

Minutes of the meeting of the **JOINT AUDIT AND STANDARDS COMMITTEE** held in the Virtual - Teams Meeting on Monday, 30 November 2020

**PRESENT:**

|              |  |   |
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| Councillors: | Oliver Amorowson<br>Bryn Hurren (Co-Chair)<br>John Matthissen<br>Mary McLaren<br>Mike Norris | James Caston<br>Robert Lindsay<br>Alastair McCraw<br>Dave Muller (Co-Chair) |
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**In attendance:**

Guest(s):

|           |  |
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| Officers: | Emily Yule – Monitoring Officer<br>Katherine Steel – Assistant Director Corporate Resources<br>John Snell – Corporate Manager for Internal Audit and Risk<br>Jan Robinson – Corporate Manager for Democratic Services<br>Sue Palmer – Senior Finance Business Partner Capital and Treasury |
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**Apologies:**

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| Councillor(s) | Mick Fraser |
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**1 DECLARATION OF INTERESTS**

1.1 There were no declarations of interests.

**2 JAC/20/1 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 27 JULY 2020**

**It was Resolved:-**

**That with the following amendments the Minutes of the meeting held on 27 July 2020 be confirmed as a true record and signed at the next practicable opportunity:**

**The spelling of Councillor Lindsay and Councillor Matthissen's name be corrected**

**Paragraph 28.24 remove additional 'as'**

**Paragraph 29.5 remove additional 'that'**

**3 JAC/20/2 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 11 AUGUST 2020**

**It was Resolved:-**

**That with the following amendments the Minutes of the meeting held on 11**

**August 2020 be confirmed as a true record and signed at the next practicable opportunity:**

**The spelling of Councillor Lindsay and Councillor Matthissen's name be corrected**

**Paragraph 40.11 be amended to read - Councillor Matthissen raised a query regarding the specific risks regarding the Joint Local Plan. The Monitoring Officer suggested taking Councillor Matthissen's comments to the Assistant Director for Sustainable communities for him to provide a reply.**

**4 TO RECEIVE NOTIFICATION OF PETITIONS IN ACCORDANCE WITH THE COUNCIL'S PETITION SCHEME**

4.1 None received

**5 QUESTIONS BY THE PUBLIC**

5.1 None received.

**6 QUESTIONS BY COUNCILLORS**

6.1 None received.

**7 JAC/20/7 ANNUAL AUDIT LETTER 2018/19**

6.1 Suresh Patel from Ernst and Young introduced report JAC/20/7 which summarised works completed on the 2018/19 accounts which was reported and signed off at the end of July 2020.

6.2 Mr Patel stated that the final fees which had been subject to conclusion of the audit at the time had now been agreed with Katherine Steel, the Assistant Director Corporate Resources and PSAA.

6.3 Mr Patel also reported that the 2019/20 audit was progressing, and that a progress report would be brought to committee at the next meeting in January.

6.4 Councillor Hurren sought clarification on the agreed final fees particularly the housing benefit fees.

6.5 Mr Patel explained that Ernst and Young are engaged separately to certify the claim for housing benefit subsidy with the DWP and the fee is calculated using a base fee plus additional fees for any errors identified.

6.6 Councillor Lindsay asked if CIFCO was included in the Audit.

6.7 Mr Patel replied that CIFCO was conciliated as part of the group accounts in the 2018/19 Statement of Accounts.

- 6.8 Councillor Matthissen enquired if the housing benefit claim letter was brought to the Joint Audit Committee.
- 6.9 Mr Patel stated that this was a letter sent from Ernst and Young to the DWP reporting the results of their work and is agreed with the Councils before being sent but is not usually brought to committee.
- 6.10 Councillor Matthissen stated that as the extent of errors was generating the fee levels reported he thought this should be something the committee has visibility of.
- 6.11 Katherine Steel the Assistant Director Corporate Resources informed the committee that this detail would be circulated.
- 6.12 Councillor Muller passed on his thanks to the Ernst and Young team and all Council officers involved.

