



**MINUTES of
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE
30 JULY 2020**

PRESENT

Chairman	Councillor E L Bamford
Vice-Chairman	Councillor K W Jarvis
Councillors	B S Beale MBE, Mrs P A Channer, CC, M F L Durham, CC, A S Fluker, B E Harker, M S Heard, S P Nunn, W Stamp, Mrs J C Stilts, C Swain and Mrs M E Thompson
In Attendance	Councillors C Mayes and C Morris

1. CHAIRMAN'S NOTICES

The Chairman welcomed everyone to the remote meeting, held under new regulations which came into effect on 4 April 2020 in response to the COVID-19 pandemic. She took Members through some general housekeeping issues, together with the etiquette for the meeting and then asked Officers present to introduce themselves.

This was followed by a roll call of all Members present.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors J V Keyes and N Skeens.

3. MINUTES OF THE LAST MEETING

RESOLVED

- (i) That the minutes of the meeting of the Performance Governance and Audit meeting held on 25 June 2020 be received.

Minute 1019 refers - Verbal Update On the Audit of the Statement of Accounts

That '31 **My** 2020' in the second paragraph under the above item be amended to read '31 **May** 2020'.

RESOLVED

- (ii) That subject to the above typographical amendment the minutes of the Performance Governance and Audit Committee held on 25 June 2020 be agreed.

4. DISCLOSURE OF INTEREST

Councillor Mrs P A Channer, CC, declared a non-pecuniary interest as a Member of Essex County Council in relation to any items on the agenda pertaining to that organisation.

Councillor M F L Durham, CC, declared a non-pecuniary interest as a Member of Essex County Council in relation to any items on the agenda pertaining to that organisation.

5. PUBLIC PARTICIPATION

No requests had been received.

7. EXTERNAL AUDIT - AUDIT PLANNING REPORT

As the Internal Audit representatives were experiencing difficulties joining the remote meeting the Chairman proposed that the Committee consider Agenda Item 7. first, External Audit-Audit Planning Report.

The Committee considered the report of the Director of Resources and appendix 1, the Audit Planning report, designed to help the Council meet its governance responsibilities in relation to external audit. The Chairman called on Craig Wisdom, the External Auditor from Deloitte LLP, to present the report.

The External Auditor took the Committee through the report starting with an update on the annual audit currently underway. He drew Members' attention to the scope of the audit which was in line with last year, in accordance with the Code of Audit Practice and guidance from the National Audit Office (NAO). He took the Committee through the four key risk areas covered in the report:- 1) Management override of controls; 2) Valuation of Property, Plant and Equipment; 3) Pension Liability and 4) Assets on the balance sheets. He advised that uncertainty in valuation was normal but that this current year had the added complexity of the impact of COVID-19 on valuation of assets. As a result, in terms of the accounts, he advised Members that the Council would need to include additional narrative on the risks associated with COVID-19

On delivery of the audit he reported that whilst it was slightly more difficult remotely it would be delivered to timescale and that the audit had been significantly better this year. The finance team had responded positively to last year's recommendations and in his experience the audit was well ahead of schedule compared to other like organisations. The team was on track to complete within the next two/three weeks, by end of August 2020.

The Chairman thanked the External Auditor for the report and positive comments about staff. She reminded Members that the report was for noting only and that the external audit fee was scheduled to be discussed by the Chairman, the Director of Resources and the External Auditor on Friday 31 July 2020

The Chairman moved the recommendation which was duly seconded by Councillor Swain and agreed by the Committee.

RESOLVED that the External Audit Planning report as shown in appendix 1 be noted;

6. INTERNAL AUDIT REPORTS - PROGRESS, COMMUNITY SAFETY, WORKFORCE MANAGEMENT

The Committee considered the report of the Director of Resources and associated appendices that covered three reports from the Internal Auditors BDO LLP, the *Internal Audit Progress Report* - July 2020, the *Community Safety Audit* – July 2020 and the *Workforce Management Audit* – March 2020.

The Chairman introduced the reports and deferred to the Internal Auditor, Greg Rubins, to present them to the Committee. Addressing the *Progress Report* the Internal Auditor advised that the main progress had been making up lost ground on areas delayed by the impact of COVID-19. It was noted that the *Corporate Governance Audit* would be presented at the next Committee in September and that scoping work on the *Flood Risk Management Audit* was imminent. He concluded by saying that a number of other audits for 2020/21 were in outline stage and agreed changes to the audit plan, including follow-up from the Fraud Risk Assessment and work against the CIPFA (Chartered Institute of Public Finance & Accountancy) Code of Practice and Financial Management, were underway.

