**Mansfield District Council**

**Governance & Standards Committee Minutes**

**Date: Wednesday 8 June 2022 Time: 6:00 PM Place: Council Chamber**

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| **Present:** | **Councillor Robert Elliman, Councillor Mark Fretwell, Mr. Andrew Hill, Councillor Ann Norman, Councillor Philip Shields, Councillor Roger Sutcliffe (Late arrived 6.05 pm)** |
| **In Attendance:** | **Sarah Hall, Dawn Edwards, Adrian Pullen, Stacey Tebbett, Gabriella Wright, Mark Surridge (Mazars).** |

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|  | **APOLOGIES FOR ABSENCE** |
|  | Apologies were submitted for Councillor Lohan (substituted by Councillor Clay), Councillor Sissons and Councillor Tristram. |
| **22/20** | DECLARATIONS OF INTEREST |
|  | There were no Declarations of Interest. |
| **22/21** | **APPOINTMENT OF VICE CHAIR** |
|  | The Chair welcomed all to the meeting and extended his thanks to Councillor Mark Fretwell, for his service as the Chair and requested that this be placed on record.  A nomination for Councillor Fretwell as Vice Chair was proposed by Councillor Clay and seconded by Councillor Norman.  The motion was carried unanimously by a show of hands.  RESOLVED:  Councillor Mark Fretwell was appointed as Vice Chair to the Governance & Standards Committee. |
| **22/22** | **MINUTES OF THE LAST MEETING** |
|  | The Minutes for 30 March 2022 were proposed as a true record by Councillor Shields and seconded by Councillor Fretwell.  The motion was carried by a show of hands.  RESOLVED:  That the Minutes of the last meeting held on 30 March 2022 were a true record of the meeting. |
| **22/23** | **CORPORATE GOVERNANCE REVIEW & DRAFT ANNUAL GOVERNANCE STATEMENT (AGS) – 2021/2022** |
|  | The Corporate Assurance Manager provided a summary of the Corporate Governance Review and Draft Annual Governance Statement for 2021-2022.  The Committee was advised that part of the Council’s Code was that an Annual Compliance Review be completed, the Members were informed that the overall level of compliance was high with no significant issues being identified. The Officer referred the Members to Table 1 which illustrated that the level of compliance that had been achieved at 96%. This level of compliance illustrated that the authority had continued to maintain a high level of governance throughout the Council.  The Corporate Assurance Manager advised the Members that there were only two areas that had not been fully compliant and one of these areas was a repeat issue from last year, and was in respect of the completion by the deadline of the Related Party Transaction Forms required by all Members. There still remained a couple of these forms outstanding.  The other area not fully compliant identified was related to the Transparency Code. The Corporate Assurance Manager informed the Members that the Transparency Code was the statutory requirement to publish and keep up to date information on the Council’s website. The Members were advised that a review had been completed, and some areas had been identified where the information was out of date. Members were advised that these areas of non-compliance had been added into the Action Plan AGS.  The Corporate Assurance Manager advised that there would be a review of the Departmental Risk and Opportunity Registers to ensure that this was working effectively.  Councillor Sutcliffe identified that there were some technical issues related to the Related Party Transaction Forms that prevented them from being filled in. The Member asked for paper copies to be provided at Council Meetings before the forms deadline.  The Head of Law and Governance advised that printed copies had been supplied at Full Council and that Democratic Services had tried to track down Members at the Council Meetings so that the forms could be signed.  The Members were advised that the option of an electronic form that could be completed on line was an option that was under review.  The Independent Member suggested the use of DocuSign.  The Head of Law and Governance informed the Committee that the Legal Team had been brought back in house. This was an option being considered by the new Legal Manager for the signing of legal documents.  The Chair queried if Members non-complying to the completion of the documents names were published.  The Head of Law and Governance advised that this had not yet happened.  The Chair queried if the completion of the forms was part of the Constitution and if not if this could be added to encourage Members to complete the forms.  The Head of Law and Governance advised that as this was written in law it would not ordinarily be added to the Constitution. As it was a legal requirement that the forms be completed fully.  Councillor Clay had also had technical difficulties with the form. The form did not print out properly. The Member felt that some guidance on the completion of the forms would be useful.  