

# Public Document Pack

Minutes of the meeting of the **GOVERNANCE COMMITTEE** held as a Teams Live Events remote meeting on Thursday, 30 July 2020 at 6.00 pm

Present:

Chairman: Councillor D Hannent

Councillors: S H Beer  
S S Chandler  
S J Jones  
P D Jull  
P Walker

Officers: Head of Finance and Investment  
Audit Manager - Grant Thornton (external auditors)  
Democratic Services Manager  
Democratic Services Officer

## 1 APOLOGIES

An apology for absence was received from Councillor J Rose.

## 2 APPOINTMENT OF SUBSTITUTE MEMBERS

There were no substitute members appointed.

## 3 DECLARATIONS OF INTEREST

There were no declarations of interest made by Members.

## 4 MINUTES

The minutes of the meeting held on 25 June 2020 were approved as a correct record and signed by the Chairman.

## 5 EXTERNAL AUDIT PLAN YEAR ENDING 31 MARCH 2020

The Audit Manager (Grant Thornton) presented the External Audit Plan Year Ending 31 March 2020 (Minute No. 5), External Audit Plan Update (Minute No. 6) and Audit Progress Report and Sector Update (Minute No. 7) to the committee. These reports were due to be considered at meetings earlier in the year that had been cancelled due to the Covid-19 pandemic. The Chairman proposed, and it was agreed by the members of the committee, that these three reports would be taken en bloc.

Members considered the reports and discussed issues arising from them. Although reported to be implemented on 1 April 2020, Members were advised that IFRS 16 was no longer going to be adopted and having reviewed the council's assets the Head of Finance and Housing reported that there were very few leases.

An explanation was given on how the materiality and triviality figures for the authority were reached. It was queried whether a lower triviality figure should be set to ensure misstatements were identified. Members were assured that thorough sample testing was carried out. The Council had a good relationship with the external auditors, Grant Thornton, and would work together to make any minor amendments required.

It was hoped that the audit opinion would be issued in November.

## 6 EXTERNAL AUDIT PLAN UPDATE

The Audit Manager (Grant Thornton) presented the External Audit Plan Year Ending 31 March 2020 (Minute No. 5), External Audit Plan Update (Minute No. 6) and Audit Progress Report and Sector Update (Minute No. 7) to the committee. These reports were due to be considered at meetings earlier in the year that had been cancelled due to the Covid-19 pandemic. The Chairman proposed, and it was agreed by the members of the committee, that these three reports would be taken en bloc.

Members considered the reports and discussed issues arising from them. Although reported to be implemented on 1 April 2020, Members were advised that IFRS 16 was no longer going to be adopted and having reviewed the council's assets the Head of Finance and Housing reported that there were very few leases.

An explanation was given on how the materiality and triviality figures for the authority were reached. It was queried whether a lower triviality figure should be set to ensure misstatements were identified. Members were assured that thorough sample testing was carried out. The Council had a good relationship with the external auditors, Grant Thornton, and would work together to make any minor amendments required.

It was hoped that the audit opinion would be issued in November.

## 7 AUDIT PROGRESS REPORT AND SECTOR UPDATE

The Audit Manager (Grant Thornton) presented the External Audit Plan Year Ending 31 March 2020 (Minute No. 5), External Audit Plan Update (Minute No. 6) and Audit Progress Report and Sector Update (Minute No. 7) to the committee. These reports were due to be considered at meetings earlier in the year that had been cancelled due to the Covid-19 pandemic. The Chairman proposed, and it was agreed by the members of the committee, that these three reports would be taken en bloc.

Members considered the reports and discussed issues arising from them. Although reported to be implemented on 1 April 2020, Members were advised that IFRS 16 was no longer going to be adopted and having reviewed the council's assets the Head of Finance and Housing reported that there were very few leases.

An explanation was given on how the materiality and triviality figures for the authority were reached. It was queried whether a lower triviality figure should be set to ensure misstatements were identified. Members were assured that thorough sample testing was carried out. The Council had a good relationship with the external auditors, Grant Thornton, and would work together to make any minor amendments required.

It was hoped that the audit opinion would be issued in November.

**RESOLVED:** That the External Audit Plan Year Ending 31 March 2020, the External Audit Plan Update and the Audit Progress Report and Sector Update be received.

## 8 TREASURY MANAGEMENT QUARTER THREE REPORT 2019/20

The Head of Finance and Housing presented the Treasury Management Quarter Three 2019/20 report to the committee. The report provided details for the quarter ended 31 December 2019 and had been due to be considered at the meeting of the committee in March 2020 and was cancelled due to the Covid-19 pandemic.

At the time of the report the Council's investment return for the period was outperforming although a shortfall was predicted. The Council had remained within its Treasury Management guidelines and had complied with the Prudential Code guidelines during the period.

Members noted this was a historic report and with an amendment to the text in paragraph 1.1 of the report it was

RESOLVED: That the report be received and the text at paragraph 1.1 of the report be amended to read 'This reduction is due to deciding not to invest anything further in pooled investment funds.'

## 9 TREASURY MANAGEMENT YEAR END REPORT 2019/20

The Head of Finance and Housing presented the Treasury Management Year End 2019/20 report to the committee. The report provided details for the quarter ended 31 March 2020 and an update of activity to date.

A summary of the report provided Members with details of the Council's investment return, which for the period to March was 2.97%. The total interest and dividends income received for the year was £1,710k and £114k less than the original budget estimate. It was reported that the Council had remained within the majority of its Treasury Management guidelines and complied with the Prudential Code guidelines with an exception being the limit of short-term borrowing being exceeded to ensure cashflow funds during the Coronavirus lockdown.

In response to questions Members were advised that whilst the investment in Payden and Rygel had a very low yield, it was a fund that was liquid and easy to access in the short-term. In the current climate there was a better return and more security with Payden and Rygel.

RESOLVED: That the report be received.

## 10 REVIEW OF MEMBER CODE OF CONDUCT ARRANGEMENTS

The Democratic Services Manager presented the report to the committee. It was necessary to update the Arrangements that accompanied the Code of Conduct to reflect the merge of the functions of the Standards Committee into the Governance Committee. This update would remove any reference to the Standards Committee and would be replaced with the Governance Committee.

RESOLVED: That the revised arrangements set out in Appendix 1 be approved.

The meeting ended at 6.50 pm.