## **8 JAC/20/3 HALF YEAR REPORT ON TREASURY MANAGEMENT 2020/21**

- 7.1 The Senior Financial Services Officer, Sue Palmer introduced the paper which detailed the position for the first six months of the 2020/21 financial year and explained in detail the factors affecting the strategy and activities, including the regulatory framework, economic conditions, interest and liquidity risk.
- 7.2 Councillor McLaren enquired who within the council made the decisions regarding investments.
- 7.3 The Senior Financial Services Officer replied that a delegation existed for officers to make short term investments and long-term investments tended to be a group decision agreed with the Assistant Director - Corporate Resources and the Corporate Manager for Finance.
- 7.4 Councillor McLaren also enquired if ethical investments were given consideration.
- 7.5 The Assistant Director - Corporate Resources replied that considerations were given to ethical investments and the Councils have subscribed to an additional service on this issue provided the Councils' treasury management advisors. However, no monies would be removed from current investments if that would result in a loss.
- 7.6 Councillor Caston asked if the Investec fund had changed its name to 91Plc and if that was the case could that name be added to 2.5.8 for clarity.
- 7.7 The Senior Financial Services Officer stated that this was noted and would be amended for future reports.
- 7.8 Councillor McCraw said that comparing the figures with the previous year and given the climate the performance of the funds looked to be better than

expected and enquired if the CIFCO was servicing its own debt regardless of capital value as the report seems to show.

- 7.9 The Assistant Director - Corporate Resources replied that the investments are continuing to provide reasonable income returns to both Councils and CIFCO is covering its own debt and is providing returns to both Councils.
- 7.10 Councillor Matthissen stated that at the Mid Suffolk Council Meeting last week the Cabinet Member for Finance, Councillor Whitehead said that the Arling close report regarding ethical investments would be brought to the next Joint Audit and Standards Committee meeting and asked that this be added to the agenda.
- 7.11 Councillor Lindsay enquired if Arling close was the only provider of the ethical investment advice or were there other advisors.
- 7.12 The Assistant Director Corporate Resources replied that treasury management advisors along with everyone else were upskilling regarding ethical investments.
- 7.13 Councillor Hurren asked for clarification on 'Call Accounts'
- 7.14 The Senior Financial Services Officer clarified that these were funds that were available to call upon immediately which is where the term comes from.
- 7.15 Councillor Hurren also enquired if there had been a surplus of grant monies for businesses from the government and what would happen to this surplus.
- 7.16 The Assistant Director Corporate Resources reported that most of the grant monies had been allocated and any surplus would be returned to the government when requested.
- 7.17 Councillor Caston asked for clarification of information in table 6.2 in paragraph 2.5.4 of Appendix C of the report.
- 7.18 The Senior Financial Services Officer clarified that although investment valuation had decreased from the original amount invested the table showed that both councils were averaging 4.6% rate of return for the year.
- 7.19 Councillor Matthissen enquired if the councils were lending to any other authorities.
- 7.20 The Senior Financial Services Officer confirmed that the councils were not lending to any other authorities.
- 7.21 Councillor McCraw stated that the treasury management team should be satisfied with their work in the last 6 months.
- 7.22 Councillor Muller expressed his thanks to the treasury management team.

7.23 The recommendations were proposed by Councillor McCraw and seconded by Councillor Matthissen. By Unanimous Vote.

**It was Resolved:-**

- (1) That the Treasury Management activity for the first six months of 2020/21 as set out in report JAC/20/3 and Appendices be noted.
- (2) That it be noted that both Councils' Treasury Management activity for the first six months of 2020/21 was in accordance with the approved Treasury Management Strategy, and that the Council has complied with all the Treasury Management Indicators for this period.

**9 JAC/20/4 INTERNAL AUDIT PLAN 2020/21 AND PROGRESS REPORT**

- 8.1 The Corporate Manager Internal Audit introduced report JAC/20/4 which detailed the audit plan for 2020/21 and how it has been developed and revised because of Covid 19 and the works undertaken to date.
- 8.2 Councillor Matthissen expressed his concern that external support was still being relied on and the effectiveness of this external support during Covid 19 and asked if the amount of external support was likely to be reduced.
- 8.3 The Corporate Manager Internal Audit stated that the contract for the external support should have started on 1<sup>st</sup> April 2020 however because of Covid this was delayed until July 2020 and was for 150 days of support which was being honoured. The external company also had skills which the current in-house audit team do not have and this additional knowledge was being fed back to the Councils which would be of benefit.
- 8.4 Councillor Matthissen raised his concerns that there were not enough in-house audit skills.
- 8.5 The Corporate Manager Internal Audit and the Monitoring Officer reassured the committee that the use of external partner for internal audit had been agreed as the most beneficial way of delivering the service using an evidence-based assessment and not solely because of an inability to recruit. The broad range of skills within the audit partners were being utilised alongside those of the inhouse team.
- 8.6 Councillor McLaren enquired about fraudulent claims against the governments Covid 19 grants.
- 8.7 The Corporate Manager Internal Audit reported that 2 possible fraudulent claims had been identified and more information on this would be included when the next managing the risk of fraud report was brought to committee.
- 8.8 Councillor McLaren also asked if we were on track to achieve better rigor in commissioning and procurement.

