date is feasible.
- Councillor Mrs French expressed the view that she agrees with the comments and added that we do not know what the outcome of the second lockdown will be. She expressed the

opinion that additional pressure must not be placed on officers.

Corporate Governance Committee noted the contents of the Appointed Auditor - Audit Results report.

CGC14/20 STATEMENT OF ACCOUNTS 2019/2020

Members considered the Statement of Accounts 2019/20 report, presented by Mark Saunders.

Corporate Governance Committee AGREED:

- **To approve the Statement of Accounts and Annual Governance Statement for the financial year ended 31 March 2020.**
- **To delegate authority to the Corporate Director and Chief Finance Officer to agree any further amendments to the Statement of Accounts which may arise prior to the final 'sign off' by the external auditors, in consultation with the Chairman of the Corporate Governance Committee.**

CGC15/20 LETTER OF REPRESENTATION

Members considered the Letter of Representation presented by Peter Catchpole.

Corporate Governance Committee APPROVED the content and form of the letter of representation to be signed by the Chairman of the Corporate Governance Committee and the Council's Chief Finance Officer.

CGC16/20 TREASURY MANAGEMENT MID YEAR REVIEW 2020/21

Members considered the Treasury Management Mid-Year Review 2020/21, presented by Mark Saunders.

Members asked questions, made comments and received responses as follows:

- Councillor Booth asked for clarification regarding the Investment Portfolio and questioned whether the Council has any risk of concentration of investment, because of ratings that maybe applied to where the Council is investing? Mark Saunders stated that this is something that is monitored very closely, and the Treasury Advisers inform the Finance Department of any changes which happen to those type of institutions. He added that the Treasury Advisers are always consulted prior to the Council investing to ensure where we are investing meets the criteria that is required. Mark Saunders explained that there are not many changes to the short-term investments that the Council holds and if the situation becomes long term, then relevant advice will be sought.
- Councillor Clark highlighted that no external borrowing is anticipated in 2021 and stated that officers have confirmed that this also includes the Investment Board. Mark Saunders explained that there is no anticipation for any external borrowing this year but work is underway to put schemes in place for the Commercial Investment Strategy and this borrowing strategy will be reviewed next year. Councillor Clark stated that he has noted in the press that property prices have seen a 5% increase due to the stamp duty holiday and there is forecast a 13.8% reduction in property for next year.
- Councillor Booth stated that there have been a number of articles in the press with reference to potential abuses of drawing monies from the Public Works Loan Board, which Central Government have indicated that they will reviewing and he asked whether this would limit the opportunities of the Council to be able to borrow from the Government and

mean that commercial loans would have to be used instead of the Public Works Loan Board? Mark Saunders explained that any monies borrowed in connection with the Commercial Investment Strategy would depend on the type of investment the Council is looking to do. He added that changes to the Public Works Board rules would not affect any of the schemes that the Council are looking at with the largest of those being considered being the Nene Waterfront scheme, which is a regeneration and housing scheme, which would not be impacted by any of the new regulations. He explained that those issues highlighted in the press are where authorities have borrowed money and then bought property for commercial gain.

- Councillor Benney stated that there appears to be reluctance in investing in property and land with anything that is bought like this being a long-term investment and he feels that if land values fall that would be an opportune time to buy and the value of land will increase over a ten-year period. He expressed the opinion that caution would be a word he would use, but along with caution comes opportunity and there are opportunities for the Council to investigate going forward. Mark Saunders reiterated that advice is always sought from the Council's Treasury Advisers, who are proactive in advising the Council of when it may be an appropriate time to consider any investment opportunities.
- Councillor Wicks stated that in the current climate the future is uncertain of how long Covid 19 is going to impact us and he is pleased to see the cautious stance that is being taken and that advice is sought from the Treasury Advisers, who will be looking at the current time as well as the future.
- Councillor Booth referred to a comment made by Councillor Benney and added to get the maximum benefit you should wait for the funds to fall to the lowest point before you commence buying. He added that due to Covid there is likely to be a cultural shift with regard to the use of office space going forward and in his opinion there needs to be a slight delay before any major decisions are made with regard to potential investment in any office type infrastructure.

Corporate Governance Committee noted the report.

CGC17/20 INTERNAL AUDIT PLAN 2020/21 PROGRESS REPORT Q2

Members considered the Internal Audit Plan 2020 -21 Progress Report Q2, presented by Kathy Woodward.

Kathy Woodward confirmed that when the committee met in August 2020, they agreed to a shortened audit plan due to the Covid 19 pandemic and resourcing of the Internal Audit Team was discussed. She added that since that meeting a restructure proposal has been submitted and agreed by the Staff Committee, which included reinstating the Audit Manager to a full-time role and to also appoint a full-time Apprentice Auditor. Kathy Woodward explained that the restructure will provide a greater resilience to the team and the organisation. The Apprentice Auditor will gain a qualification and the post will last 2 years, but it is hoped that the post will be retained beyond that time. The staffing proposals will enable more days in the audit plan going forward and greater scope to support the Corporate Governance Committee with its changing role in overseeing the Corporate Investment Strategy. Kathy Woodward explained that the current Section 113 sharing arrangements with the Borough Council of Kings Lynn and West Norfolk would also be terminated.

