

Boston Borough Council

Minutes of a meeting of the **Audit & Governance Committee** held in the Committee Room - Municipal Buildings, West Street, Boston, PE21 8QR on Monday, 14th October, 2024 at 6.30 pm.

Present:

Councillor Barrie Pierpoint, in the Chair.

Councillors Richard Austin BEM, James Cantwell, Mike Gilbert, David Middleton, Chris Mountain and David Scoot.

Officers:

Assistant Director - Governance and Monitoring Officer, Chief Finance Officer (PSPS), Deputy Chief Finance Officer (Corporate), Finance Manager – Corporate, Interim Treasury Manager, Financial Services, Group Manager - Insights & Transformation, Internal Audit Team Manager, Democratic Services Team Leader and Democratic Services Officer.

14 Apologies for Absence

Apologies for absence were received from Councillors Paul Gleeson, Patsie Marson, Lina Savickiene (Committee Members) and Councillor Anne Dorrian (Leader of the Council).

The Chairman announced that Councillor Stephen Woodliffe, an active and longstanding member of the Council, was unwell. He was wished a speedy recovery by the Committee.

15 Declarations of Interest

No declarations of interest were received.

16 Minutes

The Minutes of the previous meeting held 8th July 2024 were agreed and signed by the Chairman.

17 Actions

No actions were outstanding from the previous meeting.

18 Public Questions

No questions were received.

19 Q1 Treasury Report 2024/25

The Chairman announced that the Q1 Treasury Report 2024/25 would be dealt with as the first Agenda Item.

The Interim Treasury & Investments Manager, PSPSL presented a report by the Deputy Chief Executive – Corporate Development & S151 which provided the 2024/25 Quarter 1 update on the Council's Treasury Management Strategy Statement and Annual Investment Strategy, attached as Appendix A within the report.

The report covered the following areas:

- An economic update for the first quarter of the 2024/25 financial year;
- The outlook for the remainder of the financial year along with interest rate forecasts;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Council's investment portfolio for 2024/25;
- A review of the Council's borrowing strategy for 2024/25; and
- A review of compliance with Treasury and Prudential Limits for 2024/25.

Members noted that the report referred to a key element of the Council's Governance Framework and represented an important contribution to the evidence trail in support of the Annual Governance Statement 2024/25.

The Interim Treasury Manager, PSPSL highlighted that on 20th May 2024 the limit of £7.5 million with the CCLA money Market Fund had been breached by £150,000. This was noticed and the S151 Officer was immediately informed, and it was corrected the following day. He advised that internal processes had been reviewed to ensure that further breaches would not occur.

The Chairman referred to the breach and queried whether it had impacted the Council in anyway. The Interim Treasury Manager, PSPSL assured members that there had been no negative impact to the authority.

Councillor David Middleton referred to staff pensions and the potential effect to the Council in respect of Central Government's budget setting. The Deputy Chief Executive – Corporate Development & S151 stated that the pensions were managed by the West Yorkshire Pension Fund who administered the Lincolnshire County Council Pension scheme on behalf of all Lincolnshire authorities. She advised that monies deducted from salaries were only with the Council a few days as they had to be paid into the pension fund very quickly.

Councillor Mike Gilbert referred to the General Fund Capital expenditure and queried whether the purchase of B&M was reflected within the numbers. The Interim Treasury Manager, PSPSL advised that if B&M had already been purchased it would be part of historic Capital Programmes.

RESOLVED:

That the report be noted.

[The Interim Treasury & Investments Manager, PSPSL left the meeting at 6.49 p.m., following consideration of the above item.]

20 Final External Audit Plan & Strategy for the year ending 31 March 2024

The Engagement Director, KPMG presented the Final External Audit Plan and Strategy for the year ending 31 March 2024, which provided details of the final updated external audit plan and memorandum as at 31st March 2024, the previous version of which was presented to the Committee in July. This version was presented to members upon

completion of the planning and risk assessment work over the financial statements and value for money arrangements in place at the Council as at 31st March 2024, with all changes within the report from the previous version included in green.

The Engagement Director, KPMG highlighted the following key points:

- An update to the group and Council materiality and misstatement reporting threshold, which had been updated upon receipt of the draft financial statements and updated benchmark figures which are total expenditure for the year (page 15).
- A refinement of significant risk over the valuation of land and buildings, with further focus on that risk to consider in more detail the assets valued under the depreciated replacement cost method (page 18).
- The conclusion that no significant risks had been identified and that no significant weaknesses were evident within the Council's arrangement to secure value for money in the year.

