

Present: Councillor Peter Watson (Chairman), (Vice-Chairman), Councillors Tom Ashton, Richard Austin BEM, Katie Chalmers, Anton Dani, Paul Goodale, Frank Pickett, Stephen Woodliffe and Mr Alan Pickering

In attendance: Councillor Jonathan Noble, Portfolio Holder for Finance

**39 MINUTES**

The minutes of the last meeting were agreed by the Committee and signed by the Chairman.

**40 APOLOGIES**

Apologies of absence were received from Councillor Yvonne Stevens

**41 DECLARATION OF INTERESTS**

None

**42 PUBLIC QUESTIONS**

None

**43 RISK MANAGEMENT REPORT**

The Insights & Transformation Manager presented a report which provided an overview of risk management in the authority.

In Section one of the report the Insights & Transformation Manager confirmed that Officers were looking to develop a strategic risk register for the Partnership in addition to the ones that were already in place. The combined strategic risk register would look into risks that were identical across all three Councils, with a view to enabling those risks to be managed centrally across the three authorities. It was confirmed that a report would be submitted to a future meeting of the Committee.

Section two of the report set out the Strategic risk register which referenced the outcome of the two workshops that had been previously held to review the four corporate priorities.

Some Members raised concerns relating to the retention and recruitment of staff and commented that under the partnership agreements it was important that Service Managers should retain the ability to recruit staff as necessary..

**ACTION: SR**

- **Request the Economic Development Team to provide information in relation to National Grid infrastructure – wind power.**
- **Request an update in relation to Environmental Crime in the waterways**

- Discuss staffing recruitment and retention concerns at Risk Clinic
- Include carbon impact from Russia and Ukraine in the quarter one review.

**RESOLVED: That the report be noted**

#### **44 INTERNAL AUDIT ANNUAL REPORT 2021/22**

The Internal Audit Manager presented the Annual Internal Audit Report of the Council for 2021/22, which provided a summary of the audit work undertaken over the past year. It was recommended that the Committee; maintains oversight on actions from the annual governance statement, and that governance and oversight for procurement and ICT project Management were included in the annual governance statement.

The Internal Audit Manager confirmed that a more in depth review of the Councils governance frameworks would begin next year. This would include interviewing members and key managers.

Page 33 of the report set out an external assessment of the Internal Auditors, where they received full conformance – this gave members assurance that the Internal Audit Team were working in the right way to conform with national standards.

On page 41 of the report the percentage of recommendation implemented was 80%, Members questioned if that was a cause for concern or if it was mainly down to timing. The Internal Audit Manager explained that it was a good percentage and it was a trend that was constantly monitored.

The Portfolio Holder for Finance suggested that the Committee's concerns regarding the failure to maintain an asset register be forwarded to the Assistant Director – General Fund Assets, The Assistant Director – Finance, confirmed that the 2021/2022 draft accounts will include a progress report on the audit recommendations.

**ACTION: SK**

**Provide an update on the turnover of assets on a yearly basis.**

**RESOLVED: That the report be noted.**

#### **45 AUDITOR'S ANNUAL REPORT**

The Director – Public Services, Mazars introduced the Auditor's annual report which related to the year ending March 2021.

The Portfolio Holder for Finance raised a concern regarding the standards of the working papers which supported the figures within the financial statement, whether this issue was linked to staffing issues at PSPS and if that was the reason the audit cost increased from £54,000 to £70,000. The Director – Public Services, Mazars confirmed that a post implementation review was carried out alongside the Council's finance team to diarise the current years audit and to work supportively to address those issues.

Following member questions the Assistant Director – Finance, explained that the Council's usable reserves had increased from £16.5 million to £22.3 million in 2020/21 as a result of a large amount of cash inflow from Central Government for COVID related expenditure.

**RESOLVED: That the report be noted**

#### 46 AUDIT STRATEGY MEMORANDUM

The Director – Public Services, Mazars introduced the Audit Strategy Memorandum which set out the external audit plan for the current financial year.

The Director – Public Services, Mazars discussed in more detail two significant pages of the report; page 74 set out the intended timeframe for working which had been designed in co-ordination with the Council's finance team, page 77 of the report pack set out the significant risks where Mazars intended to spend the majority of their time as a result of planning and interim work to date. There were three areas of significant risk which Mazars would spend more time reviewing the underlying working papers, namely:-

- Management Override Controls
- Local Government net defined benefit liability in respect of pension;
- Valuation of land and building assets

**ACTION: SK**

**Circulate information on the procedure and process in respect of the disposal of assets under the Officer Scheme of Delegation.**

Members were concerned that assets were being sold without the consideration of Members. Both the Portfolio Holder for finance and the Assistant Director – Finance confirmed that no assets had been sold recently. Members suggested that an Asset register report be brought to the Committee.

Following a question from the Portfolio Holder the Internal Audit Manager confirmed that the Uniform system implementation had been removed due to operational delays.

**RESOLVED: That the report be noted**

#### 47 TREASURY MANAGEMENT

The Council was required under the Local Government Act 20003 to produce an annual treasury management review of activities and actual prudential and treasury indicators for 2021/22. The Interim Treasury & Investments Manager PSPS presented the report which provided key details on the outturn position for treasury activities and highlights compliance with Council policies previously approved by Members.

Appendix A of the report contained the Annual Treasury Management Review of the Council's activities and actual prudential and treasury indicators for 2021/22. The report covered the following areas;

- An economic update for the 2021/22 financial year;
- A review of the Council's Investment portfolio for 2021/22;
- A review of the Council's borrowing strategy for 2021/22;

- Debt Position;
- Compliance with Treasury and Prudential indicators.

The Interim Treasury & Investment Manager PSPS informed the Committee that the figures in the report were subject to change as PSPS were in the process of completing the Council's annual financial statements and were subject to external audit.

In response to Member questions the Interim Treasury & Investments Manager PSPS confirmed that it was expected that investment returns would increase in the coming year due to concerns around interest rate increases. Investment balances that have a short term investment term would need to be actively managed to get higher rates of return, this would need to be within the agreed parameters of the Council's risk which were set out in the Treasury Annual Strategy.

Members questions whether the cost of managing the Council's investments could be reduced. The Interim Treasury & Investment Manager confirmed that the chart on page 119 of the agenda pack shows a figure of £537,000 is cash that the Council receive from the fund managers for a 12 month period after their fees have been deducted.

The Portfolio Holder for finance confirmed that officers were looking for a better rate of return for investments and tbv he Assistant Director – Finance explained that officers were in the process of looking to migrate the investment funds from what was the notice accounts, low interest accounts in order to try and identify better investment opportunities for those funds. All investment opportunities would be in line with the Council's Treasury management strategy.

**RESOLVED: That the report be noted**

#### **48 WORK PROGRAMME**

The Committee noted the Work Programme.

The Audit & Governance Training Programme was attached with the Work Programme.

Members questioned whether the Constitution required members of Audit & Governance to participate in training in order to serve on the Committee. Members asked to be informed which training, if any, would be mandatory.

The Meeting ended at 8.15 pm