

GOVERNANCE COMMITTEE

Monday, 5 February 2024

GOVERNANCE COMMITTEE

A meeting of the Governance Committee was held on Monday, 5 February 2024 at the Civic Centre, Ridley Street, Redcar, Yorkshire, TS10 1TD.

PRESENT Councillor C Morgan (Chair)
Councillors P Berry (Vice-Chair), N Bendelow,
P Chaney, S Martin, J McCue, G Nightingale,
V Rider and C Monson.

OFFICIALS P Winstanley, S Newton, R Davisworth, V Smith,
G Barker, D Clubb, C Dearden and P Jeffrey.

APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors M O'Donoghue, C Richardson, A Blacklock and I Lavelle.

1 **DECLARATIONS OF INTEREST.**

There were no declarations of interest.

2 **TO CONFIRM THE MINUTES OF THE MEETING HELD ON 27 NOVEMBER 2023 AND TO CONFIRM THE ATTENDANCE MATRIX**

RESOLVED that the minutes and attendance matrix for the Governance Committee meeting held on 27 November 2023 be confirmed and signed by the Chair as a correct record.

3 **TO CONFIRM THE MINUTES OF THE ASSESSMENT SUB COMMITTEE HELD ON 27 NOVEMBER 2023**

RESOLVED that the minutes of the Assessment Sub-Committee meeting held on 27 November 2023 be confirmed and signed by the Chair as a correct record.

4 **TO CONFIRM THE MINUTES OF THE ASSESSMENT SUB COMMITTEE HELD ON 12 DECEMBER 2023**

RESOLVED that the minutes of the Assessment Sub-Committee meeting held on 12 December 2023 be confirmed and signed by the Chair as a correct record.

Monday, 5 February 2024

5 **MONITORING OFFICER DECISION REPORT**

The Monitoring Officer presented the decision record, which provided a summary of a complaint and decision; **NOTED**.

6 **INTERNAL AUDIT AND COUNTER FRAUD PROGRESS REPORT (VERITAU)**

The Assistant Director – Audit Assurance and the Assistant Director – Corporate Fraud (Veritau) presented a report updating Members on internal audit and counter fraud work undertaken in 2023/24.

The report also provided information on the development of the 2024/25 internal audit work programme and requested initial views on priorities for 2024/25 to help inform the preparation of the annual internal audit work programme.

A discussion took place regarding the issues contained in the report. Some of the matters raised and discussed included:

- A member commented on the amount of information contained in the report and asked if the information might better be presented in separate documents. The Member also expressed concern on slippage of work contained in the audit. Members were advised that the delays were a result of timing issues and scheduling conflicts and were not a cause for concern. A narrative explaining the delay was requested for future reporting purposes.
- A member requested that auditor should consider making future reports more succinct.
- A Member asked if referrals regarding potential fraud were dealt with in the order of receipt, or if they are prioritised. Members were advised that they are prioritised, particularly in relation to safeguarding concerns.
- In response to a question regarding investigations into overcharging for contracts, Member were advised that the fraud team would investigate where the Council have been victim of crime; **NOTED**.

Monday, 5 February 2024

7 FINANCIAL ASSURANCE STATEMENTS 2022/23

The Director of Finance (Section 151 Officer), on behalf of the Managing Director (Head of Paid Service), presented the Letter of Representation, which, in accordance with legal requirements, was a letter from the Director of Finance (Section 151 Officer) to the Engagement Partner confirming that the financial statements provided by the Council gave a true and fair view of its finances and were complete and accurate. Assurances given to the Engagement Partner by the Chair of the Governance Committee and the Director of Finance (Section 151 Officer) in respect of arrangements the Council has put in place to prevent and detect fraud, comply with applicable law and regulations; and demonstrate the appropriateness of the going concern assumption, were also presented.

RESOLVED that the Governance Committee:

- Fully endorsed and confirmed the Committee's assurances and declarations made to the External Auditors (Mazars) as signed, in draft, on behalf of the Committee by the Chair.
- Noted the assurances that the Director of Finance (Section 151 Officer), as the Council's Chief Finance Officer, has made on behalf of Directors, senior management, and the Council in respect of the Request for Declarations 2022/23 and Letter of Representation 2022/23.

