

Minutes

Governance and Audit Committee

Wednesday, 29 September 2021, 14:00



SOUTH
KESTEVEN
DISTRICT
COUNCIL

**Council Chamber - South Kesteven House,
St. Peter's Hill, Grantham. NG31 6PZ**

Committee Members present

Councillor Ian Stokes (Chairman)
Councillor Paul Wood (Vice Chairman)

Councillor Ashley Baxter
Councillor Jacky Smith
Councillor Mark Whittington

Non-Committee Members in attendance

Councillor Breda-Rae Griffin (Chairman of the Council)

Cabinet Members in attendance

Councillor Robert Reid (Cabinet Member for Housing and Property)
Councillor Adam Stokes (Cabinet Member for Finance and Resources)

Officers in attendance

Alan Robinson (Deputy Chief Executive)
Richard Wyles (Assistant Director of Finance and Section 151 Officer)
Alison Hall-Wright (Head of Finance)
Carol Drury (Senior Community Development Officer)
Tracey Elliot (Governance and Risk Officer)
Sarah Downs (Democratic Services Officer)

External Audit

Paul Harvey (Grant Thornton)

26. Apologies for absence

Apologies for absence were received from Councillors Gloria Johnson and Sue Woolley.

Councillor Breda-Rae Griffin had been appointed as a substitute for Councillor Gloria Johnson.

27. Disclosure of interests

There were none.

28. Minutes of the meeting held on 21 July 2021

The minutes of the meeting held on 21 July 2021 were proposed, seconded and **AGREED** as a correct record, subject to the following amendment:

- An updated report on the planning service review had been agreed to be added to the work programme for October 2021 as it had previously been omitted.

29. Updates from previous meeting

There were no updates to be noted from the previous meeting.

Confirmation was requested as to the status of the meeting and that it was being held in compliance with the Local Government Act 1972, with the display of a notice in advance.

The Deputy Chief Executive confirmed that the meeting was compliant. As with all Constituted meetings, a notification of the meeting had been published on the Council website. No notice had been displayed on the public notice board, which had ceased with the restrictions due to the pandemic, however this practice would now recommence.

30. External Audit Plan 2020 - 2021

The External Audit Plan for 2020 – 2021, prepared by External Auditors, Grant Thornton, was presented to the Committee. The report which had been deferred from the July meeting, provided an overview of the planned scope and timing of the statutory audit of South Kesteven District Council for those charged with governance.

The Auditor highlighted a new addition to the report which was a section on group accounts and highlighted its scope and the nature of the work undertaken. Clarification was given that there were four significant risks, two of these were mandated risks as per international auditing standards.

During debate, Members raised the following points:

- Concerns were raised as to the delay in presenting the report to Committee and completing accounts.

Members were informed that the risks were estimated using techniques based on assumptions. Even a 1% change could significantly increase risk and cost.

- A Member asked about the group accounts and enquired why LeisureSK Ltd had not been included.

It was confirmed that LeisureSK Ltd as a newly formed council owned company was not required to be included in the Council's group accounts but this would be a requirement from 2021/22.

- A Member asked what was specific to South Kesteven District Council within the report as some parts of the report were generic and applicable to a number of local authorities.

The Committee was informed that due to the generic nature of Local Government, most Local Authorities had similar 'generic' risks. The Annual Governance Report provided a more detailed, specific report tailored to South Kesteven.

Officers noted that the current contract for external audit was due to expire after March 2022. Options were being considered on the future procurement of external audit services and a report would be presented to Council at the appropriate time.

AGREED:

That the Governance and Audit Committee noted the External Audit Plan 2020 – 2021.

31. Appointment of Internal Auditors

A report was presented by the Assistant Director of Finance and Section 151 Officer for the Committee to consider new internal audit arrangements from April 2022.

The current contract, which was with RSM had been in place since 1 April 2016. The Council agreed a one-year extension to the contract which was due to expire on 31 March 2022.

It was highlighted that the Council had been consulting with other providers to explore new opportunities to procure audit services and neighbouring Authorities had also been contacted.

Assurance Lincolnshire (AL) was recommended and it was confirmed that there would be a period of transition to ensure a smooth and manageable handover.

During debate on the report, the following points were raised:

- A Member asked if a similar fee had been requested and how the service offered by Assurance Lincolnshire compared to that of the current auditors.

It was confirmed that the overall cost to the Authority would be no more than the current contract but the range of the services will be specifically tailored to South Kesteven.

- It was noted that Assurance Lincolnshire will offer a good quality service.
- A Member asked for clarification on the ownership of Assurance Lincolnshire.

The Officer confirmed that Assurance Lincolnshire is a service managed and hosted by Lincolnshire County Council.

Councillors Ashley Baxter and Mark Whittington declared an interest, as they were serving Lincolnshire County Councillors. Advice was taken from the Deputy Chief Executive who advised if Members felt they had an interest, they should not participate in the vote, for the current item.

- A Member asked why the appointment of Assurance Lincolnshire did not need to follow a tendering process.

