

Minutes of a meeting of the **GOVERNANCE AND AUDIT COMMITTEE** held in line with The Local Authorities & Police & Crime Panels (Coronavirus) (Flexibility of Local Authority & Police & Crime Panel Meetings) (England & Wales) Regulations 2020, on Thursday, 14 January 2021 at 4.00 pm.

**PRESENT**

T A Carter (Chairman)

J R Astill (Vice-Chairman)  
C J T H Brewis

A M Newton  
P A Redgate

S C Walsh

In Attendance: F Haywood (Internal Audit Manager, Eastern Internal Audit Services), the Strategic Finance and Compliance Manager, the Finance Manager Treasury, the Financial Control Manager and Housing Landlord Services Manager, the Democratic Services Trainee and the Democratic Services Officer.

**23. APOLOGIES FOR ABSENCE.**

There were no apologies for absence.

**24. DECLARATION OF INTERESTS**

Councillor Newton declared an interest as a member of the board of PSPSL.

**25. MINUTES**

The minutes of the meeting of the Governance and Audit Committee held on 26 November 2020 were signed by the Chairman as a correct record.

The Chairman asked the Strategic Finance and Compliance Manager for an update regarding the follow up meeting between SHDC officers and the auditors relating to the Public Sector Audit Appointments (PSAA) fee on Page 9 of the minutes. No further responses had been received but an update would be provided for a later meeting.

The Chairman also asked for an update on who had overall responsibility for one of the actions for the Information Governance Officer. The Strategic Finance and Compliance Manager advised that an update would be provided to the Committee as soon as available.

**Action By**

SK

SK

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**26. 2019/20 ANNUAL ACCOUNTS AUDIT**

The Committee received a verbal update from the Deputy Head of Financial Services in relation to the 2019/20 Annual Accounts Audit.

The Deputy Head of Financial Services informed the Committee of the following:

- Following a meeting between the Deputy Head of Financial Services, the Deputy S151 Officer and Ernst Young (EY) confirmation had been received that resources were booked for the week commencing 25 January 2021 to review the audit queries responded to by SHDC during January.
- There were also some audit areas where work completed by EY was subject to review by their management. This review could generate further queries, but these could not be quantified. One of the areas for review was pensions. The revised report had been received in December, however due to the immaterial value of the changes the decision was taken not to amend the accounts to reflect the revised pensions figures.
- The planned date for completion and sign off of the audit was the end of February 2021.

Members asked that in view of the uncertainty of the current situation were there any plans to review the frequency around the triennial review of pensions. The Strategic Finance and Compliance Manager advised that there were no plans to change the frequency of the review.

**AGREED:**

That the update be noted.

*Councillor Newton arrived at 16.06.*

**27. HOUSING BENEFIT SUBSIDY CLAIM - 2019/20**

Consideration was given to the report of the Portfolio Holder for Finance, Strategies and Partnerships, and the Executive Director – Commercialisation (S151) which considered the outcome of the 2019/20 Housing Benefit Subsidy claim audit.

The Revenues and Benefits Operational Manager informed the Committee that the Council paid out £13,678,610 in Housing Benefit and received £13,630,425 in subsidy from Central

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Government.

The Committee was also informed that during the audit the Council was disregarding War Disablement and War Widows Pension when calculating entitlement to Housing Benefit. This decision was over 10 years old and it was recommended that the decision be reviewed and consideration be given to whether or not the Council wished to continue it.

**AGREED:**

- 1) That the 2019/20 Housing Benefit Subsidy Audit report be noted; and
- 2) That the Council be recommended to continue to disregard from the calculation of housing benefit all income prescribed in the Housing Benefit and Council Tax Benefit (War Pension Disregards) Regulations 2007.

**28. TREASURY MANAGEMENT POLICY & TREASURY MANAGEMENT STRATEGY STATEMENT, MINIMUM REVENUE PROVISION POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2021/22.**

Consideration was given to the report of the Portfolio Holder for Finance, Strategy and Partnerships and the Executive Director – Commercialisation (S151) which set out the Treasury Management Policy and Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2021/22.

