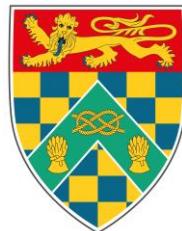


Meeting of the Governance and Audit Committee

Thursday, 13 February 2025, 2.00
pm



SOUTH
KESTEVEN
DISTRICT
COUNCIL

Committee Members present

Councillor Tim Harrison (Chairman)
Councillor Helen Crawford (Vice-Chairman)
Councillor Charmaine Morgan
Councillor Peter Stephens
Councillor Paul Stokes
Councillor Mark Whittington
Alan Bowling

Officers

Graham Watts, Assistant Director (Governance and Public Protection) and Monitoring Officer
Alison Hall-Wright, Director of Housing and Projects
David Scott, Assistant Director of Finance and Deputy Section 151 Officer
Debbie Nicholls, Armed Forces Covenant Officer
Joshua Mann, Democratic Services Officer
Salma Younis, External Auditor
John Blewett, External Auditor

Cabinet Members present

Councillor Ashley Baxter
Councillor Philip Knowles
Councillor Phil Dilks

Other Members present

Councillor Rob Shorrock
Councillor Habibur Rahman
Councillor Rhea Rayside

Before the commencement of items on the agenda the Leader made a statement to reflect that South Kesteven District Council (SKDC) had received a freedom of information (FOI) request regarding the funding and costs of the public toilets on Conduit Lane, Grantham. Whilst a response to the FOI request had been issued, the Leader stated that he was looking into the legality of releasing further information and would liaise with the relevant team.

The Chairman also referenced the previous meeting of the Governance & Audit Committee where the Chairman voluntarily relinquished to the Vice-Chairman for the remainder of the meeting. Confirmation was given that the matter had been fully dealt with and was now closed.

65. Apologies for absence

An apology for absence was received from Councillor Sue Woolley.

Apologies for absence were also received from Councillor Bridget Ley, substituted by Councillor Rhys Baker.

66. Disclosure of interests

No interests were disclosed.

67. Minutes of the meeting held on 22 January 2025

The minutes of the meeting held on 22 January 2025 were proposed, seconded and AGREED as an accurate record.

68. ISA 260 Report

The ISA 260 Report was presented by the representatives from KPMG, the external auditor.

The external auditors noted that the findings of the report were positive with no uncorrected audit misstatements.

The report did note the following five significant audit risks:

Fraud risk – expenditure recognition	-	Testing over expenditure completeness was ongoing, however, no issues were identified from the testing so far.
Management override of controls	-	No instances of management override of control had been identified from testing.
Valuation of land and buildings	-	The external auditors critically assessed the key underlying assumptions underpinning the valuation on which the carrying value of land and buildings was based. They concluded that the assumptions used in the valuation of land and buildings were balanced.
Valuation of investment property	-	The external auditors critically assessed the key underlying assumptions underpinning the valuation on which the carrying value of investment properties was based. They concluded that the assumptions used in the valuation of investment properties were balanced.

Valuation of post-retirement benefit obligations	- No issues identified from the testing over the valuation. KPMG actuaries have assessed the assumptions used and concluded these were within expected range.
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It was also confirmed that, whilst there were no significant control deficiencies, five medium control deficiencies were identified regarding the following:

- Journals postings – Segregation of duties
- Review of bank reconciliations
- Management review of Valuations of Land and Buildings and Investment Properties
- Management review of Actuarial Assumptions
- Management review of Manual Accruals

For each of the above control deficiencies identified, the impact of the issue was outlined, alongside a recommendation. The report also encapsulated a management response, identified the relevant officer and established a due date.

During discussions, Members commented on the following:

- Members praised the audit and noted that the positive findings paid testament to the financial systems operated by SKDC.
- A Member noted that there had been a substantial increase in fees for the audit to be undertaken. It was noted that the level of fees were not set by the external auditors, rather by Public Sector Audit Appointments Ltd (PSAA) who set fee levels sector wide in consultation with the Local Government Association (LGA).
- It was queried whether the targets and recommendations made within the audit report would be retrospectively reviewed following the appropriate action. The external auditors noted that, with deficiencies three and four, the auditors were happy for SKDC to continue with the existing arrangements and would not seek to raise them in subsequent years. The other deficiencies identified required a period to allow for the implementation of the new finance system of which the external auditors agreed to be available to support with the control environment.
- It was confirmed that the number of outstanding recommendations from the control deficiencies was zero.
- It was noted that determinations indicated by the reasonable range scale only applied to instances where the assessments of assumptions were fundamentally financial.

The Committee noted the findings of the ISA 260 report.

69. Statement of Accounts and Annual Governance Statement 2023/24

The Statement of Accounts and Annual Governance Statement 2023/24 was presented by the Assistant Director of Finance who expressed their satisfaction that SKDC's annual statement of accounts demonstrated that the council as a whole was in the good financial position. Looking at the balance sheet the overall asset values had risen overall, whilst debts had decreased and money owed. Alongside this the overall level of reserves have remained at a similar level to that in 2022/23 which demonstrated the financial health of SKDC.

The external auditor confirmed the conclusion of the Value for Money Statement that no significant risks or weaknesses were identified in any of the following domains:

- Financial sustainability
- Governance
- Improving economy, efficiency and effectiveness.