Councillor David Middleton referred to his previous experience with the British Steel's pension fund being oversubscribed which had consequently allowed them to take a holiday and not pay in due to cash overflow. He queried whether, considering the change on the market conditions and the pension funds growing quite well, Boston Borough Council was ever likely to be in a position where it could take a pensions holiday. The Deputy Chief Executive – Corporate Development & S151 advised that it would depend on the status of the fund at any particular point in time, and also in terms of the state of the international markets and the value of investments. She added that Boston's fund had done better over the past few years and that the market conditions had improved. However, it was more likely to be a case of whether or not a review showed that the fund needed less levels of contributions than what it had received in the past.

Councillor Mike Gilbert referred to the overall position as a Council over the last year and assessed it as a positive one, highlighting the amount of savings. He noted that there were still significant challenges for the forthcoming years and queried about plans on how to move forward. The Engagement Director, KPMG advised that it was management's responsibility to ensure the short term, medium and long term financial viability and that they would have plans in terms of their medium term financial strategy and short term budget arrangements.

Councillor Gilbert queried whether the External Auditors had looked into the B&M purchase in terms of due diligence. The Engagement Director, KPMG stated that no issues had been identified. However, he agreed to look into the matter and report back.

Councillor James Cantwell referred to mentions of the Efficiency Board within the report and queried the arrangements. The Deputy Chief Executive – Corporate Development & S151 advised that the Efficiency Board was an Officer Working Group which fed into the Finance Portfolio Holder and Cabinet in terms of monitoring savings, efficiencies and opportunities. The Chairman added that members were entitled to attend meetings of the Cabinet and ask questions.

RESOLVED:

That the report be noted.

21 External Audit Progress Report 23/24

The Engagement Manager, KPMG presented the progress report for the year ending 31 March 2024. She advised that although the audit was presented as substantially complete, some areas were still outstanding which were detailed within the report (Page 63 of the Agenda Pack).

The Engagement Manager, KPMG highlighted the following areas:

- Significant risks and other audit risks:
 - Valuation of land and buildings – testing had been completed over the assumptions linked to the significant risk which were found to be neutral.
 - Management override of controls – testing had been completed with no specific findings.
 - Valuation of post retirement benefit options – initial results had been received from the actuaries who had evaluated the significant assumptions and had found them to be balanced.
- Two uncorrected audit misstatements had been identified – Management had requested them to remain uncorrected so as not to impact the Council.
- Two corrected audit misstatements had been identified – Management had agreed to amend them in the final version.
- Four misstatements in respect of disclosures had been identified – Management had agreed to amend them in the final version.

Councillor James Cantwell queried the deadlines in respect of the delayed bank reconciliations. The Chief Finance Officer, PSPSL advised that all five bank reconciliations have been reconciled up to the end of September.

RESOLVED:

That the report be noted.

22 Annual Governance Statement 2023/24 and Financial Statements 2023/24

The Deputy Chief Executive – Corporate Development & S151 complimented officers on their outstanding work. The Chairman added his thanks on behalf the Committee.

The Finance Manager (Corporate), PSPSL presented a report which sought the approval of the Annual Governance Statement 2023/24 and the Audited Financial Statements 2023/24 for publication. The Statements were attached as Appendix 1 within the report.

Councillor James Cantwell referred to a question raised at Full Council in relation to a Council owned farm and requested an update. The Deputy Chief Executive – Corporate Development & S151 confirmed that there was a farm. She advised that the Assistant Director – Assets would be requested to provide a response following the meeting.

The Chairman referred to the actions being noted throughout the meeting and informed members that details would be circulated within future Agendas.

The Chairman requested that members vote on recommendation 1 to begin with.

The recommendation was moved by Councillor Anton Dani and seconded by Councillor Chris Mountain.

RESOLVED:

- 1. That the Annual Governance Statement 2023/24, attached as Appendix 1 within the report, be approved.**

Following the Committee's decision, the Chairman requested that members vote on recommendations 2 - 4.

The recommendations were moved by Councillor Anton Dani and seconded by Councillor Chris Mountain.

RESOLVED:

- 2. That the Financial Statements 2023/24, attached as Appendix 1 within the report, be approved;**
- 3. That delegated authority be given to the S151 Officer, in consultation with the Chairman of the Committee, to approve any amendments if required, after the Committee date and prior to the official signing of the Financial Statements; and**
- 4. That delegated authority be given to the S151 Officer, in consultation with the Chairman of the Committee, to approve the letter of representation on its behalf once received from KPMG.**

23 Internal Audit Progress Report

The Internal Audit Manager, LCC presented the Internal Audit Progress report, which detailed the work that Internal Audit had carried out work up to October 2024.