In response to questions and suggestions Officers reported the following:-

- That the *Workforce Management Audit* work was an important area for the Council and was multi-layered involving human resources and workforce elements. The audit on today's agenda focused on recruitment, the audit in August 2020 will cover other elements of workforce management.
- That the increase to 25 days, an increase of 5 days only, on Main Financial Systems was to cover both CV Grant Assurance work and follow-up from last year's review. This decision was also influenced by the requirement to meet changes in international areas of reporting standards.
- That the removal of both the *Corporate Plan and Priorities* and *Policy Review* audits from this year's plan was to allow for completion of key internal work on the Corporate Plan itself, delayed by COVID-19. This work included a comprehensive list of priorities and policies; key objectives and Key Performance Indicators (KPIs) for updating in a timely way. Once this internal work was complete and reviewed by Members the Corporate Plan and Priorities together with Policy Review, would form part of the Internal Audit Workplan for 2021.
- That decisions on work plan content were made between the Internal Auditors, BDO LLP and the Section 151 Officer, following discussions at the Extended Leadership Team meetings, with ultimate approval by the Performance Governance and Audit Committee (PGA).
- That a clear statement be provided in future Progress reports to explain all variations to the work plan going forwards.

The Internal Audit Manager, Ms Donnelly, then took the Committee through the *Community Safety Audit*. She reported that a comprehensive strategic community safety assessment had been undertaken with all strategic partners involved that identified 5 priorities for 2019/20. Each priority had an action plan, owners and timelines for

completion. The Overview and Scrutiny Committee, meeting as Crime & Disorder reviewed progress, with support provided by a monthly task force. It was noted that key roles and responsibilities for community safety were in place, including a Community Safety Manager with oversight of partnership work across two councils, namely Maldon District Council and Chelmsford Council.

The level of assurance on this audit was moderate on design and moderate on effectiveness. She advised that improvement could be made around more regular monitoring of finances through the Responsible Authority Group (RAG) in conjunction with Overview & Scrutiny Committee, together with assurance that the action plans were maintained up-to-date.

The Chairman then invited the Community Safety Manager to address the Committee. He acknowledged that the RAG had been unable to meet in accordance with its Terms of Reference for various reasons, including:- the impact of the Council's restructure, COVID-19 and the departure of the Chairman. A meeting was now scheduled for 8 September and recommendations would be reported to Overview & Scrutiny (C&D) in October 2020.

In response to issues raised he reassured Members that whilst the RAG had not met regularly Members had been able to scrutinise the work of the Community Safety partnership at Overview & Scrutiny (C&D) Committee and that to provide more transparency he would include the Maldon District Events budget in reports to Committee going forward. Furthermore, an annual report on spend was submitted to the Police, Fire and Crime Commissioner (PFCC) for review. Following the RAG meeting on 8 September the group would continue to meet on a quarterly basis. He concluded by saying that he would raise the issues of police station advisory signage (Wants Rd./Warwick Crescent) and the location of the emergency telephone in the Council Offices with the Chief Inspector, Steve Scott-Haines.

The Internal Audit Manager then took the Committee through the *Workforce Management Audit*. She reported that the level of assurance was substantial on design and moderate on effectiveness. This audit focused on recruitment process and procedures which were found to be strong, underpinned by a checklist for all parts of the process. The Workforce Development strategy in place reflected the corporate priorities and all human resource staff were appropriately trained and suitably qualified. She recommended that a HR KPI Dashboard be developed, together with ensuring an up-to-date record of all applicant qualifications.

The Chairman thanked the Internal Audit Manager for the report and called on the Resources Specialist Services Manager to comment further. She informed the Committee that a process was already in place to ensure applicant qualification records were up-to-date going forward and that work on KPIs was underway. In response to queries raised she said that gaps in qualification records were as a result of testing candidates' skills in different ways and that a KPI would be developed, informed by relevant feedback from the staff survey, to track issues around staff wellbeing and engagement.

The Chairman moved the recommendations in the report, seconded by Councillor Channer. The Chairman then put the recommendations to the Committee and they were agreed.

RESOLVED that the Committee considered, commented and approved the:

- (i) Internal Audit Progress Report - July 2020 at appendix 1;
- (ii) Community Safety Audit - July 2020 at appendix 2; and
- (iii) Workforce Management Audit – March 2020 at appendix 3.

8. CODE OF CORPORATE GOVERNANCE REPORT

The Committee considered the report of the Director of Strategy, Performance and Governance that provided a revised Code of Corporate Governance for adoption, in line with best practice.

The Chairman introduced the report and called on the Programmes, Performance and Governance Manager to present it to the Committee. The Manager reported that the Code of Corporate Governance document hadn't been updated since 2009 and given that revised measures of good governance had since been introduced by CIPFA it was timely to update now. She advised the Committee that the document highlighted the Council's working principles around governance and underpinned the annual governance review/provided a framework for the Annual Governance Statement in line with CIPFA guidance. The document also linked to policies and working practices that underpinned and demonstrated good governance at Maldon District Council (MDC).