Head of Law and Governance agreed with the Members that further action was required in order to ensure that the forms were completed, and that this was being reviewed on an ongoing basis.  The Head of Law and Governance added that in relation to the issue of non-compliance related to the Transparency Code that Members could be reassured that there was now in place a Governance Information Manager working for the authority, Information Governance previously had been dealt with by the Shared Legal Service.  The Information Governance Manager has been tasked with ensuring that the website is kept up to date with all relevant information displayed.  The Head of Law and Governance advised an update on the review of the Departmental Risk and Opportunities Register, that risk was a priority for the Statutory Officers, and meetings had occurred to discuss risk and the approach to risk. The Members were advised an update on Risk was provided to the Statutory Officers on a quarterly basis. Additional registers have been implemented and the Departmental Registers were being developed to include a corporate review of risk across the organisation.  The Corporate Assurance Manager provided a summary of the Annual Governance Statement to the Committee. The Members were advised that the AGS accompanied the Statement of Accounts. A briefing on the Statement of Accounts was anticipated to take place in September/October 2022. The Members were given a summary of the Tables within the report. The Members were advised that overall the majority of the actions had been implemented and that there were no significant governance issues identified. The Members were advised that the Action Plan format was in accordance with the good practice guidance from CIPFA.  The recommendations of the report were:  i) That the assessment of the Council’s level of compliance with its Local Code of Corporate Governance as high be accepted  ii) That progress with implementation of the areas for improvement identified from this corporate governance review be monitored by the Governance and Standards Committee  iii) That the draft AGS for 2021/2022 enclosed as Appendix 1 be subject to scrutiny by this Committee prior to approval  Proposer Councillor Fretwell, Seconder Councillor Norman. The motion was carried by the Committee by unanimous show of hands.  RESOLVED:  i) That the assessment of the Council’s level of compliance with its Local Code of Corporate Governance as high be accepted  ii) That progress with implementation of the areas for improvement identified from this corporate governance review be monitored by the Governance and Standards Committee  iii) That the draft AGS for 2021/2022 enclosed as Appendix 1 be subject to scrutiny by this Committee prior to approval |
| **22/24** | **CORPORATE ASSURANCE MANAGER'S ANNUAL REPORT– 2021/2022** |
|  | The Corporate Assurance Manager provided a summary of the Corporate Assurance Manager – Annual Report for 2021-2022. The Committee was informed that the report contained the work that had been undertaken by the Internal Audit during 2021/2022, the key areas of assurance upon which the Corporate Assurance Manager had based his opinions on the overall adequacy and effectiveness of the organisation’s risk management, internal control and governance processes and the results of the Quality Assurance and Improvement Programme (QAIP).  The Members were advised that despite the Covid 19 pandemic which had an impact upon the delivery of services across the Council that there was still the statutory requirement to comply with Public Sector Audit Standards and to deliver an annual opinion and to state any caveat to that opinion due to any shortfalls in the adequacy of the assurance received in respect of the Council’s risk management, internal controls and overarching governance arrangements.  The Corporate Assurance Manager advised that it was fortunate that prior to Covid, a new process of being more proactive had provided real time assurance on the internal audit across the Council. This had been achieved by assessing and mapping the adequacy and effectiveness of the corporate assurance arrangements through the use of management, specialist professional support i.e. Legal or Health and Safety and internal audit. By implementing this the Council had moved away from sole reliance on Internal Audit only. The Corporate Assurance Manager informed the Members that within the report’s at Table 1 it identified the key areas covered and days actually spent on the work.  The Members were informed that the vacancy for a Trainee Auditor had been not been filled until 1 November 2021, which had resulted in less resource within Internal Audit. Since the appointment of a Trainer Auditor there had been an increase in amount of Audits completed.  