

Minutes of a meeting of the **GOVERNANCE AND AUDIT COMMITTEE** held in the Council Chamber, Council Offices, Priory Road, Spalding, on Thursday, 11 November 2021 at 4.00 pm.

PRESENT

T A Carter (Chairman)

F Biggadike  
C J T H Brewis

M Hasan  
S C Walsh

Apologies for absence were received from or on behalf of Councillor M D Seymour

In Attendance: F Haywood (Internal Audit Manager, Eastern Internal Audit Services), the Assistant Director - Finance, the Head of IT (PSPS), the Interim Treasury and Investment Manager, the Senior Change and Performance Business Partner, the Democratic Services Team Leader, the Democratic Services Officer and the Press.

**16. DECLARATION OF INTERESTS**

There were none.

**17. MINUTES**

The minutes of the meeting of the Governance and Audit Committee held on 29 July 2021 were signed by the Chairman as a correct record.

The following matters arose:

In relation to minute 4: a verbal statement had been given by the Assistant Director – Finance, on behalf of the Environmental Services Manager:

- In relation to item SH2008 (Markets), the Assistant Director – Finance confirmed that the recent Markets Consultation Outcome report to Cabinet had been subject to Call In and a special Performance Monitoring Panel meeting had been arranged to consider the matter. As the report recommendations had been intrinsically linked, it had been prudent that the outcome of the Call In be known prior to the implementation of any of the recommendations;
- the audit recommendation which had related to the cessation of cash collections had effectively been in place since March 2020;
- a book and pay system had been in the process of being created. This had removed the associated risk of cash payments and addressed many of the outstanding

Action By

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recommendations but roll out had been delayed until the outcome of the Call In had been known.

In relation to minute 7: the Chairman noted that the audit date had been deferred and asked for the Committee to be kept updated regarding Contact Centre performance.

Officers confirmed that the Contact Centre review had been set for 2024/25. Every area was to be risk assessed during the planning exercise and the Contact Centre review could be brought forward to 2022/23. The Committee would be kept informed.

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**18. STRATEGIC RISK REGISTER**

Consideration was given to the report of the Assistant Director Corporate and Portfolio Holder Corporate and Communications, which provided an update to the Committee on the progress of the Council's identified strategic risks.

The Senior Change, Innovation and Performance Business Partner provided the Committee with the following updates:

- the risk associated with changes in legislation of policy in response to Covid 19 had decreased in likelihood. During the recovery phase, the Public Protection Team had been able to focus on statutory duties;
- the risk of Council performance had increased in Q2 which had reflected Contact Centre underperformance. The Council had been assured that work had been in progress and improvements had been implemented;
- the Housing Manager had reported an increased risk around Housing Team resources and support. An overview of the assessment was presented which stated that performance had been sustained at 4 weeks' processing time; performance had been monitored on a weekly basis; and trends had been reported on a monthly basis. The retention of temporary staff had been challenging due to the transient nature of this workforce. Permanent and fixed term recruitment campaigns had been due to commence. This had been a new assessment which was to be shared with the Committee and would be reflected in the next iteration of the risk report.

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The officer highlighted that the risks stated in the report reflected the situation to the end of September 2021 and had not incorporated the new partnership which came into effect from 1 October 2021. Work would be completed across the partnership which considered new and existing risks. The committee would be

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kept informed of any changes to risk ownership responsibilities.

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The Committee considered the report and made the following comments:

- Members queried page 41 of the risk report which had shown an increased risk in SHDC performance whilst the performance of PSPS had not changed. A risk had been suggested for both.
  - the officer confirmed that the reduction in council performance had related to the Contact Centre (PSPS) but the risk had considered public perception. An interim assessment would take place and shared with the Committee.
- Members questioned the Safeguarding item on page 45 in respect of supporting evidence for 'clear referral pathways'.
  - the officer confirmed that evidence would be requested from the owner of the risk.

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The ICT manager (PSPS) attended to respond to issues raised from the Governance and Audit Committee meeting on 29 July 2021. The following points were made:

- that the risk around a single firewall which came from the Remote Access audit had now been completed and closed. The risk now appeared on the register;
- confirmation that single points of failure had existed beyond internal systems, such as British Telecom, which had not been within the control of PSPS. A replacement programme had been established to review stronger resilience which had been due for completion by the end of the financial year;
- that the cyber audit had been brought forward to Q3 as requested;
- that the cyber incident which occurred in March 2021 had not affected the risk score as a longer view had been taken and the issue had been resolved;
- that a major incident report had been circulated to Committee members which had detailed the analysis of the major outage in November 2020.

Members considered the responses and made the following comments:

- the Chairman stated that circulation of the major incident report had instilled confidence that action had been taken;
- Members stated that online threats to residents had been difficult to predict and that this had affected older residents who had been defrauded. Whilst it had been acknowledged that the ICT Manager's (PSPS) remit had been to secure

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SHDC's internal systems, members asked whether internal expertise could have been used to help prevent residents falling victim to online fraud. The Communications Team had circulated messages where known frauds had taken place.

- The ICT Manager (PSPS) stated that complete online confidence had been difficult to achieve but potential communications/signposting could be considered.

**AGREED:**

That the content of the report be noted.

**19. 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 progress made between 29 July 2021 and 1 November 2021 in relation to the completion of the Internal Audit Plan for 2021/22.

