

MINUTES
OF THE MEETING OF THE
GOVERNANCE SCRUTINY GROUP
TUESDAY, 29 SEPTEMBER 2020

Held at 7.00 pm in the

PRESENT:

Councillors F Purdue-Horan (Chairman), J Walker (Vice-Chairman), R Adair, G Dickman, L Howitt, K Shaw, D Simms, J Stockwood and D Virdi

ALSO IN ATTENDANCE:

Greg Rubins Head of Internal Audit – BDO
Charlotte Thomas Senior Audit - BDO

OFFICERS IN ATTENDANCE:

L Ashmore Executive Manager - Transformation
C Caven-Attack Service Manager - Finance and
Corporate Services
T Coop Democratic Services Officer
S Whittaker Financial Services Manager

APOLOGIES:

39 **Apologies for Absence**

There were no apologies.

40 **Declarations of Interest**

There were no declarations of interest reported.

41 **Minutes of the meeting held on 30 July 2020**

The Minutes of the meeting held on the 30 July 2020 were approved.

42 **Internal Audit Progress Report - 5 Month Update**

Greg Rubins, Head of Internal Audit at BDO, the Council's Auditors provided a 5 month update and summary of the Internal Audit Progress Report. The report reflects the current progress made against the Annual Internal Audit programme along with significant recommendations with regards to audits completed during this period.

Mr Rubins advised the Group that due to Covid-19, some of the planned audits had not taken place. However, he assured members that BDO were now making good progress in the delivery of the 2020/21 audit plan.

Charlotte Thomas, Senior Auditor at BDO presented the Budget Management

Audit 2020/21 and reported a positive substantial opinion. As a result of testing, two low priority findings were identified and management actions were agreed in respect of these findings.

Looking ahead Ms Thomas provided a table, which displayed the audits in the Internal Audit Plan along with their current status, and advised the Group that these maybe subject to change if any further issues arise in light of the Covid-19 pandemic.

In addition, Ms Thomas advised the Group of some changes to the Internal Audit Plan as agreed with management. These include:

- The Country Parks Income review has been replaced, due to events not going ahead due to Covid-19. A Fraud and Risk Assessment is now planned instead, following the preliminary work completed as part of the annual Fraud Report.
- Markets has been replaced by business grants in light of the extensive emergency work undertaken around business grants as a result of Covid-19.

Ms Thomas also advised the Group that a follow up report will be submitted to Governance Scrutiny at its meeting on 24 November to update members on both the legacy recommendations made by the previous Auditors and on any actions raised within the internal audit reports.

Members questions how the Audit Plan list was generated and whether a second potential lockdown due to the Covid-19 pandemic would affect the delivery of the Audit Plan. Mr Rubins explained, the Audit Plan had been agreed by management and Governance Scrutiny Group at a previous meeting. In respect of completing the audit plan should any issues arise from any further outbreaks of Covid-19, Mr Rubins assured the Group that any issues would be prioritised and any changes agreed with management and that processes were in place should a second lockdown take place.

It was **RESOLVED** that the Internal Audit Programme be noted.

43 **Constitution Review**

The Service Manager – Finance and Corporate Services advised the Group that at its meeting on the 30 July the Group considered some suggested areas for review. The Monitoring Officer invited all Councillors to request any alternative proposals by emailing her directly with their suggestions. The Service Manager – Finance and Corporate Services informed the Group that the Monitoring Officer had received one suggestion which was discussed with the Councillor and subsequently withdrawn, concluding that no specific revisions had been identified.

It was **RESOLVED** that the Councils Constitution remains as currently drafted.

44 Risk Management Strategy 2020 - 2023

The Service Manager – Finance and Corporate Services presented a report to update the Group on the Council's Risk Management Strategy following a Risk Management Health Check by Zurich Municipal in late 2019, explaining that the strategy is reviewed annually by the Risk Management Group, and Governance Scrutiny Group provides scrutiny of the risk registers twice a year.

The Service Manager – Finance and Corporate Services informed the Group of four recommendations made by Zurich in the Risk Management Health Check, these were to:

- Articulate the Council's appetite to risk across risk categories
- Consider a formalised approach to opportunity risk management
- Consider training for Governance Scrutiny Group members
- Develop guidance for managing risks with partners and projects

The Service Manager – Finance and Corporate Services continued to advise how these recommendations had been addressed and provided examples as follows:

- An approach to risk appetite has been added to the revised strategy, which guides how much risk the Council is willing to accept to achieve its objectives.
- The Council has an entrepreneurial approach to seizing opportunities and has been able to successfully manage its finances throughout a challenging period of austerity while ensuring the delivery of major projects with lasting benefit to residents in the Borough.
- Member training was delivered by Zurich on 2 September 2020
- Project risk is considered separately within contract negotiations with partners, and guidance for officers has been developed for managing project risks.

The Chairman highlighted the training that Zurich had provided and emphasised the interest and shift in types of risk and in particular the approach to opportunity risk management going forward.

Members asked specific questions relating to quantifying risk, and how the Council mitigate for risk and the financial implications associated with it and whether particular officers associated with the risk title could be named for reference. The Executive Manager – Transformation explained that at the Governance meeting in February more information on quantifying risk will be included in the report, however, in respect of officer title this is difficult to label due to changes in staffing.

It was **RESOLVED** that the Group note the Risk Management Strategy including the recommendations and suggestions about the strategy.

45 **Going Concern Assessment Linked to Covid-19**

The Financial Services Manager presented a report that assesses the Council's Going Concern status linked to Covid-19 and to conform with professional standards with regards to the Local Authority Code of Accounting Practise, the report confirms the Council's functions and services will continue in operational existence for the foreseeable future.

The Council's External Auditors requested additional assurances in the assessment of Going Concern, these were:

- The Council's current financial position
- The Council's projected financial position
- The Councils' governance arrangements
- The regulatory and control environment applicable to the Council as a local authority

The Financial Services Manager highlighted that an update on the Council's medium-term financial position (MTFS) covering the five year period 2020/21 to 2024/25 due to the recent events of Covid-19 was reported to both, Cabinet and Full council on 24 September 2020.

The Financial Services Manager also reported that the Council has an established and robust corporate governance framework and that the Council remains a going concern.

The Vice-Chair asked a specific question in respect of the Council's support to the Leisure contract and whether the Council was in a position to continue to provide this support if further lockdown measures are introduced and should the Group be concerned. The Executive Manager – Transformation explained that officers were in discussions with the leisure provider on a day to day basis as the government legislation and guidance changes. In addition the Executive Manager – Transformation explained the situation is live and assured members that the Council is working with the leisure provider to look at alternative ways to deliver services and to fully support for them.

Councillor Viridi asked for some clarity in respect of the Government grant in relation to lost income. The Financial Services Manager explained, this measure has recently been announced by the Government and would potentially cover 75% of losses.

It was **RESOLVED** that the Governance Scrutiny Group note the positive outcome of assessment of Rushcliffe Borough Council's status as a going concern for the purpose of the Statement of Accounts 2019/20.

46 **Work Programme**

The Group considered its Work Programme.

24 November 2020

- Internal Audit Progress Report
- Statement of Accounts 2019/20
- Treasury and Asset Investments – 6 month update
- Work Programme

4 February 2021

- Internal Audit Progress Report
- Internal Audit Strategy
- External Audit Annual Plan
- Annual Audit Letter
- Treasury and Investment Strategy – Update
- Risk Management
- Work Programme

18 May 2021

- Internal Audit Progress Report
- Internal Audit Annual Report
- Annual Governance Statement

The meeting closed at 7.36 pm.

CHAIRMAN