

Minutes of a meeting of the **GOVERNANCE AND AUDIT COMMITTEE** held in the Meeting Room 1, Council Offices, Priory Road, Spalding, on Thursday, 22 September 2022 at 4.00 pm.

PRESENT

H J W Bingham (Vice-Chairman)

F Biggadike

S C Walsh

In Attendance: the Assistant Director - Finance, the Deputy Chief Finance Officer (Corporate) (PSPS), the Interim Treasury and Investment Manager, the Senior Change and Performance Business Partner, the Homelessness Reduction and Private Sector Improvement Manager, F Haywood (Internal Audit Manager, Eastern Internal Audit Services), L Pledge - Head of Internal Audit and Risk Management (Assurance Lincolnshire) and the Democratic Services Team Leader.

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

**12. DECLARATION OF INTERESTS**

Councillor Biggadike declared an interest in agenda item 8 in his capacity as a private landlord and advised that he would leave the meeting during discussion of information relating to Private Sector Housing.

**13. MINUTES**

As Councillor Bingham was the only member of the Committee present who had been in attendance at the last meeting held on 28 July 2022, it was agreed that the minutes be considered and signed at the next meeting of the Governance and Audit Committee.

**14. ACTIONS**

Updated responses to Actions which arose at the Governance and Audit Committee meeting on 28 July 2022 were presented to the Committee.

It was noted that all actions from the meeting had been addressed.

**AGREED:**

Action By

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That the Actions from the Governance and Audit Committee meeting held on 28 July 2022 be noted.

**15. Q1 RISK REPORT 22/23**

Consideration was given to the report of the Assistant Director– Governance which provided an update on the Council’s strategic risks for the period 1 April 2022 to 30 June 2022.

Members were advised that as part of the annual risk register review, alongside the formation of the South and East Lincolnshire Partnership a complete review of South Holland District Council’s strategic risk register had been undertaken. Where appropriate, certain risks had moved to registers monitored at an operational level and new risks had been added to the register to ensure the strategic risk register captured all of the organisation’s key risks/threats to achieving its strategic objectives. An overview of key changes to the register when compared to the last period (Quarter 4) was included within the report.

Officers advised that risk 5 (Towns Fund) had been included within the register in error and would be removed from the next version of the Risk Register.

Members’ attention was drawn to the following key high-level risks:

- Failure to deliver demands for support with housing advice and homelessness;
- Risk of the Council’s ICT infrastructure being severely impacted as a result of a cyber incident;
- Supporting recovery from Covid19 for the local economy – people and businesses.

Members considered the report and the following points were raised:

- One of the changes to the Risk Register was the moving of Technology Infrastructure Failure to the operational Risk Register – members felt that it was too soon to remove it from the Strategic Risk Register.
  - Members were advised that a risk around the more generic risk of IT failure would be added to the next iteration of the Risk Register.
- In view of recent IT failures, it was felt that the Likelihood

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score of 2 against the Technology Infrastructure failure risk was too low.

- Officers responded that the reasons for the recent IT failures had to be investigated and considered and would accordingly be reflected within the Risk Register.
- Members commented that external factors had to be taken into account however, more and more use was being made of technology and it was important to look at the various IT systems that the Authority had in place to ensure that the impact of any failures was reduced.
- It was noted under the risk 'Housing Team Resources and Support' that the Homeless Reduction Team currently had 5 vacancies that were being recruited to – had the staffing situation now improved?
  - Members were advised that the team was now fully staffed, with the exception of the roles of a Team Leader and a Part Time Assistant Housing Options Adviser, which were currently being recruited to. There were various reasons for the original staff leaving however the situation was now much improved and new staff had been fully trained.
- Had Risk 4 'Changes to Council's strategic partnership arrangements' been added as a matter of course or were there any extenuating circumstances?
  - Officers advised that there were no background issues, and that the risk had been added to ensure that should any issues arise that would have an effect, that they could be addressed.
- Members asked if there was any concern with regard to Risk 7 'Performance of PSPS contract'.
  - Officers advised that this risk had been lowered quite recently. It was anticipated that the risk would decrease further as part of the Quarter 2 report.

**AGREED:**

That the content of the report be noted.

**16. Q1 TREASURY REPORT 2022-23**

Consideration was given to the report of the Interim Treasury and Investments Manager (PSPSL) which provided an update on the Treasury Management position for Q1 2022/23.

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The Q1 Treasury Management Report was attached at Appendix A, and covered the following areas:

- An economic update for the first quarter of the 2022-23 financial year;
- The outlook for the remainder of the financial year along with interest rate forecasts;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- A review of the Council's investment portfolio for 2022-23;
- A review of the Council's borrowing strategy for 2022-23;
- Debt rescheduling; and
- Compliance with Treasury and Prudential indicators.

The report referred to a key element of the Council's Governance Framework and represented an important contribution to the evidence trail in support of the Annual Governance Statement 2022/23.

Members were advised that Treasury Management Reports would now be provided on a quarterly basis.

