

# Meeting of the Governance and Audit Committee

Wednesday, 20 April 2022, 2.00 pm



SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL

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## Committee Members present

Councillor Paul Wood (Chairman)  
Councillor Kaffy Rice-Oxley (Vice-Chairman)  
Councillor Paul Wood (Chairman)  
Councillor Richard Dixon-Warren  
Councillor Mark Whittington  
Councillor Ian Stokes

## Cabinet Members

Councillor Adam Stokes, Deputy Leader of the Council

## Officers

Alan Robinson, Deputy Chief Executive and Monitoring Officer  
Richard Wyles, Chief Finance Officer  
Graham Watts, Assistant Director of Governance and Deputy Monitoring Officer  
Alison Hall-Wright, Assistant Director of Finance  
Lucy Bonshor, Democratic Officer

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## 77. Apologies for absence

Apologies for absence were received from Councillors' Johnson, Jacky Smith and Woolley.

Councillor Ian Stokes was substituting for Councillor Johnson and Councillor Whittington was substituting for Councillor Woolley.

## 78. Disclosure of interests

No interests were disclosed.

## 79. Minutes of the meeting held on 16 March 2022

The minutes of the meeting held on 16 March were proposed, seconded and **AGREED** as a correct record.

## 80. Updates from previous meeting

No actions were agreed at the last meeting of the Committee on 16 March 2022.

## 81. Contract Procedure Rules

The Chief Finance Officer presented the report which detailed proposed changes to the Contract Procedure Rules. A further mapping document was circulated at the meeting to align with the numbering of the agenda pack. The content of the mapping document had not been changed only the page numbering.

The Contract Procedure Rules was a key document which had last been updated in January 2020. The document was reviewed regularly and since it had last been updated changes had been made in relation to procurement best practice and updated legislation following the United Kingdom leaving the European Union. Guidance and support had been received from Welland Procurement which had resulted in an amended Contract Procedure Rules document which was consistent with the other six Welland procurement partner authorities. This enabled collaboration and shared working on procurement activities so that activities could be maximised.

Key changes to the document included clarity and transparency around authority level thresholds and the hierarchical sequency depended on the amount of the total contract value and not the annual amount. The authority levels were:

- Up to £50k – Heads of Service or equivalent level (manager)
- £50k up to £100k – Assistant Director, or in the absence of the Assistant Director, then Director
- £100k up to £200k – Director (or any Corporate Management Team officer) in consultation with the relevant Cabinet Member
- £200k and above – Key Decision taken by Cabinet through the Forward Plan mechanism

An example of how this worked was given by the Chief Finance Officer.

The mapping document gave an overview of the changes proposed between the document adopted in January 2020 and what was currently proposed. The changes within the document were mainly in respect of clarification and included greater detail in respect of decision making.

Members raised the following comments:

- Why was the reference to irregular tenderers deleted?
- What assurances were there that secondary procurement processes were in place.
- Rather than procurement being undertaken by each individual service, had a central procurement point been considered in order to increase economies of scale?
- Reference was made to 1.2 in the report and confirmation was sought about having a dedicated procurement resource, was this an extra member of staff who would take responsibility for procurement on behalf of the Council?

The Chief Finance Officer replied that the references to irregular tenderers were covered in more detail at 143.6.1 and the reference was no longer required. He

gave assurances in respect of the procurement processes in place and dialogue was taking place in relation to a centralised procurement area.

A procurement lead had been included in the staffing structure that had been approved by Council in Autumn 2020 and this was supported by Welland Procurement partnership.

Members were supportive of the review of the Rules that had taken place and asked if this would happen annually. It was stated that the trigger for this review had been the points raised by Welland Procurement and the exit from the European Union and legislative changes. Any significant changes to the document would be brought forward as required, together with any compliance issues. The document was a “live” document and would be kept under review annually.

It was proposed, seconded and **AGREED** to recommend the updated Contract Procedure Rules to the Constitution Committee.

### **Decision**

**The Governance and Audit Committee recommends the updated Contract Procedure Rules to the Constitution Committee.**

## **82. Strategic Risk Register**

The Chief Finance Officer presented the report. The Strategic Risk Register was presented to the Governance and Audit Committee every six months as part of the Committee’s Terms of Reference. The Chief Finance Officer confirmed that the Risk Register was a live document. There was no end date and it reflected the environment of the authority in respect of internal and external risks.

A thematic approach to risks had been taken by the Committee a year ago to move away from corporate risks to thematic risks. A mapping exercise was carried out to move the risks into a thematic style and allowed for live risks to be categorised under the headings and allowed for the register to be kept more up to date.

The report listed the actions and activities that had taken place since the register was last before the Committee under the seven headings. Significant progress had been made within the controlled environment of each risk.

The Chief Finance Officer reminded Members that the residual risk was placed on the risk after the controls had been implemented. A risk would have a gross risk score which would be the risk, if no controls were in place and that was measured by impact and likelihood.

The report contained a table which explained the risk which did have a subjective element in respect of the Officers who were taking responsibility for managing the risk. The residual risk was the risk the Council was exposed to after the controls are in place. The column on the right of the document detailed the actions being undertaken to help mitigate the risks listed and it was expected that the headings and responses would change going forward as new risks were added or became more urgent.

It was noted that all the residual risks currently sat either in the amber or green section. If a risk was in red, then the controls in place are potentially not sufficient to reduce the risk to an acceptable level. A further report would come to the Committee in the Autumn.

### **Action**

***Strategic Risk Register to be included to the Work Programme to return to Committee in the Autumn.***

The Chairman stated that the risk register was not in relation to specific risks, but more in respect of common themes that went through the authority.