During discussions, Members commented on the following:

- Members praised the quality of the council's financial governance and operations reflected positively by the report.
- It was queried whether the external auditors had any advice for SKDC regarding the segregation of duties. The external auditors noted that this was more within the remit of the internal auditors, however, they highlighted that journals should be requested, approved and processed by different individuals, as outlined within the report.
- The Leader noted that they were pleased to see a decrease in termination benefits and energy consumption.

Following discussions, it was proposed, seconded and AGREED that the Committee –

1. Noted the outcome of the audit work undertaken to date by the Council's external auditors KPMG.
2. Delegated authority to the Deputy Chief Executive and s151 Officer (Chief Finance Officer) to make any final wording changes and accounting adjustments following the conclusion of any outstanding audit queries.
3. Delegated approval of the audited Statement of Accounts and the Letter of Representation to the Chairman on behalf of the Governance and Audit Committee in consultation with the Deputy Chief Executive and s151 Officer (Chief Finance Officer) following the completion of the audit of the 2023/24 Statement of Accounts.

70. Proposed Amendments to the Council's Constitution

The proposed amendments to the Council's Constitution were presented by the Cabinet Member for Corporate Governance and Licensing.

Members considered each amendment proposed within the report individually.

Suggested amendment – Removal of the Leader of the Council

Article 7.3 (Leader) of the Council's Constitution stated that:

“The Leader will be a Councillor elected to the position of Leader by Full Council and will hold the office for a four-year term, unless:

- i) They resign from office,
- ii) They are no longer a Councillor,
- iii) Full Council passes a resolution to remove the Leader from office”

It was proposed that paragraph iii) be amended to read: “A Notice of Motion is submitted and Full Council passes a resolution to remove the Leader from office”.

During discussions, Members commented on the following:

- A Member expressed their view that SKDC would be constitutionally restraining itself by endorsing the amendment. They added that reactionary amendments were bad practice, especially when mechanisms already existed within the constitution.
- It was suggested that the mechanism for removal of the Leader should be via an extraordinary meeting. This would allow time for reflection, calmness and cases to be put forward on all sides. Without this, it was suggested that effectively no-confidence votes could be held without prior notice given. This could allow for opportunism depending on the composition of the attendees on that particular day.

Following discussions it was proposed, seconded, and AGREED to formally recommend the above amendment to Full Council.

Suggested amendment – Amendments to motions

Paragraphs 14.6 – 14.12 of Council Procedure Rules set out the procedures associated with amendments to motions. Paragraph 14.6 of Council Procedure Rules stated the following:

“An amendment to a motion must be relevant to the motion and will either be:

- (a) To refer the matter to an appropriate body or individual for consideration
- (b) To leave out words
- (c) To leave out words and insert or add others

(d) To insert or add words

As long as the effect of (b) to (d) does not negate the motion."

It was proposed that the word 'original' be added prior to the word 'motion' on two occasions so that paragraph 14.6 read:

"An amendment to a motion must be relevant to the original motion and will either be:

- (a) To refer the matter to an appropriate body or individual for consideration
- (b) To leave out words
- (c) To leave out words and insert or add others
- (d) To insert or add words

As long as the effect of (b) to (d) does not negate the original motion."

Following discussions, Members commented on the following:

- A Member expressed their view that the effect of an amendment not being able to negate the original motion contradicts the fundamental purpose of an amendment.
- The Monitoring Officer confirmed that a substantive motion would not constitute an original motion within the context of the proposed constitutional amendment.
- It was noted that the interpretation of whether an amendment had negated the original motion resided with the Chairman of the committee.
- A Member noted amendments to be a guise to chip away at a motion rather than voting against it.
- It was confirmed that Lincolnshire County Council (LCC) had a convention that amendments were not raised on the day of the relevant meeting. It was suggested that a similar amendment could be adopted by SKDC, negating the need for the suggested constitutional amendment.

Following discussions, it was proposed, seconded and AGREED to formally recommend the above amendment to Full Council.

Councillor Rahman left the Chamber.

Suggested amendment - Notice for amendments

It was proposed that a new paragraph 14.7 be added to the Council Procedure Rules as follows:

"Notice of any significant amendment to any motion must be submitted in writing to Democratic Services by 5pm the day before the meeting and will be

circulated to all Members of the Council. The Chairman, or Vice-Chairman in their absence, will determine what constitutes a significant amendment."

During discussions, Members commented on the following:

- It was suggested that this would strongarm Members to read and consider motions more thoroughly prior to meetings.
- Consideration was given to the subjective nature of the phrase 'significant amendment' and the difficult position that this would put the Chairman in who would open themselves to allegations of partisanship when interpreting this.
- It was queried how an inexperienced Member would be able to know if their amendment was significant. The Member also noted that part of the principle of debate was to persuade colleagues and potentially establish middle-ground. A fluid amendments process was key to enabling this.

The Cabinet Member for Corporate Governance and Licensing withdrew this element of the report. However, he urged Members to operate within the spirit of giving advanced warning for amendments. A Member suggested cross-party collaboration on establishing the appropriate wording for the amendment.

71. Work Programme 2024 - 2025

There were no comments on the Work Programme.

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

There was none.

The Chairman concluded the meeting at 16.00.

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