Members considered the report and the following points were raised:

- In response to members questioning whether the Council's borrowings of £67.456million at a rate of 3.48% (Section 5 – Borrowing) was a fixed rate, it was confirmed that it was. Members requested that this be specified in future reports.

**AGREED:**

That the information detailed within the report be noted.

**17. UNAUDITED FINANCIAL STATEMENTS 2021/2022  
INCLUDING NARRATIVE REPORT AND ANNUAL  
GOVERNANCE STATEMENT**

Consideration was given to the report of the Deputy Chief Executive - Corporate Development which presented the unaudited Financial Statements including Narrative Report and Draft Annual Governance Statement for the Committee's review, in line with best practice.

The Financial Statements production was complete, and shown at Appendix A was the unaudited version of the 2021/22 Financial Statements (this included the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, and

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Balance Sheet as at 31 March 2022, along with the Annual Governance Statement).

The timescales involved with the approval, inspection and audit of the Council's Financial Statements for 2021/22 were:

- S151 Officer signed Statements – 30 July 2022
- Accounts available for Public inspection from – 31 July 2022
- Audit by Ernst and Young commences – 12 September 2022
- Unaudited Financial Statements to Committee – 22 September 2022
- Financial Statements approved by Committee – To be confirmed
- Auditor's opinion on Statements issued by – To be confirmed

The Accounts had been prepared in accordance with the Code of Practice and the Council's accounting policies, which were brought to the Committee in March 2022. The draft Annual Governance Statement was presented within the unaudited Financial Statements.

The major changes in the Balance Sheet at the year end, considered significant enough to warrant specific reference were detailed within section 2.6 of the report.

Members were advised of the following errors:

- Within section 2.7 of the covering report, SHDC's share of PSPS Ltd was stated as 24% - the figure should be 28%;
- Within the appendix, the pie charts on page 82 of the agenda pack were incorrect – the correct versions would be included in the final version

Members considered the report and the following points were raised:

- Members commented that a Task Group looking at the operation of the South Holland Centre had recently concluded – would any of the financial information relating to this be included within these accounts?
  - Officers responded that it would not be included within this document as this related to the previous year, and that the information to be included in the document had to be presented in a prescribed way.
- Members commented that it was encouraging that the unaudited financial statements had been completed on time, despite external pressures.

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- Members referenced the training on the unaudited financial statements that had been due to take place earlier in the month, and requested that a new date for this be arranged and that explanation of public sector accounting be included.
  - Officers responded that this training would be arranged once the auditors had completed their field work. In addition, the way in which public sector accounting was undertaken and how it differed from standard accounting would be explained.

**AGREED:**

That the unaudited Financial Statements 2021/22, including the Annual Governance Statement, be noted.

**18. PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY  
2022/2023**

Consideration was given to the report of the Head of Internal Audit which asked the Committee to examine the progress made between 1 April 2022 and 12 September 2022 in relation to the completion of the Internal Audit Plan for 2022/23. The report also included an update on Internal Audit Recommendations.

The Head of Internal Audit advised that this was the final report to come forward on behalf of Eastern Internal Audit Services, prior to Lincolnshire Audit taking over the internal audit function.

The Head of Internal Audit introduced the report and the following points were highlighted:

- The audit plan had been split to take account of the change in internal auditor halfway through the year;
- During the period covered by the report, two reports had been issued in final – Procurement and Contract Management (Reasonable Assurance); and Economic Growth (Substantial Assurance).
- One audit from 2021-22 was reported as outstanding at the July meeting. Performance Management had now been finalised, resulting in Reasonable assurance with one Important and three Needs Attention recommendations raised and agreed with management. The Executive Summary of this report was attached at Appendix 3.
- Appendix 2 provided a high-level summary of the auditor's findings;
- Appendix 4 provided a high-level summary of the status of agreed Internal Audit recommendations

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Members were advised that no updates had been received in time for inclusion within the report at Appendix 5 around Housing Needs, Allocations, Homelessness and Housing Register, and the Homelessness Reduction and Private Sector Improvement Manager was therefore in attendance to provide the following verbal update on the outstanding Internal Audit recommendations:

Housing Needs, Allocations, Homelessness and Housing Register

- **Recommendation 1** (Important) – Full assessments of homelessness applications be completed as soon as possible after the application is received. Performance in this regard should be monitored to ensure that applications are assessed within a pre-determined timescale.
  - Members were advised that this was almost consistently being achieved. A target date of 10 working days had been set and following a recent sample it was noted that an average of 12 working days was currently being achieved. Samples confirming this would be provided.
  
- **Recommendation 2** (Important) – All decision letters to be uploaded to the relevant case.
  - Members were advised that this was being achieved and that samples confirming this would be provided.
  
- **Recommendation 3** (Important) – Personal Housing Plans be created and regularly updated for all homelessness cases accepted by the Council.
  - Members were advised that this was being achieved. The last few months had shown a great improvement in recruitment of permanent staff to the Housing Options Team, and training.