The Members were advised that a flexible Audit Plan had been adopted in line with many authorities that had been approved by the Committee. The emphasis was now on strategic risks which included, management of Council Owned buildings and now included land. The Corporate Assurance Manager summarised the tables within the report for the Members.  Councillor Fretwell queried the date that the review findings for the Council Property would be reported to the CLT and the Committee.  The Corporate Assurance Manager advised that it was anticipated that the reports would be available October/November 2022.  Councillor Sutcliffe requested that dates be entered onto the Audit Plan to inform if items were on schedule or not.  The Corporate Assurance Manager advised that because Action Plans were reviewed quarterly dates could change which was dependent on any changing priorities.  The Head of Law and Governance suggested that a potential indicative date could be added that would be subject to change. That it was worth noting that the Committee had a Work Programme that identified when items would be brought to the Committee.  The Corporate Assurance Manager provided a summary of Table 3, 4, 5, 6, 7 to the Members and advised that overall that the Council were compliant.  Within Table 8 Completed Internal Audit Special Investigations, it had been identified that there was a discrepancy with the Crematorium Income this was found to be caused by a need for a written procedure documents to be in place, the staff within the Crematorium were all new staff.  The Committee was advised that the Trainee Auditor had worked with the Crematorium team to ensure that the correct processes were in place and fully documented.  The Members were informed that the Council’s External Auditors had presented reports to the Committee during 2021/2022 had identified no significant issues.  Also the Local Government and Social Care Ombudsman report had been presented to the Governance & Standards Committee which detailed their findings in respect of complaints received by them in 2020/2021 with none being upheld.  The Corporate Assurance Manager unqualified opinion was that he was satisfied that the Council had adequate and effective governance arrangements in place, adequate and effective risk and opportunity management arrangements in place and adequate and effective internal control processes in place.  The Chair asked if the Crematorium investigation had identified anything untoward or was a procedural issue.  The Corporate Assurance Manager advised that the issue was related to the need for an improvement in the administration and recording processes and that this would be reviewed again.  Councillor Fretwell queried if the Crematorium was a shared service.  The Officer responded that it was a joint Committee with Ashfield and Newark.  Councillor Fretwell queried how this was audited.  The Officer responded that the Internal Audit was led by Mansfield District Council and that there was also an External Audit by Assurance Lincolnshire who complete the Accounts.  The Head of Finance advised that Assurance Lincolnshire complete a report to their Committee. Mansfield District Council prepare the Accounts and Newark’s External Auditors audit the Accounts that then feed into each authority.  The recommendations were proposed by Councillor Shields and seconded by Councillor Sutcliffe. There was a unanimous show of hands.  RESOLVED:  i) That the work undertaken by Internal Audit and the real time proactive assurance received during 2021/2022 be noted.  ii) That the performance indicators to be adopted by Internal Audit for 2022/2023 be accepted  iii) That the outcomes from the QAIP for 2021/2022 be noted  55  iv) That the Corporate Assurance Manager’s opinion statement on the Council’s risk management, internal control and governance processes be accepted. |
| **22/25** | **ETHICAL GOVERNANCE REVIEW– 2021/2022** |
|  | The Corporate Assurance Manager provided the Members with a summary of the assessments completed against the Council’s ethical governance arrangements. The Members were advised that the assessments needed to be completed to comply with the Public Sector Internal Audit Standards of the Council’s Ethical Governance arrangements. This was completed by using the good governance toolkit produced by the IDA.  The Members were advised that the self-assessment toolkit assessed the level of standards of conduct of both Members and Officers within the Council. The Corporate Assurance Manager advised that as the Members were aware the standards of the Members code of conduct for Members and Officers was very high.  The Corporate Assurance Manager advised that all of the self-assessment details had been provided within the report.  The recommendations were proposed by Councillor Fretwell and seconded by Councillor Sutcliffe. The motion was accepted by the Committee by show of hands.  RESOLVED:  i) That the findings from the ethical governance review be noted |
| **22/26** | **INTERNAL AUDIT PROPOSED PLAN FOR 2nd QUARTER OF 2022/2023** |