Kathy Woodward explained that work recommenced on the Audit Plan in September and highlighted the audits carried out since that time and those currently being undertaken. She explained that within the report she has

outlined the additional support that has been given during the first six months of the year considering the Covid 19 pandemic, which included work dealing with the discretionary grant scheme, small business grants and the test and trace isolation payments. Other work has been carried out regarding providing information for the Overview and Scrutiny ARP Review group, helping with the Care and Repair DFG grants scheme which was a request of the County Council

as well as work in connection with the National Fraud Initiative

Kathy Woodward informed members that a positive audit report has been received from the DVLA regarding works carried out in conjunction with the councils abandoned vehicle process.

Members asked question, made comments and received responses as follows:

- Councillor Clark stated that he is very pleased that the Audit Team will be receiving an additional resource and it provides an excellent opportunity for somebody to undertake the role.
- Councillor Booth congratulated Kathy Woodward for her work regarding the restructure of the Audit Team and added that it will be important to ensure the new starter once trained is retained in post going forward.
- Councillor Booth referred to the report and highlighted the recommendations at Appendix A and stated that there are three reports with medium recommendations but there are no themes shown or any detail in the boxes. Kathy Woodward explained that the audits shown are those which are conducted by our partner authorities from ARP and the reason there have been no themes added is because there are so many but she agreed to provide a summary of those recommendations and what they relate to, outside of this report due to the number. Councillor Booth stated that he agrees with that information and would welcome the detail.
- Councillor Booth referred to 3.4 of the report and questioned whether we are content with the prioritisation given to the next tranche of areas to be reviewed. Kathy Woodward stated that of those listed in 3.4, two of them are financial system audits which are always deemed as high risk, waste and recycling is also a high risk area and has to be audited every two years, CCTV and Street Scene Enforcement are on the list due to the significant changes in operational models which occurred last year and the Traveller Site Rents and Repairs and income Debt Management Review are overdue audits from last year. Kathy Woodward explained that the other area of high risk is payroll which is always looked at after Christmas.
- Councillor Wicks complimented Kathy Woodward for the work, which was carried out for the ARP Review Group, as it was very beneficial.
- Councillor Wicks asked whether the changes that took place regarding the CCTV partnership working with Peterborough will have an impact on the level of work required. Kathy Woodward explained that it will increase the work in terms of background research and making sure all areas are covered but there is a template model in place, and the amount of time allocated has been increased in the plan by 2 days to cover that work.
- Peter Catchpole explained that he had met with Kathy, as he had concerns as to whether we would be able to carry out sufficient audit work in order for her to be able to give an audit opinion at the next year end, which is important for both internal and external purposes and Kathy has provided that assurance that this will be achievable.

Corporate Governance Committee considered and noted the activity and performance of the internal audit function.

CGC18/20 CORPORATE GOVERNANCE COMMITTEE FUTURE WORK PLAN

Members considered the Corporate Governance Committee future work plan presented by Peter Catchpole.

He explained to members that following a discussion with Kathy Woodward, he felt that it would be helpful to provide to members with an outline of topics to be covered by the committee. He explained that the subjects have been spread out over the course of the next few Corporate

Governance Committee meetings and it is also proposed that during those meetings there could be some training sessions included, if members felt that there would be any relevant areas on which they would like to receive training. Peter Catchpole explained that the Action Plan has also been included which contains actions from meetings as well.

Members asked questions, made comments and received responses as follows:

- Councillor Booth asked whether the work plan could show a rolling year, rather than the municipal year. Peter Catchpole agreed to amend the work plan to reflect this.
- Councillor John Clark highlighted that he would like to see a review of the Investment Board included within the work plan and asked whether it is prudent for the Committee to review the Board. Peter Catchpole added that the governance issues surrounding the Investment Board will be factored into part of Kathy Woodward's audit work. Councillor John Clark asked where that work will be factored into the work plan and Peter Catchpole added that it will be included in 2020/21.
- Councillor John Clark highlighted the issue of training and asked whether there could be a date set for training. Kathy Woodward agreed that it would be prudent for a date to be set and explained that relevant training sessions could be included to reflect the topics being covered in meetings. She added that members need to indicate the type of training they wish to receive and then the delivery of that training can be investigated.
- Councillor Mrs French expressed the view that training would be beneficial and should be discussed outside of today's meeting, with suggestions brought back to the next meeting of Corporate Governance.

Corporate Governance Committee agreed to note the contents of the Future Work Plan.

CGC19/20 ITEMS OF TOPICAL INTEREST

There were no items of topical interest to discuss.

2.31 pm

Chairman