The Internal Audit Manager, LCC highlighted the following areas, which were detailed in the Executive Summary:

- Performance dashboard
- Feedback
- Summaries of all audits delivered
- Planning and Resourcing
- Overdue medium and low priority findings

Councillor James Cantwell referred to the Performance Management Audit on page 265 of the Agenda Pack. He advised that the commentary was limited and requested more detail. The Internal Audit Manager, LCC agreed to provide more commentary in future reports. He advised that what the Auditors had found was a pretty robust and well controlled area, which is why the assurance was Adequate. However, there were some areas that could be built on and further improved, such as further testing by to verify some of the performance information. He added that Officers would be able to provide further updates in respect of those areas.

Councillor Anton Dani referred to the Performance Management Audit on page 265 of the Agenda Pack and requested further information in respect of the planning application

national indicator which was showing as a near miss. The Internal Audit Manager, LCC advised that planning targets were in place and in this instance the Council had almost been out of time dealing with it. The Group Manager – Insights and Transformation stated that the near miss referred to did not actually relate to Boston Borough Council.

Councillor Anton Dani referred to the P- Card follow up Audit on page 266 of the Agenda Pack and queried whether there had been any difficulties during the assessment regarding teamwork and performance around the strategic alliance of the three partnership Councils. The Internal Audit Manager, LCC assured members that there had been no issues.

Councillor Dani referred to the alignment of the authorities. The Chairman stated that it was going to take time to align the three Councils, but progress was being made.

RESOLVED:**That the report be noted.****24 Quarter 1 Risk Report 24/25**

The Group Manager – Insights and Transformation presented a report by the Assistant Director – Governance & Monitoring Officer which provided the Committee with an update on Risk Management as at the end of June 2024 (Quarter 1). A summary of the risks, scores and changes since the last report were set out at paragraph 2.7, with full details in Appendix 1.

Members noted that:

- An explanation had been added in respect of the four T's of risk control (Terminate, Tolerate, Transfer and Treat).
- Joint scrutiny work was being undertaken in respect of the partnership, from which an update would be provided to a future meeting.
- An update had been provided in respect of the fraud risks.
- Exception reporting of project risks was being included within future reports. This would include any projects brought forward by the Efficiency Board.
- The risk around local business, which had been identified in the previous meeting, had been referred to the relevant Director and Assistant Director.
- improvements had been made to the formatting of Appendix.
- Lead Officers would be adding action dates into future reports.

The Chairman confirmed his approval of the formatting of the Appendix. Officers were requested that the stapling of future A3 documents be amended to ensure that page numbers could clearly be seen.

Councillor Anton Dani raised concerns in respect of the potential increase of homelessness in the area as a result of new government taxes on landlords and housings and capital gains. The Group Manager – Insights and Transformation advised that she would refer the matter to the Housing Team.

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

25 Audit and Governance Annual Report 2023/2024

The Assistant Director – Governance & Monitoring Officer presented a report which outlined the previous years' work of the Committee as required by the Terms of Reference for approval and recommendation to Full Council. A copy of the Audit and Governance Annual Report 2023/2024 was attached as Appendix 1.

Members noted that improvements had been made to the formatting of the report to ensure that it contained key information, along with web links to enable readers to find out more information.

The recommendation was moved by Councillor Anton Dani and seconded by Councillor David Scoot.

RESOLVED:

That the Committee's Annual Report 2023/24 be approved for presentation to Full Council.

26 Work Programme

The Chairman presented the annual Audit and Governance Work Programme 2024/25 and asked members if they wished to add any additional items into the programme.

RESOLVED:

That the work programme be noted.

27 Exclusion of the Press and Public

The recommendation was moved by Councillor Anton Dani and seconded by Councillor Chris Mountain.

RESOLVED:

That under Section 100(A)(iv) of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006, the public and press be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 1 of Part 1 of Schedule 12A of the Order.

[The Chief Finance Officer, PSPSL, the Deputy Finance Officers, PSPSL, and the Finance Manager (Corporate), PSPSL left the meeting at 7.39 p.m., following consideration of the above item.]

28 Co-opted Independent Members

The Assistant Director – Governance & Monitoring Officer presented a report which sought the Committee's approval, following a recent recruitment process, to co-opt two new Independent Members to the Audit and Governance Committee.

The Chairman provided an update on the interview process and confirmed good competency of both candidates who diligently answered rigid questions and showed their interest to be take part in the work of the Committee. Members noted that both candidates came from different backgrounds and were therefore able to bring a more diverse skillset to the role.

The recommendation was moved by Councillor David Scoot and seconded by Councillor James Cantwell.

RESOLVED:

That Mr Gideon Hall and Mr Adam Cartwright be Co-opted to the Audit and Governance Committee as Independent Members for a four-year term subject to a review at the end of year one.

The Meeting ended at 7.44 pm.