|  | The Corporate Assurance Manager provided a summary of the Internal Audit Plan for the period 1 July – 30 September 2022.  The Members were informed that the Internal Audit Plan was informed from the completion of internal Risk Assessments and Audits.  The Committee was informed that the Plan was a flexible plan that was reported to the Corporate Leadership Team on a quarterly basis. This provided the opportunity for the CLT to request additional topics or defer a topic for a valid reasons. The Mazars External Report was used to identify areas that need focus and also to benchmark against other authorities.  The Corporate Assurance Manager advised that going forward as agreed at this meeting indicative dates for reviews and timescales for the following quarters would be provided on the plan.  The Corporate Assurance Manager provided a summary of Table 1, and highlighted the key focus topics as Counter Fraud, probity testing, housing benefits subsidy claim, Corporate Debt Recovery and benchmarking against the Audit Office best practice, housing benefit accounting, consultancy and special investigations.  Councillor Sutcliffe asked if the £150 Tax Refund would be included in the plan to be audited.  The Corporate Assurance Manager advised that this would be reviewed as part of the Counter Fraud Plan.  The Member queried if this would be a specific part of the Counter Fraud Plan.  The Head of Finance advised that in terms of the grants schemes that have been administered there was a requirement to provide returns to the Government and a process of checks in place on the account before any payment was made. The process was very stringent to reduce the opportunity for fraud.  Councillor Sutcliffe felt that the £150 tax refund was a good opportunity to promote the use of Direct Debits. That this method was a very safe method of payment.  The Head of Finance informed the Committee that Direct Debits were promoted at every opportunity. However, unfortunately some people did not want to use Direct Debits.  The recommendation were proposed by Councillor Clay and seconded by Councillor Sutcliffe. The motion was carried by a unanimous show of hands.  RESOLVED:  i) That the Internal Audit Plan for the period 1 July – 30 September 2022 be approved |
| **22/27** | **RECRUITMENT OF NON -ELECTED INDEPENDENT MEMBER TO THE GOVERNANCE AND STANDARDS COMMITTEE** |
|  | The Corporate Assurance Manager apologised for the late report as interviews had only been completed on Monday 6 June 2022. The Committee was informed that the report sought endorsement by the Governance and Standards Committee of the person recommended by the interview panel to be appointed to the vacant post of independent non-elected member on the Governance and Standards Committee subject to approval by Council.  The Corporate Assurance Managed advised the Committee that the recommendation was for the Governance & Standards Committee to recommend to Council that Clare Wasteney be appointed to the vacant post of independent non-elected member of the Governance and Standards Committee for a period of four years.  Councillor Fretwell queried the professional qualifications of the candidate.  The Head of Law and Governance advised that the candidate was well qualified, with a legal background and had previously been heavily involved in governance. The panel felt that she had suitable qualifications and skills for the role.  The Chair felt that the candidate would be a good addition to the team.  The Corporate Assurance Manager advised that if approved for recommendation by the Council and approved in July 2022, that Clare would be able to take part in the July 2022 meeting subject to completion of the training.  The recommendation was proposed by Councillor Norman and seconded by Councillor Shields. The motion was carried  RESOLVED THAT A RECOMMENDATION TO COUNCIL BE GIVEN  i) That Clare Wasteney be appointed to the vacant post of independent non-elected member of the Governance and Standards Committee for a period of four years |
| **22/28** | **EXTERNAL QUALITY ASSESSMENT OF INTERNAL AUDIT** |
|  | The Corporate Assurance Manager advised the Committee that in order to comply with the Public Sector Internal Audit Standards it was a requirement that an EQA be completed at least every five years by a suitably qualified independent assessor or assessment team from outside the organisation, excluding the Council’s external audit provider and this had to be completed by the end of March 2023.  The Members were advised that the report was to advise the Members of what had happened to date.  The Corporate Assurance Manager felt that this EQA was important to ensure that the authority were benchmarked against other authorities and it was an opportunity for continuous improvement and best practice.  