The Treasury and Investment Manager informed the Committee that the statutory document being presented was at a draft stage, as the future Capital Programme had not yet been finalised and approved by Council. Once this was known, the information contained within the strategy document shown at Appendix B would be amended and considered by Cabinet prior to submission to Council for approval before the commencement of the 2021/22 financial year.

**AGREED:**

That the report be noted.

**29. PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY**

Consideration was given to the report of the Head of Internal Audit for South Holland District Council which examined the

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progress made between 11 November 2020 and 5 January 2021 in relation to the completion of the revised Annual Internal Audit Plan for 2020/21.

The Internal Audit Manager addressed members concerns in relation to Performance Measures. There had been difficulties with the contractor in finalising and moving some of the work forward, for various reasons, but the Committee were given assurance that this would improve.

The Internal Audit Manager informed the Committee that she would send over the final version of the Income report after the meeting.

FH/SK

The Internal Audit Manager informed the Committee that there were no executive summaries to be brought forward in terms of progress, however one report had been finalised since the agenda had been published and an update on the findings was provided.

The Governance and Audit Committee were informed that 5 important recommendations were raised. Of the 5 recommendations, 3 related to physical security around cheques that were being sent to SHDC through the Customer Contact Centre.

- Recommendations 1-3 related to tighter security around the opening of post, the documentation of cheques that were sent to the Council and the security of cheques as they come into the Finance department. There is a deadline of 1 February 2021 to resolve these issues.
- Recommendation 4 was in relation to the Suspense Account. It had been noted that payments in the Suspense Account had not been investigated since April 2020. The Internal Audit Manager informed the Committee that a more regular review was needed.
- Recommendation 5 noted that once the payments within the Suspense Account had been correctly allocated, there would be an independent check undertaken.

The Chairman asked, with regard to recommendations 1-3 in relation to tighter controls, whether everything was in place to meet the deadline date, or would this need to be extended? The Internal Audit Manager informed the committee that the dates represented best practice. The Auditee had indicated that these dates would be achievable.

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**AGREED:**

That the progress of the Internal Audit Plan of work for 2020/21 be noted.

**30. FOLLOW UP REPORT ON INTERNAL AUDIT RECOMMENDATIONS.**

Consideration was given to the report of the Head of Internal Audit for South Holland District Council which provided members with the position on the progress made by Management in implementing the agreed Internal Audit recommendations as at 5 January 2021.

The Internal Audit Manager provided the Governance and Audit Committee with additional information which had not been available at the point of agenda publication. The following information was provided:

- With regard to the first 2 urgent priority recommendations on page 87 under SH2002, evidence had been received to show that these had been completed and closed.
- On page 89 under SH2015 there were 4 recommendations which were noted as being “in discussion with Management”. The following updates were provided:
  - Recommendation 1 – The following update had been provided by Management:- to achieve this recommendation it was established that a new domain controller was required as well as an upgrade to existing infrastructure. It was therefore requested that the deadline for delivery be delayed until 31 March 2021 to facilitate the additional work.
  - Recommendation 2 – It was felt that the Facilities and ICT Teams were best placed to implement this – the deadline was extended to 31 March 2021 to accommodate this change;
  - Recommendation 3 – This piece of work would require collaboration between PSPS and SHDC. It had not been possible to set up relevant inspections due to restrictions as a result of the Covid pandemic. It was proposed that the deadline be deferred to 30 July 2021.

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- Recommendation 4 – This had been passed onto the SHDC Assets team. A purchase order had been raised for this to take place. A date was being awaited with a deadline in place of 31 March 2021.