- 8.9 The Corporate Manager Internal Audit stated that the commissioning and procurement audit had been deferred until 2021. The East of England Local Government Association were commissioned earlier in the year to review the entire Commissioning and Procurement function. Due to Covid 19 the draft report was not issued until October. Internal Audit had planned to undertake a review based on their findings. As the report has not been finalised Internal Audit agreed with the Corporate Manager for Finance, Commissioning and Procurement to defer the audit in to 2021/22.
- 8.10 Councillor McCraw asked if an update could be given regarding audits which had limited assurance audit opinion last year but were no longer being given this assessment.
- 8.11 The Corporate Manager Internal Audit reported that the areas of concern regarding IT purchasing had been addressed, further advice and guidance had been given to staff regarding workplace security and because the majority of staff were working from home this was not of concern at the moment and the contract management audit had been deferred until next year.
- 8.12 Councillor Hurren sought assurances regarding cyber fraud.
- 8.13 The Corporate Manager Internal Audit stated that the cyber security audit was being undertaken by the external audit partner as they had IT experts within their team.

## **10 JAC/20/5 PROGRESS UPDATE ON THE COMMITTEE ON STANDARDS IN PUBLIC LIFE PRACTICE RECOMMENDATIONS**

- 9.1 The Monitoring Officer introduced report JAC/20/5 which sought approval of the progress report on the Committee on Standards in Public Life's best practice recommendations.
- 9.2 The Monitoring Officer stated that the Committee on Standards in Public Life had written to all the Chief Executives of Local Authorities requesting a formal written update on progress with implementing the best practice recommendations.
- 9.3 The Monitoring Officer reported that both councils already had processes in place to support the recommendations or were able to meet them with a few minor amendments, however there were 3 recommendations detailed in the report which were proposed not to be adopted and as these were only best practice recommendations there was no obligations to adopt them.
- 9.4 Councillor McLaren enquired about training programmes for Parish Councils.
- 9.5 The Monitoring Officer stated that the new model code of conduct was due to be published and once this had been published it would be recommended that a county wide training package be delivered in collaboration with the Suffolk Association of Local Councils to complement the new model code of

conduct if adopted.

- 9.6 The recommendations were proposed by Councillor McLaren and Seconded by Councillor Caston. By Unanimous Vote.

**It was Resolved:-**

- (1) That the proposed progress update on the best practice recommendations of the Committee on Standards Life (appendix B) be approved and that the Monitoring Officer be authorised to submit the agreed update on behalf of Babergh District Council and Mid Suffolk District Council.
- (2) That the draft Code of Conduct Complaints Procedure (appendix C) be endorsed and that the Monitoring Officer be authorised to implement the procedure from 01 January 2021, subject to an equality impact assessment being undertaken and ensuring that the procedure is consistent with the Councils' general complaints policy.

**11 JAC/20/6 CODE OF CONDUCT COMPLAINTS MONITORING REPORT**

- 10.1 The Monitoring Officer introduced report JAC/20/6 and stated that it was a statistical report on the number of code of conduct complaints received and the outcomes.
- 10.2 Councillor Caston enquired if a District Councillor would be informed when a complaint has been received regarding them.
- 10.3 The Monitoring Officer replied that a judgement call would be taken on the merit of informing the councillor. However, councillors are usually informed and patterns of behaviour are also looked for.
- 10.4 Councillor Lindsay asked if the number of complaints received were centred around one or two parish councils or was it more widespread.
- 10.5 The Monitoring Officer confirmed that for this reporting period the number of complaints were mainly concerning two parish councils.
- 10.6 Councillor McCraw noted that it seemed that a higher number of complaints were being received due to Covid 19 and that a low number of the complaints had been upheld.

**12 JAC/20/8 FORWARD PLAN**

- 11.1 No comments were received on the Forward Plan.

The business of the meeting was concluded at Time Not Specified.

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Chair