The provider must be suitably qualified and skilled for an effective overview to be completed. The Members were advised that as part of a joint procurement exercise led by Broxtowe Council and Erewash Council the Contract has been awarded to Business Risk Solutions. The company has previously carried out over 60 EQA’s across all sectors and has an excellent reputation. As this procurement process was a joint procurement exercise Mansfield District Council received a 17% discount on the costs  The Committee was informed that the EQA was scheduled to take place in February 2023. The report and findings would come to the Governance and Standards Committee and CLT following this.  The recommendations were proposed by Councillor Fretwell and seconded by Councillor Shields. The motion was carried by the Committee by show of hands.  RESOLVED:  i) That the EQA process being undertaken be noted |
| **22/29** | **MAZARS - AUDIT STRATEGY MEMORANDUM FOR YEAR ENDING 31 MARCH 2022** |
|  | The External Auditor summarised the findings of the Audit Strategy Memorandum for the year ending 31 March 2022. The Members were informed that the Audit Strategy Memorandum detailed how Mazars carry out their responsibilities.  The Members were advised that the auditors were responsible for submitting a financial opinion.  Mark Surridge advised that there was wider reporting required unique to local government which was a consolidation exercise of financial data for all local authorities. The Guidance from 2020/2021 was still not available. It was therefore not anticipated that the 2022 work would be completed until at least Christmas 2022. The implications were more administrative and would not have any real consequences, there would be no penalties or reflection on the authority.  Mark Surridge informed the Members that the Value for Money section was not a view of if the authority provided value for money or not. This was a commentary on the underpinning arrangements that the authority has for its financial sustainability, effectiveness of its financial planning and budgetary control, the theme of governance which was related to decision making in its risk registers and constitution and also performance management and how the authority worked with partners, comments on this and a view of these would be provided. This does however, provide broad assurance across the areas mentioned.  The external Auditor directed the Members to page 10 approach and timeline then advised the Members that every intention was for the works to be completed by the end of November 2022, then moved on to page 13 significant risks and key judgement areas. The Members were informed that the auditors spent the most time on the areas that have the most financial impact on the financial statements. The Committee was advised that for this year the plan was to focus on three areas the management of override controls, the Members were advised that this was a standard risk by international standards of auditing and was a presumed risk in any organisation, that assumption being that management could override controls in place and the auditors design procedures that prevent this from happening.  The other areas that the auditors would be reviewing were Pension Benefit liability which was made up of the Council share of pension assets which was a highly complex subject to make significant judgements and estimates on; and a liability that was equally subject to judgements and estimates. The other area of focus was on land and buildings as investments, properties are subject to estimation and judgement that underpins this and are based on accounting valuations.  The external auditor referred Members to section 5 Approach to VFM and advised the Members that this was ongoing all the way up to the date that the Conclusion was signed. The Committee was advised that at this point of time there had been no areas identified that needed to be looked into further. This was an assurance that there was nothing that would pose a risk to the authorities’ arrangements.  The Committee was advised that section 7 identified that Mazars remain objective and ethically independent.  Councillor Fretwell asked for clarification on how Mazars worked in practice with the external valuers Freeman and Mitchell.  Mark Surridge advised that Mazars assess the independence and competency of any Valuer that the Council may use, by reviewing their credentials and reviewing how they reached their judgements if, as auditors there was a need to seek specialist advice as a level of expertise was required then the external auditors would contact their valuation experts. The external auditor advised that historically they had not had any issue with the approach adopted by the Valuer.  The recommendations were proposed by Councillor Fretwell and seconded by Councillor Sutcliffe. The motion was carried unanimously.  RESOLVED:  That the committee review and note the strategy to be adopted by Mazars in reviewing the 2021/22 Statement of Accounts. |

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