8 AUDITORS ANNUAL REPORT 2021/22 (MAZARS)

The External Audit Director presented a report which summarised the work MAZARS undertook for the Council for the year ended 31 March 2022.

The outstanding audit certificate, which was a formality, would bring the audit to end. This was expected by the end of March 2024.

A debate took place on the issues contained in the report. Some of the matters raised and discussed included:

- Clarification was requested regarding the point at which the auditor would raise concerns in the Value For Money Assessment over the issue of reducing levels of revenue reserves.
- The Council faces a challenging financial position, and the auditor would continue to monitor the situation.

Monday, 5 February 2024

9 **AUDIT COMPLETION REPORT 2022/23 (MAZARS)**

The External Audit Director presented a summary of the conclusions from the audit of the 2022/23 accounts.

Members were advised that evaluation and sign off would take place following pension fund auditor assurance, which was expected by the end of March; **NOTED**.

10 **ACCEPTANCE OF AUDITED STATEMENT OF ACCOUNTS FOR 2022/23 AS AT 31 MARCH 2023**

The Chief Accountant, on behalf of the Managing Director (Head of Paid Service), presented the audited Statement of Accounts for the financial year 2022/23 for conditional approval, on the basis of confirmation from Mazars, to the council's Director of Finance that there are no further changes to the Council's accounts as a result of Mazars due diligence of the pension fund asset as at March 2023.

The following comments were noted:

- A Member queried the decline in value of the Regent Cinema and Members were advised that this was a technical accounting issue relating to the transfer of the asset to an investment property, which resulted in a change to the valuation methodology.
- A discussion took place relating to the potential of the Council saving resources by taking the responsibility for children's social care in-house. Members were advised that the Council were working with local suppliers to provide local solo placement accommodation to enhance the level of local provision.

RESOLVED that:

The audited Statement of Accounts for the financial year 2022/23 be approved, subject to there being no changes to the current audited Statement of Accounts for financial year 2022/23 because of any residual issues relating to the Pension Fund Audit at Middlesbrough Council. The conditional decision be noted and it be agreed that upon receipt of the outcome of the Pension Fund Audit via MAZARS:

- Should a material error be discovered by the Pension Fund Auditor on the Teesside Pension Fund, as at 31 March 2023, which resulted in any changes to the Statement of Accounts, then its approval would be deferred back to the Governance Committee so that those changes could be fully considered by the Committee, supported by revised financial assurances if necessary; and

If the Pension Fund Audit did not result in any amendment to the

GOVERNANCE COMMITTEE

Monday, 5 February 2024

Statement of Accounts, the Committee's approval of the current version of the Statement of Accounts would stand confirmed and the Section 151 Officer be authorised to publish them accordingly.

11 **REVIEW OF TREASURY MANAGEMENT POLICIES & UPDATE**

The Chief Accountant, on behalf of the Managing Director (Head of Paid Service), presented the Council's capital and treasury management strategies for consideration prior to approval by the Council as part of the budget setting report on 29 February 2024.

A debate took place on the issues contained in the report. Some of the matters raised and discussed included:

- A discussion took place regarding the re-financing and reprofiling of loans, potentially deferring the burden of re-payment to future generations. A Member asked if such arrangements could be extended to other areas and Committee were advised that the Council has maximised what it can within tolerance limits.

There were no amendments or substantial changes to report to Cabinet on the back of comments; **NOTED**.

12 **COMPLAINTS HANDLING UPDATE**

The Assistant Director for Corporate Services presented a report to Members regarding the review of the Council's Corporate Complaints and Vexatious Complaints Procedures.

Members were advised that, owing to the development of a new joint Complaint Handling Code by the Local Government and Social Care Ombudsmen (LGO) and the Housing Ombudsman (HO), there would be a requirement to significantly change the current Corporate Complaints and Compliments procedure to conform to the new Code.

Revised procedures would be report to the meeting of Governance Committee taking place on 22 April 2024; **NOTED**.

GOVERNANCE COMMITTEE

Monday, 5 February 2024

13 **COMMITTEE WORK PROGRAMME.**

Members were advised that a review of contract procedure rules would be presented at a future meeting of Governance Committee; **NOTED.**