

NORTH LINCOLNSHIRE COUNCIL

AUDIT COMMITTEE

16 September 2020

PRESENT: - Councillor K Vickers in the chair.

Councillors Clark, Ellerby, T Foster, Gosling, Wells and Yeadon.

This was a Microsoft Teams Virtual Online Meeting

589 **DECLARATIONS OF DISCLOSABLE PECUNIARY, PERSONAL OR PERSONAL AND PREJUDICIAL INTERESTS** – There were no declarations of disclosable pecuniary interests and personal or personal and prejudicial interests.

590 **MINUTES – Resolved** – That the minutes of the proceedings of this committee held on 15 July 2020, having been printed and circulated amongst the members, be taken as read and correctly recorded and signed by the Vice-Chairman.

591 **ARRANGEMENTS FOR VALUE FOR MONEY** – The Director: Governance and Partnerships delivered a presentation on the arrangements that the council had in place to ensure that it achieved value for money. The presentation covered the following areas -

- Legislation
- Three E'S - Economy; Efficiency and Effectiveness
- Elements of Assurance
- Performance
- Procurement and Commissioning
- Sustainable Resource Deployment
- Governance
- Informed Decision Making
- Effective Partnerships
- Risk Management

Following the presentation, the Chairman facilitated a discussion between the Director and the committee on how the council achieved value for money.

Resolved – That the presentation be received with thanks.

592 **EXTERNAL AUDIT PROGRESS REPORT** – The Chairman welcomed representatives from the council's external auditor Mazars to the meeting. The committee was informed that the external audit was in progress. The council had submitted its accounts to Mazars in July and, after some early testing, there were no areas of concern to bring to the attention of the committee at this stage. The full audit would be considered by the committee at its meeting on 23 November 2020.

The Chairman then facilitated a discussion between the council's external auditors and the committee.

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Resolved – That the verbal update be received with thanks.

- 593 **TREASURY MANAGEMENT ANNUAL REPORT 2019-20** – The Director: Governance and Partnerships submitted a report that informed members of the council’s treasury arrangements, activity and performance during 2019-20.

The Chartered Institute of Public Finance and Accountancy (CIPFA) defined treasury management as:

“The management of the organisation’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”

The Treasury Management Strategy Statement (TMSS) for 2019/20 was approved by Council in February 2019. This statement also incorporated the Investment Strategy.

Whilst the council had appointed advisors to support effective treasury management arrangements, the council was ultimately responsible for its treasury decisions and activity. No treasury activity was without risk. The successful identification, monitoring and control of risk was therefore an important and integral element of treasury management activities.

The council had nominated the Audit Committee to be responsible for ensuring effective scrutiny of treasury management arrangements.

The TMSS was attached to the report as an appendix. It provided a summary of the effectiveness of the Treasury Management Strategy, identified risk factors affecting those activities of borrowing, investment and cash flow and demonstrated the value for money achieved through the effective delivery of the treasury management arrangements.

The Director then responded to questions on the Treasury Management Annual Report for 2019-20.

Recommended to Council – That the Treasury Management Annual Report 2019-20 be considered by council.

- 594 **ANNUAL GOVERNANCE STATEMENT** – The Director: Governance and Partnerships circulated the draft Annual Governance Statement (AGS) 2019/20 for members’ consideration and approval.

The Accounts and Audit Regulations 2015 required the council to publish an AGS alongside the Annual Accounts.

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The AGS set out the council's governance arrangements that were in place and considered their effectiveness. The council's governance arrangements were set out in its Code of Governance which were reviewed and updated annually.

The Code was based upon guidance provided by the Chartered Institute for Public Finance and Accountancy (CIPFA) and the Society for Local Government Chief Executives (SOLACE) "Delivering Good Governance in Local Government – a framework" (April 2016).

The three lines of defence assurance model was central to the review of effectiveness of the council's governance arrangements as follows:

- First Line – (delivery/operational area) - Each Director undertook an annual self-assessment as to how assurances were sought to confirm that the services and functions they were responsible for comply with each of the seven principles of the Code.
- Second Line - (oversight of management activity and separate from those responsible for delivery) - A range of reports were produced annually or throughout the year from those responsible for the oversight of management activity which provided assurance on the operation of elements of the governance framework.
- Third line - (independent oversight) - Reports produced by independent bodies such as External Audit and regulators (e.g. Ofsted, Ombudsman).

The draft AGS 2019/20 was attached as an appendix and showed that the council had well-established governance arrangements that were monitored and reviewed on a regular basis. As at 31 July 2020 no significant governance issues requiring reporting had been identified.

The AGS accompanied the accounts and was for the period up to the accounts were approved. The final published version therefore would be updated to take account of the completion of the audit of the statements of accounts 2019/20 and any additional sources of assurance completed up to that date.

The Audit Committee, as the body charged with governance, was responsible for advising on whether the council should adopt the AGS.

The Director then responded to questions on the draft Annual Governance Statement.

Resolved – (a) That the draft Annual Governance Statement provided a sufficient level of assurance on the adequacy of the council's governance arrangements to allow the committee to fulfil its role; (b) that the Annual Governance Statement 2019-20 be approved and adopted on behalf of the council, and (c) that the Director of Governance and Partnerships be provided with delegated responsibility to make any amendments to the Annual Governance Statement resulting from the outcome of the audit of the statements of accounts and any additional sources of assurance received up to the date of the approval of the accounts. This was on the proviso that any subsequent changes to section 5 of the Statement would require further approval by the committee.

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595 **LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN LETTER 2019-20** – The Director: Governance and Partnerships submitted a report on the Local Government and Social Care Ombudsman (LGSCO) Annual Letter 2020.

The LGSCO was a service that investigated complaints from the public about councils and some other bodies providing public services in England. It also investigated complaints about registered adult social care providers. It was the last stage of the complaints process, for people who had given the council or provider opportunity to resolve the issue first.

The LGSCO aimed to resolve cases informally where it could and determine the reasonableness of decisions of bodies being complained about. Its recommendations aimed to provide redress in cases of service failure and puts complainants back in the position they were in if any maladministration was found.

The Annual Review Letter 2020 was attached as appendix to the report. It summarised (i) the complaints upheld (ii) compliance with recommendations and (iii) satisfactory remedies by the local authority.

The LGSCO produced the reports and performance information to provide valuable insights into service areas, early warning signs of problems and was a key source of information for governance, audit, risk and scrutiny functions.

Resolved - That the Local Government and Social Care's Ombudsman's Annual Review Letter 2020 for North Lincolnshire be noted.