In response to a query from Councillor Stamp regarding governance and the makeup of working groups the Programmes, Performance and Governance Manager advised that the code did not cover that level of detail, it focused on mechanisms, working practices and management structures. A discussion ensued around the setup process, types of Working Groups (WGs) and membership of those WGs currently in operation. It was noted that there was imbalance in respect of membership, a lack of appropriate WGs and that given this was within the Terms of Reference of this Committee a more formal recommendation on WGs be brought back to a future Performance Governance and Audit (PGA) committee for consideration. It was acknowledged that quarterly reports on Governance was a welcome addition to the PGA agenda.

In response to questions raised the Programmes, Performance and Governance Manager responded as follows:-

- That the code covered all governance procedures, including those within the remit of the Monitoring Officer.
- That the balanced score card monitored the Council's internal performance document where service based delivery was recorded. The Corporate Governance Working Group had reviewed the results, including areas of non-delivery and discussed reporting mechanisms to PGA. Recommendations from the working group were due to be approved by Council.

The Chairman reassured Members that all performance was ultimately received by this Committee, therefore, Members would have the opportunity to comment/change as appropriate. She then moved the recommendations in the report, seconded by Councillor Jarvis.

A separate vote was called for on each of the three recommendations and Councillor Heard reported that he would abstain from voting on the first recommendation as he felt this was not being adhered to. It was noted that Councillors Channer and Fluker had left the meeting at this point and that Councillor Durham would not vote on this item due to connectivity issues. This was in accordance with Section 4, paragraph 4.7 of the Remote Meeting Protocol (May 2020).

The Chairman put the first recommendation to a vote and there being an equality of votes she exercised her casting vote and the recommendation was carried. Following a vote on the remaining two recommendations, they too, were carried.

RESOLVED

- (i) To adopt the draft code of corporate conduct provided as appendix A;
- (ii) That the Performance, Governance and Audit Committee use this framework as a way to monitor progress of actions set out in the Annual Governance Statement;
- (iii) That a quarterly report of Annual Governance Actions be provided for Performance, Governance and Audit committee review.

9. ANNUAL GOVERNANCE STATEMENT REPORT

The Committee considered the report of the Director of Strategy, Performance and Governance and appendix 1 that provided an Annual Governance Statement for review and adoption.

The Chairman introduced the report, noting the revised template, and called on the Programmes, Performance and Governance Manager, to present. The Manager took the Committee through the statement presented on a new template to reflect CIPFA best practice guidance. She informed the Committee that the reason the statement was being considered separate to the statement of accounts was to highlight the importance of governance and the Council's analysis of governance arrangements over the 2019/20 financial year. Furthermore, the template had been updated to comment on Maldon District Council's position against the seven principles of good governance identified by CIPFA and SOLACE (Society of Local Authority Chief Executives) in 2016. She drew Members' attention to the action table for the next year that set out a recommendation to receive quarterly reports at Performance Governance and Audit Committee, providing a tangible means to track governance matters. She concluded by saying that COVID-19 impacts would be dealt with in next year's statement.

As there were no Members wishing to speak on this item the Chairman moved the recommendations in the report and they were duly seconded. The Chairman put the recommendations to the Committee and they were agreed by assent.

It was then noted that due to technical delays Councillor Swain had indicated a wish to speak. The Programmes, Performance and Governance Manager responded to his queries as follows:-

- That a Project Management Office existed, albeit virtual, with input from a number of Officers. The Project Administrator role sat with the Programmes,

Performance and Governance team and administered a monthly Extended Leadership Team Board that met to review the corporate project list, missed opportunities log and lessons learned log.

- That the introduction to the report was written by BDO LLP and the remainder by Council Officers.
- That the Peer Review was available through the Local Government Association (LGA). This had not been put into practice as yet but may result in a recommendation through the action plan.
- That the Council consults regularly with a range of stakeholder groups and the public as appropriate to ensure openness and transparency.

In addition to the above the Chairman advised that the External Auditor also reviewed the Annual Governance Statement in tandem with the Statement of Accounts.

Following this clarification Councillor Swain wished it recorded that he abstained from the Committee's general assent agreement on the recommendations.

RESOLVED

- (i) That the Annual Governance Statement at appendix 1 be approved;
- (ii) That the Performance, Governance and Audit Committee monitored the progress of the action plan;
- (iii) That a quarterly report of Annual Governance actions be provided for Performance, Governance and Audit committee review.

10. ANY OTHER ITEMS OF BUSINESS THAT THE CHAIRMAN OF THE COMMITTEE DECIDES ARE URGENT

The meeting closed at 2:32pm.

E L BAMFORD
CHAIRMAN