The Chief Finance Officer stated that the themes within the risk register were looked at from a corporate perspective, they were not specific but were on a broader perspective, some were internal, others external and he gave examples of how this worked to the Committee which enabled them to be more stable and less volatile than other risk registers.

One Member asked if there was an Operational Risk Register that sat underneath the Strategic Risk Register, did it use the same risk scoring matrix. The Chief Finance Officer replied that there was an Operational Risk Register which was managed by Heads of Service specific to each section and risks and the methodology for control was the same with both gross and residual risks, however, it did not come under the remit of the Governance and Audit Committee.

It was proposed, seconded and **AGREED** to note the content of the report and the review of the updated Strategic Risk Register attached to the report at Appendix A.

## **83. Financial Regulations Review**

The Chief Finance Officer presented the report on the Financial Regulations Review which followed the same process of the Contract Procedure Rules. Both documents were closely aligned in the context of the Constitution Review. A mapping document which showed the proposed changes was appended to the report. Minor changes had been made to the document since it was last reviewed in January 2020 and had been carried out following feedback from Officers and Members where information contained within the document required more clarity and transparency.

The Chief Finance Officer highlighted the key changes within the document which concerned external grant funding shown within Section 33. Often there was no information about the implications of the award of a grant and examples were given in respect of the Green Homes Grant and the Changing Homes Grant.

One of the proposed changes was that before these grant applications were submitted, they were signed off by the relevant senior officer to make sure that the implications to the authority of the grant were known, such as any legacy implications or exit costs.

Other proposed changes were in respect of the revenue and capital budget virement limits for Officers and Members of the Council, in-year budget framework

amendments to both Cabinet and Council. The introduction of in-year financial thresholds to access discretionary reserves for one-off spends, amendments to the table detailing authorised limits for officers and amendments to write-off limits.

A full roll out of training would be put in place to bring Members up to date on the new changes subject to Council adopting the updated Financial Regulations at Council in May 2022.

It was noted that the proposed changes in respect of grants was welcome as often grants came with conditions and the authority needed to be aware of the implications. The Financial Regulations impacted both Officers and Members and training would be made available to all Members to help them understand better the financial framework that the Council operated in.

It was proposed, seconded and **AGREED** to recommend the updated Financial Regulations to the Constitution Committee.

### **Decision**

**That the Governance and Audit Committee recommends the updated Financial Regulations as shown at Appendix A to the report to the Constitution Committee.**

## **84. Delivering Good Governance - External Review**

The Assistant Director of Governance and Deputy Monitoring Officer presented the report which concerned the progress against the external review which was commissioned in September 2019. In November 2020 the Committee had received an implementation plan which outlined specific actions to address where improvements could be made. Since the review significant changes had happened to the authority with the appointment of a new Chief Executive and the development and adoption of a new Corporate Plan.

The implementation plan was attached to the report and highlighted where updates had been made. The recent Local Government Association's Corporate Peer Review represented a more up to date review to the one taken in 2019. It was proposed that this would be the final report in respect of the external review taken in 2019.

Members noted that progress that had been made to date. A question was asked in respect of internal report sign offs to which the Assistant Director of Governance and Deputy Monitoring Officer replied.

The recommendation within the report was proposed, seconded and **AGREED**.

### **Decision**

**That the Governance and Audit Committee noted the content of the final report on the progress made against the implementation plan following the external review into delivering good governance and that no further areas were identified where further action was required.**

## 85. Partnership Governance Policy

The Chief Finance Officer presented the report. Following a review carried out by External Audit it was identified, as best practice, that the Council should have a Partnership Policy in place to ensure a consistent approach to how the Council managed partnerships, either entering or exiting a partnership or as a key player within a partnership.

The policy before the Committee set out a structured approach on how the Council managed its partnerships. A central register would contain all the key partnerships that the Council was an active participant of and identify a Lead Officer for each partnership to ensure that the appropriate framework for governance and accountability was followed. How the partnership was managed including any financial obligations and that they were included in the annual budget process.

The report covered what the definition of partnership working was, the nominated Lead Officer and their responsibilities, how existing partnerships were managed. Entering into a new partnership both where the Council was not the lead body and when the Council was the lead body and exiting partnerships.

A Partnership Register would be formulated and maintained by the Democratic Services Section. It would provide a comprehensive list of all partnerships that the District Council was engaged with. A Partnership Health template which was appended to the report, would be used to undertake an annual review of each partnership. Work would start on the Partnership Register and this would come back to the Committee in the future.

It was noted that the Partnership Policy did not cover the Council's owned Companies.

Members discussed the proposed policy. Comments were made about certain areas and it was noted that areas such as payroll did not come under the definition of partnership working. The scoring mechanism was discussed and it was stated that this would be carried out at a senior level. How the Partnership Policy would work was also discussed in relation to those partnerships already in place to which the Chief Finance Officer replied. It was stated that dialogue with other organisations had taken place and had helped to compile the policy.

Members welcomed the proposed Partnership Governance Policy and it was proposed, seconded and **AGREED**.

### Decision

**That the Governance and Audit Committee approves the Partnership Governance Policy.**

## 86. Work Programme 2021 - 2022

It was requested that the update on Section 106 funds was not in respect of the status of the funds, but was in relation to the process of issuing Section 106 funds and that the Work Programme was to be amended to reflect this.

➤ **Action**

***The Work Programme to be amended in relation to the Section 106 update to state that the update should be in respect of the process of issuing Section 106 funds.***

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

None.

- 88. Close of meeting**

The meeting was closed at 14:52.