

Minutes of a meeting of the **GOVERNANCE AND AUDIT COMMITTEE** held in Meeting Room 1, Council Offices, Priory Road, Spalding, on Thursday, 25 July 2019 at 4.30 pm.

PRESENT

E J Sneath (Chairman)  
J L Reynolds (Vice-Chairman)

A M Newton  
P A Redgate

M D Seymour  
S C Walsh

Apologies for absence were received from or on behalf of Councillors C J T H Brewis

In Attendance: The Executive Director Commercialisation (S151), the Strategic Finance and Compliance Manager, the Head of Finance (PSPS), the Corporate Innovation, Change and Performance Manager, the Democratic Services Officer and Councillor J L King.

**11. DECLARATION OF INTERESTS**

With regard to agenda items 6 and 9 'Quarter 1 2019-20 Risk Report', the following Declarations of Interest were received:

- Councillors Sneath and Newton informed the Committee that they did not have a Disclosable Pecuniary Interest, but in the interest of transparency, they wished to declare that they were Lincolnshire County Councillors.
- Councillor Newton informed the Committee that she did not have a Disclosable Pecuniary Interest, but in the interest of transparency, she wished to declare that she was a PSPS Board member.

**12. MINUTES**

The minutes of the meeting of the Governance and Audit Committee held on 6 June 2019 were signed by the Chairman as a correct record.

It was agreed that all future meetings of the Governance and Audit Committee commence at 4pm.

**13. EXTERNAL AUDIT PROGRESS REPORT AND UNAUDITED STATEMENT OF ACCOUNTS 2018/19**

Consideration was given to the report of the Executive Director Commercialisation (S151 Officer) which updated the Committee

Action By

RB, LE,  
CM

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of events since the unaudited Financial Statements were presented. The following information was noted:

- The external auditor, Ernst Young had confirmed that their audit would not be completed by 31 July 2019, due to serious resourcing issues. Their timetable was now to start SHDC's audit on 23 September 2019, and complete on 18 October 2019. This delay would necessitate the delay of the planned Governance and Audit Committee meeting on 24 October 2019 – the meeting would now take place on 14 November 2019, and Ernst Young would present their audit findings to this meeting.
- Members and officers felt that the delay was not acceptable, and the Authority had made strong representations to Ernst Young however, there was nothing that could be done as they did not have the resources to complete the audit. The contract with Ernst Young was a national contract and SHDC was not the only Authority experiencing delays. The national contract had been awarded in 2018. Ernst Young had had a significant increase in work, as a result of contracts awarded. Other contractors were also having similar problems. There was no consequence arising from the audit not being completed on time however, SHDC had presented its required information, and Ernst Young now needed to resource and complete its work.
- With regard to the accounts and audit regulations, consideration was currently being given to changes by the government. Officers expected that the timeline may be reviewed.
- Members asked whether there would be a similar risk, going into next year. Officers responded that they would be raising the issue with PSAA, who organised the contract, to ascertain what they intended to do. However, it was likely that the same problem could arise next year.
- Members were advised that the accounts presented within the report had not changed since they were considered at the last meeting of the Committee. They were however advised of an issue relating to pensions, which was as a result of a recent Supreme Court judgement. This had ruled that the 2015 changes to public sector pensions had discriminated against younger employees. The ruling meant that it was likely that the Council pension funds would have to compensate and account for payments to ensure that no employee was left out of pocket. The Council's actuary had advised that there was an estimated £212,000 impact on the pension liabilities figures in the accounts, although no impact to the Council's general fund. It had been decided that, due to materiality levels, no adjustment be made to the 2018/19 accounts and the Council

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had decided to treat this as a contingent liability.

**AGREED:**

- a) That the update on the Financial Statements 2018/19 be noted;
- b) That the Annual Governance Statement 2018/19 be approved; and
- c) That the Governance and Audit Committee meeting, due to be held on 24 October 2019 be moved to 14 November 2019.

CM, SK

**14. 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.

It was noted that all items that had been due for consideration at the meeting on 24 October 2019 be moved to the new meeting date of 14 November 2019.

**AGREED:**

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

**15. QUARTER 1 2019-20 RISK REPORT**

Consideration was given to the report of the Executive Director Strategy and Governance which provided an update to the Committee on the progress of the Council's identified strategic risks.

Appendix 2 to the report was exempt, and it was agreed that the report in its entirety be considered with this appendix.

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

There were none.

**17. EXCLUSION OF THE PRESS AND PUBLIC**

**DECISION:**

That, under section 100A (4) of the Local Government Act 1972,

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the public be excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in Paragraph 3 of part 1 of Schedule 12A of the Act.

**18. QUARTER 1 2019-20 RISK REPORT**

Consideration was given to the report of the Executive Director Strategy and Governance which provided an update to the Committee on the progress of the Council's identified strategic risks.

The Committee noted the following:

- The issue detailed within the exempt appendix should be added to the risk register – it would enable regular review of the contract. Currently, it was not a major risk, but it was noteworthy.
- Heat maps were used within the risk register to track progress of each individual risk – members requested that an additional heat map be added for each risk, showing results from the previous quarter, in order that a comparison could be made. RB
- Members were pleased with the improvement in staff retention. Officers confirmed that a new HR workforce strategy was now in place, and benefits were beginning to be seen from it.
- With regard to the risk 'failure to effectively implement corporate business continuity plan', members questioned why this had not yet been signed off. Officers responded that this issue was to be considered in September, and that the outcome would be reported back. RB

**AGREED:**

That the report be noted.

(The meeting ended at 5.00 pm)

(End of minutes)