(Councillor Biggadike left the meeting at this point, prior to the discussion on Private Sector Housing).

Private Sector Housing

- **Recommendation 1** (Urgent) – For a report to be designed in Assure that allows for a list to be produced of all HMOs showing a full audit trail of the inspection history and the date the next inspection is due. This report to be run regularly and reviewed by management to ensure all scheduled inspections are taking place. Any outstanding inspections to be completed forthwith.
  
- **Recommendation 2** (Urgent) – For a report to be designed in Assure that allows for a list to be produced of all HMOs subject to enforcement action including a full audit trail of the

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enforcement history, both past action and the date the next inspection is due. This report to be run regularly and reviewed by management to ensure all scheduled inspections are taking place.

- **Recommendation 3** (Urgent) – For a report to be designed in Assure that allows for a list to be produced detailing the status of follow up action where an enforcement notice has been issued. This report to be run regularly and reviewed by management to ensure all scheduled inspections are taking place
  - Members were advised that work was being done on these actions however progress regarding the design of reports had currently stalled whilst awaiting the availability of a consultant with the external software provider. This had been chased on multiple occasions. An update would be provided when further progress had been made.
  - Members commented that this recommendation should not remain outstanding without a timeframe for progress/completion. Officers responded that it was currently difficult to provide a timeframe due to being at the mercy of an external provider.
  - To provide some assurance to members, officers advised that outstanding recommendations were now being reviewed by the Senior Leadership Team, prior to being reported to the Committee – this would allow escalation of recommendations where it was felt they were not being dealt with at the appropriate pace.

The Homelessness Reduction and Private Sector Improvement Manager also provided the following examples of good work that was taking place:

- Houses in Multiple Occupation – Good work was being undertaken by the Private Sector Housing Team, and the approach to inspections was now much more proactive and collaborative.
- Even though reports were not yet available, all the information and data required was stored and available.
- **Recommendation 4** (Important) – Quarterly budget reconciliations between the Council’s main financial system and PSH records (spreadsheets) to be subject to independent check by the Homelessness Reduction and Private Sector Improvement Manager, with evidence retained thereof, thereby ensuring accuracy over Disabled Facilities Grants expenditure
  - Quarterly reconciliation meetings took place, and a



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meeting to discuss Quarters 1 and 2 was diarised for October, and these would then follow on a quarterly basis.

- **Recommendation 5** (Important) – To ensure that the Council complies with the ‘Mobile Homes and Caravan Site Licensing and Fee Policy – Issued August 2021’ including any subject to new planning applications, in respect of fee charging, where applicable. Where a fee is not required, the reason(s) to be recorded.
- **Recommendation 6** (Important) – To ensure all outstanding sites are licensed and the introduction of routine management reporting and oversight of caravan licensing activity.
  - The website had been updated with licence applications and the public register of relevant protected sites. There with three new outstanding applications being dealt with currently.
- **Recommendation 7** (Important) – The Council’s PSH Team review its approach to overseeing administration of empty homes to align to the priorities within the Empty Homes Strategy whilst at the same time taking into account the actual numbers of empty properties in the district and available resources.
  - The officer responsible for this area had been undertaking training sessions with officers from BBC and ELDC. Some background work on this area had started, and an up-to-date list of properties had been requested from the Council Tax department. Once this had been received and background work completed, officers would begin contacting landlords. This area of work was very resource-heavy and not a statutory function.
  - Members commented on the delay to the Team’s work as a result of the delay in obtaining information from the Council Tax department. Did the Authority have an escalation process to deal with this?
  - The Assistant Director Finance advised that the information should be provided by PSPS and as client liaison officer with regard to this, she would ensure that this was progressed.
- **Recommendation 8** (Important) – A procedure be produced that provides levels of delegation for officers assessing/approving financial assistance under the Housing Assistance Policy (current/new Policy) with evidence (Audit trail) retained where independent approval is required.
  - Everything regarding the delegation for officers was

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included within the Policy itself. A revised Policy was currently being drafted.

- Auditors confirmed that if this recommendation was not relevant and that the information needed was included within the Policy, commentary along those lines be provided and the recommendation could be closed down.

The Head of Internal Audit concluded that Eastern Internal Audit Services had had a good relationship working with SHDC. A lot of work had gone into improving the control framework and many areas had improved their audit opinions over the years. She thanked the Governance and Audit Committee for their support to the work of internal audit.

Members considered the report and the verbal update, and the following additional points were raised:

- Appendix 1 showed a client request for the Leisure Audit to be moved from Quarter 2 2022/23 to Quarter 3 2022/23. The Leisure contract was an area of concern for some members and a report into this area would be appreciated as early as possible. Sufficient pressure should be applied to get this area into an auditable position.

**AGREED:**

That the information detailed within the report be noted.

(Councillor Biggadike re-joined the meeting following discussion of this item).

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

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

**AGREED:**

That the report and content of the Work Programme be noted

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

There were none.

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(The meeting ended at 5.35 pm)

(End of minutes)