Members raised the following issues:

- For item SH2015 and SH2008, why were there new outstanding items being added which were not previously identified? Members were advised that this information would be supplied to them in due course. FH/SK
- Although it was recognised that the Covid pandemic was having an impact on many areas of the Council's services, the Chairman requested that meetings to discuss outstanding recommendations continue, and that where there were other reasons for delays, that these be identified. The Internal Audit Manager assured the Chairman that this would be taken into consideration, and that the majority of reasons for delay were genuine. However, where inspections were required to take place, there were delays as a result of government guidelines around social distancing, to ensure safe working practices as a result of the Covid pandemic.
- For recommendations relating to the Head of Financial Services PSPS on page 85 of the agenda, was the deadline of 1 April 2021 for formal signoff realistic? Members were advised that this would be clarified and the Committee would be updated accordingly. SK
- An explanation was requested as to the delay with the Purchase Order exemption list (on page 85 of the agenda). The Internal Audit Manager stated that she would investigate this and report back to the Committee. FH/SK
- Confirmation was requested on how many caravan inspections had been carried out since lockdown and how many were outstanding?
- With regard to item SH2003 on page 87 of the agenda, around the production of a development strategy to define the work of the Strategic Housing team, members stated that the latest update notes provided did not address the issue. The Internal Audit Manager stated that she would advise the team, in order that a fuller response was produced for the next update. FH/SK

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- Had the auditor given the go ahead for the new market pitch booking system, detailed on page 88? Members were advised that this would be clarified and that the Committee would be updated accordingly.
- With regards to item (SH2009) on page 89 of the agenda, relating to the finalising and uploading of Information Asset Registers to the shared portal, Members asked what more could be done to ensure that this work was completed? The Internal Audit Manager stated that, although an increased workload as a result of the Covid pandemic had resulted in some of the delays, it was important that the relevant legislation was complied with and that officers be encouraged to complete this area of work.

FH/SK

The Housing Landlord Manager provided the following update:

- Housing Needs Audit - the Northgate Housing online system had been fully implemented.
- Allocations Policy – the revised Policy was drafted, would shortly be considered through Overview and Scrutiny and would then be submitted to Cabinet. There were some significant changes to the Allocations Policy.
- Records of enforcement action – a new system called Assure was being implemented across Private Sector Housing. The work around for this was currently being captured and recorded on a spreadsheet. This was visible to the Housing Options Manager and Housing Landlord Services Manager to satisfy the recommendation, as well as the long term plan.
- Decent Home Loans – These had been removed and had been replaced by Decent Homes Grants. There was now one Housing Assistance Policy which covered all grants.
- The two other outstanding actions (Caravan Licences and Empty Homes) would be built into Assure to enable actions to be completed. The new system would ensure that information captured by Officers was processed in a more efficient way.

Members asked how confident the Housing Landlord Services Manager was in confirming a date for the implementation of the new system. The Housing Landlord Services Manager stated that he was confident that the project was on track to deliver on target and was focussed on ensuring that the system was working for

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both officers and tenants.

The Chairman indicated that there needed to be an additional column within the appendices to show that there were Interim actions being considered. The Internal Audit Manager stated that the appendices would be amended to include an additional column for future updates to the Committee.

SK

**AGREED:**

That the views of the Governance and Audit Committee be fed back and the report be noted.

**31. GOVERNANCE AND AUDIT COMMITTEE SELF ASSESSMENT**

Consideration was given to the report of the Head of Internal Audit for South Holland District Council which set out the Audit Committee Self-Assessment Exercise.

The Governance and Audit Committee agreed that a brief report to Annual Council, detailing the work of the Committee, would be beneficial to highlight the work, role and purpose of the Committee across the authority.

CM

The Committee also agreed that any training requirements would be fed back through the Chairman, Head of Internal Audit and the Strategic Finance and Compliance Manager.

SK

**AGREED:**

That the report be noted and the checklist at Appendix 1 of the report be updated to ensure that it was still an accurate reflection.

**32. GOVERNANCE AND AUDIT COMMITTEE WORK PROGRAMME**

Consideration was given to the report of the Executive Manager, Governance (Deputy Monitoring Officer), which set out the Work Programme of the Governance and Audit Committee.

**AGREED:**

That the report and content of the Work Programme be noted.

**33. ANY OTHER ITEMS WHICH THE CHAIRMAN DECIDES ARE URGENT.**

There were none.

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(The meeting ended at 5.42 pm)

(End of minutes)