The officer introduced the report and highlighted the following points:

- Point 3.1 showed that 47.5 days of work had been completed which had represented 24% of the agreed work on the internal audit plan;
- Section 4.4 highlighted completed areas which had included a final report which related to Covid Business Grants. This had given an assurance rating of 'substantial' with two low priorities findings outlined in Appendix 2;
- Section 5 outlined the performance measures of the Eastern Internal Audit Services contractor. Point 5.3 detailed a progress summary by the Head of Internal Audit which highlighted the large volume of work which had still to be undertaken in Q3 and Q4. Resources to complete the plan may need to be reviewed and anticipated shortfalls reported to the Committee;
- Appendix 1 detailed the whole plan and progress that had been made to date;
- Appendix 2 outlined the summary which related to Covid-19 Business Grant arrangements.
  - sound controls had been in place which had operated consistently;
  - internal procedures and checklists had assisted the application process; and
  - pre-payment assurance steps had been pro-actively built into the process which had identified fraud risks. As a result, there had been zero incidences of

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- suspected fraud;
- two recommendations had been noted should the Government be required to administer future grant schemes.

**AGREED:**

That the report be noted.

**20. 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 31 March 2021 to 1 November 2021.

The report was introduced by the Internal Audit Manager. Members considered the report and made the following comments:

- Members thanked officers for progress in this area;
- Members requested an update relating to point 3.2 of the report which noted one urgent outstanding internal audit recommendation which related to Asset Management SH1809. Members asked whether the resolution timeline of 31 December 2021 had been achievable or whether March 2022 would have been more realistic.
  - The Assistant Director – Finance delivered a verbal update on behalf of the Strategic Property Manager which stated that assurance action had been in place to resolve the issue. Ninety per cent of the fifty leases had been in the process of renewal and a resolution had been expected by the end of the calendar year. The December deadline had arisen from a recent assessment, but the query would be referred to the relevant officer to ensure it was realistic. Any extension would need to be brought to the committee for discussion.
- The Chairman replied that reasonable and realistic extension requests, brought to the Committee by the responsible officers, would be considered.
- Members queried why the Car Park payment system review had been linked to the toilet upgrade.
  - The Assistant Director – Finance confirmed that a review of the car park payment system had been due to take place in tandem with the implementation

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of the new toilets. For contractual efficiencies, both facilities would have shared payment collection facilities. The implementation of the new toilets had been delayed and this had affected both projects. The car park payment system review had since recommenced, and a procurement process was underway.

- Members queried whether the Accountancy Services deadline of 30 December 2021 was realistic.
  - The Assistant Director – Finance confirmed the deadline had been realistic and added that a review of policies and procedures had been in place by the Interim Treasury Investment Manager which ensured harmonisation and resilience across the partnership.
  
- Members commented that the Asset Management (SH2108) audit area had been place-based and therefore queried how the note which related to the partnership had been relevant.
  - The query would be referred to the relevant officer for comment.
  
- Members requested an explanation regarding the relevance of planned maintenance programmes to capital bids.
  - The query would be referred to the relevant officer for comment.
  
- Members noted that the recommendation 2 on the Asset Management (SH2108) audit area had been highlighted as a priority item on the South Holland Centre Task Group.

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**AGREED:**

That the content of the report be noted.

**21. MID TERM TREASURY REPORT 2021/22**

Consideration was given to the report of the Deputy Chief Executive – Corporate Development (S151 Officer), which provided an update of the treasury management position of the Council as at 30 September 2021.

The Interim Treasury and Investment Manager introduced the report which had been prepared in compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) code of

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practice on Treasury Management. The report had two appendices;

- Appendix A detailed reviews undertaken for 2021/22, which had included:
  - the Treasury Management Strategy Statement and Annual Investment Strategy which had detailed the Council's capital expenditure as set out in the Capital Strategy and Prudential indicators;
  - the Council's investment portfolio;
  - borrowing strategy;
  - debt rescheduling which had been undertaken;
  - compliance with Treasury and Prudential Limits;
- Appendix B detailed an economic update for the 2021/22 financial year to 30 September 2021.

Members considered the report and made the following comments:

- Members asked whether the council had regularly checked the reliability and ratings of investments.
  - The officer confirmed that regarding credit: the council adhered to the Treasury Management Statement which set out limits; advisors' Link Asset Services had been utilised which had provided regular/immediate updates.
  - Regarding yield: updates had been received from brokers, advisors and financial institutions on a daily basis. These had been monitored to ensure the best possible return had been achieved.
- Members suggested that an explanation of the history of the Council's £67 million debt be shared with members.
  - The Assistant Director – Finance confirmed that the debt had arisen from the compulsory purchase of HRA from central government. A background note would be prepared so that all current councillors were advised of how the initial debt had arisen.

JM, SK

**AGREED:**

That the report be noted.

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

Consideration was given to the report of the Assistant Director Governance and Monitoring Officer which set out the Work Programme of the Governance and Audit Committee.

The Democratic Services Team Leader introduced the report and

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confirmed that the majority of the Work Programme had remained unchanged. The Governance and Audit Committee Self Assessment had been rescheduled from November 2021 to January 2022, with a follow-up review scheduled for March 2022.

**AGREED:**

That the report be noted.

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

There were none.

(The meeting ended at 4.48 pm)

(End of minutes)