The Officer informed that as Assurance Lincolnshire is a public sector hosted service then a formal procurement process was not required. The quality of the service offer provided by Assurance Lincolnshire had been benchmarked by other recipients of the service and no concerns were expressed.

- A Member asked if RSM had been consulted on this proposal. The Officer confirmed that RSM had been consulted throughout the process and were supportive and amenable, enabling a seamless transfer.

The recommendations were proposed and seconded, following a vote they were **AGREED**.

DECISION:

Governance and Audit Committee approved the appointment of Assurance Lincolnshire as the Council's internal auditors, with effect from 1 April 2022, for a period of five years.

32. Counter Fraud Annual Report 2020-21

The Counter Fraud Annual Report was presented by the Assistant Director of Finance and Section 151 Officer. The report covered the financial year 2020-21 and detailed the counter fraud arrangements in place and the activities that have been undertaken to mitigate those risks.

The officer highlighted the whistle-blowing hotline, managed by Lincolnshire County Council. The number of referrals was higher for South Kesteven District Council than neighbouring Authorities and a number of reasons for this difference were explained. Arrangements for the anonymous hotline were managed externally to

the Council in order to maintain integrity. The officer noted that users of the hotline may feel more comfortable speaking to an external source. Each issue raised was logged and acted upon where possible. Anonymity had unfortunately made some referrals impossible to act upon, in the absence of sufficient information.

The review into the Council Tax single occupancy discount had been particularly successful, alongside the data matching of benefit applications within the National Fraud Initiative.

During debate, Members raised the following:

- It was noted that the referrals to the whistle-blowing hotline were high and a Member asked if there was any indication as to why that was the case.

Members were advised that as South Kesteven District Council is a large social landlord and some of the comparators did not have a similar role. This would explain some of the differences.

- A Member asked if there had been any malicious or unjustified referrals.

Officers confirmed that none had been received, largely due to referrals being signposted by Lincolnshire County Council. It was further noted that all referrals were acknowledged and every effort was made to investigate based on the information provided.

The recommendations of the report were proposed and seconded, following a vote, they were **AGREED**.

DECISION:

The Governance and Audit Committee approved the contents of the report and the Workplan for 2021-22.

33. Strategic Risk Register

The Committee were presented an update on the Strategic Risk Register, which provided the Governance and Audit Committee with the opportunity to review the risk management arrangements in place and the activities that are being undertaken to mitigate those risks. The Assistant Director of Finance highlighted that controls had been expanded where it was felt that further strength was needed.

Members raised the questions:

- The scoring of each risk. How it was arrived at and were they suitably challenged.

The Corporate Management Team had considered the score for each individual risk. The Internal Auditors had assessed and tested the control processes and ensured that they were appropriately calculated.

- How the impact of a crisis such as the Covid-19 Pandemic, or a severe weather event would be incorporated into the Strategic Risk Register.

The risk register is a longer term strategic overview of the risks facing the Council and is categorised by themes rather than specific events. The specific impact of such examples would be considered alongside the theme as appropriate.

The Authority's land and buildings which had largely been empty during the Pandemic and subsequent lockdowns, at what point would that have become a strategic risk.

Asset management had been identified as a corrective control and is included in the Risk Register. There was a difference between strategic and operational risks, Heads of Service within the Authority were responsible for the management of operational risks, operational risks would only be escalated to strategic risks where there is evidence the risk is across the organisation rather than service specific.

The recommendations of the report were proposed and seconded, following a vote, they were **AGREED**.

DECISION:

That the Governance and Audit Committee:

1. **Noted the contents of the report.**
2. **Approved the updated Strategic Risk Register, as attached at Appendix A to the report.**

34. Safeguarding Annual Report 2020 - 2021

The Senior Community Development Officer introduced a report which provided an overview of the Council's involvement in the safeguarding of children, young people and vulnerable adults for 2020/2021.

The report provided a background to the Council's safeguarding responsibilities. The Officer highlighted the appointment of a Strategic Lead Officer with a larger team to support. This was in addition to the previous sole safeguarding officer. The Officer also informed that Counter-terrorism awareness and 'Prevent' sat within the safeguarding remit. The grooming of vulnerable individuals into radicalisation and extreme ideologies was regarded as a safeguarding concern and was to be addressed as such.

The report also outlined the safeguarding interventions undertaken in 2020/21, including short case studies which provided a background to some of the interactions between residents and officers. The Officer also informed that hoarding was an issue the Council has been increasingly involved with.

The following points were made during debate:

- The report was a humbling reminder of the impact of Members' decisions on vulnerable adults and children and how they affected lives on a daily basis.
- Mandatory training was important and to be kept up to date. It was requested that Members received timely reminders of these commitments.

AGREED:

That the Governance and Audit Committee noted the contents of the Safeguarding Annual Report 2020 – 2021.

35. Work Programme 2021 - 22

The Committee considered the Work Programme for 2021 – 2022.

The following item was to be added:

- An update to be provided to the Committee on the Planning Service Review in October 2021.

36. Any other business, which the chairman, by reasons of special circumstances, decides is urgent.

There were no other items of business.

37. Close of Meeting

The meeting closed at 15:45.